

**Town of Milton
Budget Workshop
Milton Library, 121 Union Street
Wednesday, September 7, 2011
6:30 p.m.**

**Transcriptionist: Helene Rodgville
[Minutes are Not Verbatim]**

Mayor Newlands: We're going to get started with the Budget Workshop. Good evening everybody. We have no formal agenda to follow, so we're just going to wing it. Just let the record show that Councilwoman Hudson is not here and Councilman West is out ill this evening. Okay, Councilwoman Jones.

Councilwoman Jones: Yes, Sir.

Mayor Newlands: You asked for this meeting.

Councilwoman Jones: I did. Thank you for being tolerant. I have some questions so that maybe through some questions you can answer a few things and bear with me, because it's all over the place. This is documentation I don't have anything new on. Perhaps you could refer to paperwork here that was the insurance allocation for fiscal year 2012; it broke down auto, property, crime, all Admin, Park. It looks like this. Can you tell me what the difference is in the worker's comp rates between departments? And the reason I ask, when I did the math, under worker's comp for administration, I divided it, erroneously, into three and it came out to approximately \$250 each; it should have been divided by 3.5. The Code Department came out to \$643 each and the Police Department came out \$2,750 each; using the number of employees per department. Can you tell me what the difference is?

Mayor Newlands: Actually, Councilman Lester may be able to assist you with this. He's the one that broke it down for us. He worked with the insurance company.

Councilman Lester: Actually, the rate is a rating by the insurance company. It's not broken down per person. It's based on total payroll. So this allocation, I use an allocation provided to me by the insurance company. So they said that worker's compensation these dollars were allocated to office. I did have to kind of breakdown Parks and Streets and Code the best I could; but the Police Department is specific. The office is specific and I think Water was specific. Actually all the items on this worksheet were items provided to me, like, for instance, liability, etc. were provided by the insurance company. I didn't create them, I just followed their recommendations and just allocated it by department.

Councilwoman Jones: And did the insurance company give you any kind of an indicator as to why they are so askew between departments?

Councilman Lester: Well there are different rates. For instance, worker's comp for the Police Department is really high. So the rating is really high because there could be serious problems.

Councilwoman Jones: And Water too.

Councilman Lester: Water, too. The people in the office, hopefully, they're not going to be climbing ladders or getting on a roof. Nobody is going to fall off. That's a lot lower.

Councilwoman Jones: So it's rated per job description, basically.

Councilman Lester: Per job description and the insurance industry has ratings for each type of job.

Councilwoman Jones: Okay. Thank you.

Councilman Lester: Fortunately, we don't have any roofers on the payroll.

Councilwoman Jones: There you go. Question about police uniforms. At this time, the Mayor corrected to me to say that we have not spent \$16,000 on police uniforms; although this program of the audit trail indicates even though those two checks are opened, the audit trail actually shows an \$8,329 overage. Now, since the newest budget still does not reflect the two checks that are being held in bay for body armor and uniforms for the recruits; my question is are these monies not guaranteed already; and is it the plan of the Mayor to hold these checks until October 1st when the new budget falls into place?

Mayor Newlands: No that's not my intention. No.

Councilwoman Jones: Okay, so there really will be this figure?

Mayor Newlands: They will get spent. They should be getting spent this year.

Councilwoman Jones: Okay. Because when it comes to the proposed \$7,500 for uniforms again this year, and we have outfitted the new recruits handsomely; I think the figure is too high. I'll just throw that out to you to tell you that that's one of the places I would look to make a drop. But I wanted to make sure that we weren't just holding it and not putting it over on this budget.

Mayor Newlands: No we encumbered the funds and I'm not sure when the check... Do we have a bill for that yet?

Councilwoman Jones: They will pay it this year?

Mayor Newlands: It should be paid this year. John, do we have a bill actually for that? I know we got the P.O. from you guys for the uniforms.

Captain Cornwell: We actually just received the actual uniforms. We're still waiting for a small portion of that order and we're still waiting for the body armor. Now the body armor we have, we did an application about a year, year and a half ago with the Department of Justice and we get half the money back for the body armor; so we have to get the receipt and then send that off to get half the money back for body armor.

Mayor Newlands: Now as far as the bills go, did we get the bills yet? We've covered the money on the actual bills yet?

Captain Cornwell: We haven't gotten the bills yet for the uniforms or the body armor. The body armor is still not in yet.

Mayor Newlands: Now Councilman Lester if we do wind up physically paying this in October, it still gets billed against 2011.

Councilman Lester: Right, it's a payable. Exactly.

Councilwoman Jones: On the fourth draft, I look at what we are proposing in 2012 to arrive at a deficit figure that the Mayor and Council can then decide what kind of revenue we need to assign to the citizens to cover the deficit. Is that pretty logical to say, that that's is what we doing?

Mayor Newlands: That's what we have to do. We need to increase revenue.

Councilwoman Jones: Okay. We have a \$15,000 line item under Administration 5200. Now Councilman Lester has gone on the record to say, he is not completely positive that we can get the kind of auditors on board for that money. If we underestimate this line item, we either have to hold to it or we will be back circling the drain and not having

charged or raised enough tax rate to cover our expenses. So, is \$15,000 in accounting fees enough and realistic?

Councilman Lester: That's a good question. The auditor's office was going to provide me with a list of potential accounting firms that we could contact. I've asked for that list and maybe they'll bring it with them next week. I was hoping to call around and get that feeling. My concern is, and to answer a question that came up before, at least in the papers about why do we need a large accounting firm; the problem is, if you have a small accounting firm and I use myself as an example; there's a certain expertise required for government accounting. And I gave up auditing some year's ago and at that time we had twelve people in the firm; several who were strictly audit people. But audit comes under; especially government audit, it comes under something scored Yellow Book and Yellow Book is controlled by the Government Accounting Office, so you need to have people that are expert in that field and you can't be expert in that field and do tax and do everything. You really can't be a general practitioner, so my concern is to find a firm that has either 100%... Like the guys that are doing the review for us. They only do government work; that's all they do. Or find a firm that has a division that only does government work. So that's going to be a little more expensive than what we've paid before. To be conservative, maybe we'll add \$5,000 to that. I just don't know. Sometimes I'm surprised at what accounting firms charge in Sussex County.

Councilwoman Jones: I'm still using these figures to arrive at how much we're going to charge the citizens for whatever revenue we need. So I need them to be as close as possible.

Councilman Lester: I understand, but we haven't talked to anybody yet about a fee. We have another...

Mayor Newlands: We have a Council Meeting next week and we don't need to approve the budget then, but to hold it up for \$5,000, I can't see a need to do that, if it's going to be just \$5,000. We can always take the \$5,000 out of the bank.

Councilman Lester: I would guess between \$15,000 and \$20,000 to have it done correctly.

Mayor Newlands: If the budget is off by \$5,000, we can absorb that out of the bank, because I'm not worried that much about it.

Councilwoman Duby: I understand what you're saying about specialties and I don't know a lot of about accounting, but I certainly do know how specialties work in the legal area; but I can understand how a larger city or a more complex government might need someone with that kind of specialty. This is a small town, we have just been through what seems to me; that we've paid between \$45,000 and \$50,000 for; plus had the help from the State Auditor's Office, a time when we've clarified a lot of issues and this budget ought to be in pretty good shape and not that difficult or complex to audit. I don't quite understand why we would spend so much more for an auditing firm.

Councilman Lester: Well I don't know what sort of response we're going to get from the accounting firms we'll approach.

Councilwoman Duby: Well, but you're saying you think it will be at least \$15,000.

Councilman Lester: I would guess so. I would think so.

Councilwoman Duby: That just seems way higher than what we ought to be paying for a town our size and a town that has just been through this huge process; cleaning up our books; clearing out our books; down to every single penny, with an accountant like you

working on it and paying this firm in Pennsylvania that specializes in all of this; plus had the State Auditor here; there shouldn't be a whole lot to sort out.

Mayor Newlands: It's the expertise that we're looking for, not somebody to come in and clean up the books.

Councilwoman Duby: I'm not assuming that we have somebody to clean up the books. It's a basic audit and I understand you're saying a private company audit is different from a government audit; but our audit shouldn't be a very complex audit this time.

Mayor Newlands: We were paying Sombar \$10,000 a year, just about.

Councilman Lester: It's not that it's a complex... Audits are as complex as the work that the auditor's might find. But to do the work correctly, there are certain files, there are certain procedures that one has to go through. The Auditor's Office has begun those procedures. To do those procedures properly, I have talked to a couple of other accounting firms and they say they would charge probably \$10,000 just to get the work set up so they could move forward to do the actual testing. There's more to it than just saying it's okay and it's clean and we can do X, Y and Z. X, Y and Z wasn't done before, so there's a lot more than meets the eye in just setting up files, because you have to have your work papers in order to be properly reviewed both by either the Government Review Board or the American Institute of CPA's.

Councilwoman Duby: And what all has the firm that we paid all this money to in Pennsylvania been doing and did none of it contribute to the idea of having our work papers in order?

Councilman Lester: Well that's what they did for this year. They have produced Financial Statements for the State Auditor's Office. Technically, they don't audit your records, they're auditing the Financial Statements and we've never had Financial Statements for anybody to audit in the past. They were created by the accounting firm. It's not their function. That's a management function, which would immediately disclaim their report; because they are creating the paperwork, they are preparing the Financial Statements, and then giving an opinion on their own work. And that's not right.

Councilwoman Duby: Yes.

Councilman Lester: So what this firm has done, they've produced a 154 page document that covers procedures for the Town; covers the manual; covers what everybody does, in terms of internal control, which we have to review. I did forward a copy to our new Town Manager and as soon as he gets on board, we have to go through that so that he's aware of what everybody does.

Mayor Newlands: Can I interject a little bit also? It's a new year they're auditing; so they're auditing 2011; so all the work that was done, was done on 2010 and the State Auditor's Office is doing...

Councilwoman Duby: I understand all that, but I'm just saying that as a result of all the work that was done for 2010, we ought to have Policies and Procedures in place that would make it more simple in 2011 to go through that process.

Mayor Newlands: But the mechanics that the auditors have to go through are the same, regardless of what year they're auditing.

Councilwoman Duby: Yes.

Mayor Newlands: And it's going to be the same going forward, whether it's 2012, 2013 and ongoing.

Councilman Lester: If I may jump in, Policies and Procedures give the auditor a sense of

comfort that I know, for a fact, that you're handling all the cash, but you're not reconciling the checking account and that gives me some comfort; so maybe there's a step I can reduce my work with. I don't have to double-check what you're doing, because there's no opportunity for you to fiddle with the cash. So Policies and Procedures gives the Town comfort and it gives the outside auditor's comfort, that something is being done correctly.

Councilwoman DUBY: Okay.

Councilwoman JONES: I'm just looking for a realistic figure so that down the line we can decide what we need to take to the citizens to offset the deficit.

Mayor Newlands: I would prefer to leave it a little bit lower, only in that I don't want to overcharge anybody and then we wind up, it comes in at \$12,000 and we've put \$20,000 in here. If it's a little bit short, then we can just take the couple of dollars out of the bank. Otherwise, you're going to end up raising taxes too much. I prefer not doing that.

Councilwoman JONES: Okay.

Mayor Newlands: And you're talking \$5,000 and I know we're going to add up a whole bunch of other things, but...

Councilwoman JONES: Okay. Under 5460 Administration a \$7,000 line item for Repair and Maintenance to the Building. It may be repair that I'm hung up on and it may be repair that I'm also hung up on the Equipment at \$17,400. Can you tell me what is anticipated or what equipment it is?

Mayor Newlands: You just went over two line items at once.

Councilwoman JONES: Okay, 5460 and 5470, I'm sorry. 5460 is \$7,000 for Building Repair and Maintenance.

Mayor Newlands: Part of that is the cleaning of the building; we pay \$110 a week to get the building cleaned. So that's over \$5,000 right there.

Councilwoman JONES: So it may just be the repair that I'm hooked on.

Mayor Newlands: Well the repair is literally any repairs that we make on the building.

Councilwoman JONES: Okay. And are you anticipating any great expenditures for \$17,400 under Repair and Maintenance of Equipment.

Mayor Newlands: Actually, the savings on that by the way from last year is the camera system that we have in Town Hall; we've been paying off every month at about \$1,200 a month. That ceases in November or December; that's when we make our last payment; and we get to purchase everything for \$1.

Councilwoman JONES: Okay.

Councilman Lester: It includes computer maintenance.

Mayor Newlands: Yes, that's right, it's the computer maintenance that we pay.

Councilman Lester: It's Chris, right?

Mayor Newlands: We pay First State Technologies; they're in every two weeks maintaining our computer systems. I was thinking of knocking that down to once a month, instead of every two weeks.

Councilwoman JONES: So we might see an adjusted figure there?

Mayor Newlands: Yes, I have to talk to him. I haven't spoken to him. He's been on vacation. I want to see if we can knock it down to once a month.

Councilwoman JONES: Okay. The last item on the first page Administration 5803 that Downtown Beautification. I am going out on a limb and assuming that is the Garden Club.

Mayor Newlands: That is correct.

Councilwoman Jones: Okay. And I see that this year we haven't spent anything. Is that money set to go to them between now and October 1st?

Mayor Newlands: What they'll do is they'll give us a bill probably in the middle of this month and whatever they give us above and beyond \$4,000, we don't pay them. So last year we stopped literally at \$3,998 and they do spend way above the \$4,000 and they take that money out of donations.

Councilwoman Jones: I would make the recommendation that in 2012 to remove that \$4,000 from that line item, by selling the former Town Manager's car, which you've said you could get \$7,000-\$8,000 for and I'm willing to come up with a For Sale sign tomorrow, if you want me to bring it to the office.

Mayor Newlands: It's going on Craig's List, if it's not there already. It's not up yet?

Councilwoman Jones: I would recommend that you take it off the budget and use the sale of the Town Manager's car to distribute through the Garden Club, the Milton Cat Snippers, which is a civic organization that help many in this Town; and your own Economic Development Committee who are asking for start-up money for Economic Development in Milton. So whatever you get out of it, if you could equitably distribute that and keep that off of this budget, that would be a \$4,000 saving.

Mayor Newlands: I would rather add the \$4,000 in revenue and keep it on the budget so the townspeople know what we're spending our money on. Everything's got to be on the budget and everything has to be accounted for and has to go through our finance system. So I would rather add a line item, to add revenue and we don't have an exact price on the car yet.

Councilwoman Jones: But there's nothing in the budget for the possibility of seed money for the Economic Development Committee or an organization near and dear to my heart, the Cat Snippers.

Mayor Newlands: Our contributions have been down tremendously; we only earmark money for the Fire Department right now. That's the only donation I think we have. We've stopped all other charities.

Councilwoman Jones: Okay, we're at Page 2.

Mayor Newlands: So I will add a revenue item of at least \$4,000 for the car.

Councilwoman Jones: Do this Mayor and Council have any plan to consider the request by Economic Development for seed money? It's not here, so it can't be considered by the members of Council.

Mayor Newlands: It was emailed to everybody on Council and nobody has actually discussed it with me, at all.

Councilwoman Duby: I would like to discuss it tonight.

Mayor Newlands: Okay.

Councilman Lester: Excuse me, has the Economic Development Committee developed a plan of work and reasons for why the money is to be used, etc.?

Councilwoman Jones: Yes.

Vice Mayor Betts: Have they brought it to Council?

Mayor Newlands: They sent an email to us about 2-3 or 4 weeks ago.

Vice Mayor Betts: The final one?

Councilwoman Duby: They've given us a couple of versions of the plan.

Vice Mayor Betts: But I'm asking, is there a final?

Councilwoman Jones: The figure that was asked for was \$1,000. I don't know that that has changed and the purpose of the money has also not changed.

Mayor Newlands: Can you remind us what the purpose was?

Councilwoman Jones: One of the purposes of the money and probably the Chairperson of Economic Development could speak to it, even better than I could as a member, but part of it is putting together something like what Catherine Grieg for some of the Downtown Associations in promotion of the Town; in promotion of the process needed by new business owners coming to Town and what they will have to do to start the process and who they have to contact. They're looking at signage for announcement of coming into Milton and identifying it. Right now we have members of the Committee that are working with you, I believe, about putting items on the website; putting out there what commercial properties are available; giving information about commercial properties within the Town. Now I understand that you're not going to charge them for their website connection. Is that correct?

Mayor Newlands: They're just getting a page on the website that we're going to put up whatever they need to put up.

Councilwoman Jones: Okay. So that's no cost.

Mayor Newlands: Yes, we don't pay for that.

Councilwoman Jones: But some of the other pieces have costs attached to them and they have no revenue. So if it hasn't been placed on what I'm considering before Monday night, this is the most recent draft we're using.

Mayor Newlands: This will be the one we're using Monday night. We're not going to have time to publish another one.

Councilwoman Jones: Well.

Mayor Newlands: You can have handwritten items on it.

Councilwoman Jones: Okay. The Council actually came in February or March and sanctioned this group as representatives, bona fide representatives, of the Town to develop a plan for Economic Development. Sorry to be redundant, but that's what it is; and I think in order to support them, I don't think \$1,000 is realistic enough to get everything accomplished, but I think it's a great start. So I would like to have discussion and consideration.

Councilwoman Duby: The other thing I think that's important and it's important when we look at the funds that we give the Garden Club; we're talking not just about a donation to an organization; or in this case, a donation to one of our Committees; we're talking about things that either provide services that were they not provided, would cost us to do them; such as the Garden Club. Or we're talking about a situation where a Committee, in this case the Economic Development Committee, is working to accomplish something that will ultimately generate revenue for the Town. In the case of businesses coming to Town or in the case of the Town getting publicity that will lead to more homes being built in the Town, or taxpayers moving into the Town; I think \$1,000 is a very minimal amount for them to request and I think given what they're doing, what they're planning, and we've seen their strategic plan, I think it's an investment basically. It's not a donation. So I would strongly support adding that \$1,000 to the budget.

Mayor Newlands: The stipulations would be that they would have to come to Town and we would pay the bills for them. They are not a 501(c)(3) right now, I don't think?

Councilwoman Duby: No.

Mayor Newlands: So we would pay their bills.

Councilwoman DUBY: No, that's fine, it's in the budget for them. Yes. It's not writing them a check.

Mayor Newlands: Yes. They talked about Main Street and I think that was going to cost us \$20,000, so I don't think \$1,000 is a problem. I don't have a problem with that. How do you feel about that?

Vice Mayor Betts: I just want to make sure that in a time when we're thinking about raising money, I do not want to add a lot of extras to the budget.

Mayor Newlands: I don't want to add anything to the budget, to be honest with you.

Vice Mayor Betts: I agree that \$1,000 isn't a lot of money, but I just want to make sure that it doesn't go much higher than that.

Mayor Newlands: I agree.

Vice Mayor Betts: Besides the fact, I think we're scraping bottom now to get enough money to pay our bills and to add more to it, I think is not really a good policy to do.

Councilwoman Jones: Not wanting to create any ill will with the Garden Club, but is there any consideration that the \$4,000 that is earmarked for the Garden Club this year, could be dropped in order to pick up the \$1,000 in that total for the Economic Development Committee?

Mayor Newlands: To get the flowers the way they are right now, they spend more than the \$4,000.

Councilwoman Jones: And they also have fund raisers.

Vice Mayor Betts: I think they do; but it's doing it for the beautification of the Town. They're not spending it...

Mayor Newlands: Exactly.

Councilwoman DUBY: The Economic Development Committee is doing what they do in order to ultimately increase the Economic Development in the Town so that revenue into the Town coffers is increased.

Councilwoman Jones: And the Cat Snippers are taking care of the feral cats. Everybody is in a bad way this year.

Vice Mayor Betts: That's right and I agree; I'm in agreement, but however, I do think the Garden Club has fundraisers enough, over and above, to help them and they try to...

Mayor Newlands: But I don't want to reduce their \$4,000.

Vice Mayor Betts: I would not want to reduce that either.

Mayor Newlands: I don't mind adding the extra \$1,000 for Economic Development.

Vice Mayor Betts: I don't mind adding the \$1,000, but I do not want to deduct anything from the Garden Club.

Councilman Lester: Well I would support the \$1,000 for the Economic Development; I think it's a good thing for a group to be forward looking. We have not actually had any Economic Development that I've seen in the last few years; so I'm sure we'll get a good return for that money; even if one person comes into Town Hall and gets through the process in an easy, comfortable manner; that's an accomplishment.

Vice Mayor Betts: Exactly.

Councilwoman Jones: Well they are working hard to put this data together and some of the obstacle is once you put it together, how are you going to present it in a professional manner out to the public; so that money would be very helpful to them. I wish there was a way of squeezing it into this year's budget and next year's, but if you would put it on the

2012 proposed budget, I think that it will return your money.

Mayor Newlands: Okay, we'll do that.

Councilwoman Jones: Over on Page 2, under Police Overtime 5110, we're proposing only \$30,000 this year; when we did spend \$55,000 to date; now that's as of August 25th. It's one of those numbers that, just as Mr. Lester described to me about the audit; if you're going to put \$30,000 in the line item, are you prepared to hold to it?

Mayor Newlands: If we have a full cadre of officers, we should be able to hold to that. A lot of the extra overtime is filling in for shifts that are vacant right now.

Councilwoman Jones: Okay, that leads me to a question for either the Chief or the Captain. When it comes to the Detective's position and he works Monday, Tuesday, Thursday, Friday 10 hours a day; is there a reason he works four 10 hour days, as opposed to five 8 hour days; for day work coverage; because that is what he works, correct? Six in the morning until four?

Captain Cornwell: One thing helps with the gas; instead of coming to work five days a week; it's four days a week. Plus it gives him extra time during the day when he's working on something; he doesn't have to stop after eight hours. I know it's hard to fit a lot of stuff into an eight hour shift.

Councilwoman Jones: My only reason for asking that, my logic was, that he becomes another hands on day worker. And although you do not pull from him, as you would a patrol officer, he would be there for back up if necessary. That's my only reason.

Captain Cornwell: He does on the days he's here; he will fill in and go back up an officer, just as myself or the Chief will, if we're here, and something's going on. So that's already happening now.

Councilwoman Jones: Okay. I'm just afraid of putting a number in there and then having what is not just \$5,000; but \$25,000 over, if you won't... I mean putting numbers in the slots is one thing. Holding to them is another.

Mayor Newlands: Like I said, we will have a full staff; which we haven't had in two years.

Councilwoman Duby: But how soon?

Mayor Newlands: September and then in three months...

Councilwoman Duby: Oh, we have people coming out of the Academy now?

Mayor Newlands: They come out next Friday. Three of them come out next Friday and then they do three months of...

Captain Cornwell: Three months of field training. Then they go on their own.

Mayor Newlands: Right.

Councilwoman Jones: Under Police 5180, a proposed \$10,500 again for training. Now I understand where the training went over this year, with the three recruits; but with the recruits just out, we have 16-hours that is required by Council on police training for each officer, per year. Many of those are free classes at the Academy and especially at this time of the year, there are so many free seminars being offered and I'm sure they're offered to you too, but different Police Departments; what do you anticipate in needing that will be \$10,500?

Captain Cornwell: One thing, the Delaware State Police, but a lot of the stuff they do is repetitive. Okay?

Councilwoman Jones: I agree.

Captain Cornwell: And you can only go to the same class so many times and really you

can't really count that 16-hours if you keep going to the same class every year. You want to expand your horizons. Also, one thing that we look at is coming up in this budget, is Firearm's Instructor School. Okay? We also include all of our ammunition in the training for the regular officers and the duty ammo that's involved, so that's quite a chunk. The one thing that has not been said during a lot of this budget information is, prices for us to do business go up just like it does for the consumer. So our prices aren't staying at what they were in 2009, 2010; we're actually facing price hikes also in the material that we buy and the things that we need. So \$10,500 for training, like I said, we do a lot of... We get a lot of information; we get a lot of stuff out of that; ammo, we have armor school that we have to go to for the rifles; armor school for the pistols, because we have to keep our equipment up and running. It's a lot cheaper for us to do it in-house than ship it off somewhere and have it done. So there's a lot that we get out of that.

Mayor Newlands: That's also the charges for the pistol range which is \$1,500.

Captain Cornwell: It's \$1,500 for the range a year and let me put it this way; that's what it was last year; we haven't gotten the bill yet for this year and it's in January. So who knows what the costs of the range will be?

Councilwoman Jones: Captain, aren't you a firearm's instructor?

Captain Cornwell: Yes, I am.

Councilwoman Jones: Okay. And that covers both shotgun and rifle, as well as your pistol; your certification?

Captain Cornwell: The basic firearm's instructor will cover your shotgun, pistol and generally revolver. The pistol is semi-automatic. To do the patrol rifle, is a separate course. Sub-machine guns are a separate course. So there are different courses. Every three years according to State, Council and Police Training you have to get recertified, so that does cost some money. The armor school is every three years for the rifles and the pistol.

Councilwoman Jones: And where are you on that rotation of certification? Is it added into this number and do they all fall at the same time? Let me tell you my objective. This year, Milton is tight, tight, tight for money. I agree. My department knows that a lot of the classes are Delaware State Police are redundant. We do our best to not schedule people in the same classes for years and years and years. But it's free training, as well as the Gang Conferences and the hidden compartment concealment...

Captain Cornwell: Actually the Gang Conferences, they hold a Gang Conference, but that's through McLaughlin and you have to be a member of McLaughlin; luckily SLEAF, which is done by the Attorney General's Office, has agreed to pay another year, so we're a member of McLaughlin; but not all of the conferences are absolutely free.

Councilwoman Jones: I think this year we did pay \$60, or something, per man to get into that this year. It was free before.

Captain Cornwell: Okay, like I said, things are coming up where before we didn't have to pay or it was a small fee and things are going up. We can't foresee into the future what it's going to cost for a conference or some type of training; where it used to be one price and now it's going up. Shooting at and staying at \$10,500, I know that went up this year.

Mayor Newlands: It's the same as it was last year.

Councilwoman Jones: It went up this year, because of the training.

Captain Cornwell: It went up because of the three recruits. But we try to hold a level of where we can operate at and work within our means.

Councilwoman Jones: Do you suppose that you might be able to supply for Council, when your certifications and what this year's costs would be for your weapon's recertification, so that we can also add that into your ammo; which I know is very expensive?

Chief Phillips: But ammo does come out of that.

Councilwoman Jones: No, no, I'm saying. I know it does; but I'm kind of looking out of the many certifications you hold for the different weapons; if you might be able to advise Council what you're looking at this year specifically for your recertifications.

Chief Phillips: We also have CPR, AED and First Aid certifications.

Councilwoman Jones: That's like \$15 a head though, isn't it?

Captain Cornwell: No. We have to buy the books and the material and generally you have to pay for the instructor, too. It just depends on who we get to do the instructing. Again, it was three years ago that we were certified; or two years ago that we were certified on CPR, AED and First Aid. Who knows what the material costs are now? And then when you talk eleven people...

Councilwoman Jones: I actually have those figures because this year we're having to go strictly to Delaware State Fire School for the training; so it is a per man; which we didn't buy the material, we went ahead and we're going to let us just charge us. I still think it was possibly about a \$400 price tag, this year.

Mayor Newlands: Chief, are you looking to increase this number?

Councilwoman Jones: I'm not looking to increase this number. I'm looking to pull this number into what's absolutely needed.

Chief Phillips: We also have Taser training we have to do every year, too. And that is pretty expensive also; I don't know the exact price.

Councilwoman Jones: Are you also not?

Chief Phillips: We have to buy the cartridges and they're expensive.

Captain Cornwell: I actually... Lt. Harvey and I do the Taser training and in the spring of 2012 will be our recertification for Taser instructor school.

Councilwoman Jones: I hope you understand this is another reason why I promote the kind of a budget that is presented to Council so that when your training line item comes to us, we can understand what you've added and can understand your needs for the year and I have given that to you Chief and that kind of budget provides the Council with a clear, concise; you can never count on emergencies; nobody ever wants to try to predict that; but it gives the Council the ability to see more and possibly less questions.

Captain Cornwell: What's Rehoboth's training budget?

Councilwoman Jones: Well it went up this year with the possibility of hiring an additional three officers; so we added... Do you have that Mr. Mayor?

Mayor Newlands: I may. I may.

Councilwoman Jones: We added a flat rate and then we added what it would cost for the ammo for the recruits; the meals for the recruits; everything went into training. Rehoboth also hires instructors... Oh, I meant the... That's okay. I can figure this out. I meant the big one. Also hires their trainers...

Captain Cornwell: What's the grand total that's on their website that you have there? What's the grand total?

Councilwoman Jones: This is really bad print.

Mayor Newlands: I know. What they did is they scanned a version in.

Councilwoman Jones: \$1 million and something. But our training budget, makes me think I'm going blind. Conference and Training, we put in \$14,000 this year, estimating a good deal of that cost came from the possibility of putting three in the Academy.

Councilwoman Duby: And that's for how many people?

Councilwoman Jones: That would be for a total of 19 officers. That also includes, as I said, we bring in outside trainers to train our seasonal officers.

Mayor Newlands: Where is your ammo kept?

Councilwoman Jones: Ammo is in this account. Yes. And we don't use a SLEAF Grant, but we do use some of our other grants to offset that ammo cost. That's just what Rehoboth does.

Captain Cornwell: Do you use SALLIE and EDIE for ammo? Because I don't think we do.

Councilwoman Jones: I'm not the grant coordinator. I only know it comes off of the budget I keep and goes out the door to the grant person to find money.

Mayor Newlands: You have firing range expenses as separate on here?

Councilwoman Jones: Yes, right. Because we joined Bridgeville this year; we're not using our own men.

Captain Cornwell: You have Bridgeville?

Mayor Newlands: And they're \$1,500, Bridgeville.

Councilwoman Jones: Which let us come away from Frangible Ammo; non-lead, which is more expensive; because we had to use that because of the delicate place that the range was held.

Captain Cornwell: Because of the water.

Councilwoman Jones: Right and for the inside, of course, we still have to use that; that's regulation in Bridgeville; so we still have some of that cost going. But it's expensive.

Captain Cornwell: That would be the Academy.

Councilwoman Jones: Right. But we picked up rifles this year, you use automatic weapons, which is another layer over what we use for ammo.

Captain Cornwell: No we have semi-automatic rifles and we have one full automatic, a sub-gun.

Councilwoman Jones: And shotguns?

Captain Cornwell: Shotguns also.

Councilwoman Jones: I have a feeling they're going to try to move away from those, but right now we're having to pick up rifle ammo too.

Mayor Newlands: Can we move off this subject? We'll get you more details for Monday.

Councilwoman Jones: Okay.

Mayor Newlands: We're spending way too much time.

Councilwoman Jones: Then my question falls to Supplies 5280 at \$5,000. Can you tell me what falls into that category?

Mayor Newlands: 5280?

Captain Cornwell: On the police side?

Councilwoman Jones: Yes, yes.

Captain Cornwell: That buys your paper, pens; well everything is automated in our cars now, so we have your laptops, you have printers. We used to use a thermal printer, it was about 15¢ a page to print; the actual paper was 15¢ per page to print with thermal paper; so we've gone to an HP smaller printer that we picked up from the information from the

Georgetown Police Department, so you have your ink jet cartridges. Everybody knows that they're quite expensive.

Chief Phillips: We bought those printers on a grant also, by the way.

Captain Cornwell: Yes, we did a SALLIE grant; used our SALLIE to purchase the printers and the stands for them. See you have printers inside, you have printers in the cars, you have pens, paper...

Mayor Newlands: You've got evidence boxes in here, drug test kits...

Chief Phillips: Rubber gloves...

Captain Cornwell: Yeah, we buy rubber gloves for evidence; we buy drug testing kits. The drug testing kits used to be probably about \$7 a kit; now they're probably about \$10-\$15 a kit now.

Mayor Newlands: So it's whatever they use in their normal running of the office.

Captain Cornwell: There's a wide range of stuff that we buy with Supplies. You know. Buy cleaning supplies for the building.

Chief Phillips: Paper clips.

Captain Cornwell: There's just a whole ton of stuff that we buy.

Mayor Newlands: They're running less than Admin Department on their Supplies.

Councilwoman Jones: Again, it's a good opportunity for me to say that concise lists are easier to understand.

Mayor Newlands: That's why I gave out the Transaction Audit Trail Report; a lot of that stuff is listed in there. I gave that out last month and those details...

Councilwoman Jones: I'm sorry. Is that this thing, which in many cases I have said in other meetings, does not have enough information under the descriptions to understand what it has paid for.

Mayor Newlands: That thing? It will in the future.

Councilwoman Jones: I know and that's why I didn't want to revisit that again if I didn't have to. We talked about possibly creating a pre-employment screening category that would be separate from police account 5425 DUI Blood Draws. I think you were in a \$690 range right now for what you had spent. \$1,000 is certainly reasonable, but Mr. Mayor you did take under advisement putting in a pre-employment screening category; I think that was at the meeting of the 18th.

Mayor Newlands: Yes, I remember that. What I did was anticipating not hiring anybody new; I just dropped the blood draws to what the blood draws should be.

Councilwoman Jones: Okay.

Councilwoman Duby: But I have a question about that. The blood draws were nearly \$3,000 actual through 8/25/11 and you had \$2,000 in, which was too little, based on this year's expenditures and you dropped it to \$1,000 in this version.

Mayor Newlands: Actually, what Councilwoman Jones is saying is that we had two things in there, we had all the medicals for the new recruits in there, as well as the blood draws; so the category had the eye test for the recruits; the pre-screening for the recruits...

Councilwoman Duby: And that's been the case all along because it's been fairly consistent?

Councilwoman Jones: Your pre-screening was in there.

Mayor Newlands: I can't go back into the previous year, I don't know what 2010 is. I don't have those figures in front of me, I can't tell you.

Councilwoman Jones: But I think the new figure brings it in line as more realistic. I

agree with that.

Mayor Newlands: Right.

Councilwoman Jones: On the 5400 under Police Insurance, may I assume that because there's nothing from 2008 and nothing adopted in 2011, that this is simply now assigning the insurance to the proper place.

Councilman Lester: Right. Exactly.

Mayor Newlands: And you'll notice Admin went down significantly.

Councilwoman Jones: Right. I've already made my comment about the uniforms; went over to...

Councilwoman Duby: It didn't go down, it went up.

Councilwoman Jones: Well it went to \$7,500; 5490 went to \$7,500 proposed in my reading.

Councilwoman Duby: I was talking about insurance. He said Admin went down; it went up.

Mayor Newlands: I'm sorry. Admin went down in total, but it went up from the last time because of the additional lawsuits; because that's the deductibles for some of the lawsuits. So I think I increased that by \$20,000.

Councilwoman Duby: Because it went up. Double. It was \$13,204 and it went up to \$28,204.

Mayor Newlands: Right, that's the insurances that Councilman Lester had gotten from the insurance company, plus we put additional monies in there for...

Councilwoman Duby: Edmunds went up \$15,000; Police went up \$10,000; it stayed the same in the others. And I had a question about that. But that's all because of the allocation from the insurance company? Are you saying that?

Mayor Newlands: The \$28,000 should have money in there from lawsuits; both police and Edmunds should have money in there for lawsuits. That's the deductible we have to pay to the insurance company.

Councilwoman Duby: We still have a lot of lawsuits going on.

Mayor Newlands: Yes. Some of it gets paid this year; some of it gets paid next year; and some of it will get paid in the budget year after that.

Councilwoman Jones: Feel free to jump in. I'm on Page 4, Code 5110 Overtime. I'm not sure what \$1,969 represents as overtime for Code, but I...

Mayor Newlands: Before you go any further, that was Robin helping out with the snowstorms; because he helps out on the backhoe, so they spent 36 hours straight working on one major snowstorm and on then we had a second snowstorm; so that's the only overtime. Generally, they don't have any overtime in that department.

Councilwoman Jones: Okay, because my follow up question to that would have been, if Mr. Davis participates in flex time, so that he gets his time off.

Mayor Newlands: He does. He does.

Councilwoman Jones: Okay, all right. And on Page 5 of 10, under Water 5490. I had a conversation with Allen when we walked into the building. I see that you've reduced that cleaning to \$9,000. I didn't get any report from Mr. Thompson when I had asked if he would look into the legitimacy of that uniform cleaning contract since it covered us when we had a wastewater treatment plant. So are you saying that Mr. Thompson looked into it and we can't get out of it? What is that figure in there?

Mayor Newlands: I didn't talk to Mr. Thompson about this at all.

Councilwoman Jones: We did talk to Mr. Thompson about this.

Mayor Newlands: Well, he hasn't gotten back to us on it. This has to do with the number of men it covers; it has nothing to do with the treatment plant.

Councilwoman Jones: You said the original contract was as far back as the Bushy administration, which meant it was for Water and Wastewater.

Allen Atkins: It was the number of men, it didn't matter if it was for Water or Wastewater.

Councilwoman Jones: But we don't have a wastewater treatment plant anymore.

Mayor Newlands: It's the number of men, it doesn't cover... It's the uniforms for 5 or 6 guys.

Councilwoman Jones: How many are in this department at this time?

Mayor Newlands: Right now there's four and there was five.

Councilwoman Jones: Okay. And these are to supply uniforms as well as clean them.

Mayor Newlands: Yes, that's correct.

Councilwoman Jones: Okay, but I remember the conversation saying that it was particularly essential when we had a wastewater treatment plant for the "cleaning" of the uniforms.

Mayor Newlands: I don't remember that part of the conversation at all. No.

Councilwoman Jones: We did. We did have this conversation.

Mayor Newlands: Okay.

Councilwoman Jones: Okay. I'm on Page 6 of 10. We're now under Revenue. Building Permits 4607 – it looks like we only took in \$36,973 as of 8/25/11, but we're projecting \$75,000; though you have reduced the number of houses that you anticipate this year. Is that a legitimate figure?

Mayor Newlands: We anticipated 25 houses this year to be built. I think fifteen were built and we're going back with a number of 20 now for next year, because we're getting indications from some of the builder's that they're going to put up some additional units and they may pre-build some units, as well.

Councilwoman Jones: Back up to the top of that page, at 4210, Luther Towers, in lieu of taxes. I certainly wasn't on Council when that came about and it's been like that since 2008. Do they get special dispensation and pay just this flat rate, rather than taxes? Yes. Everybody is shaking their heads yes. Okay. Can you tell me whether or not the Town of Milton charges; this will be unpopular; the churches for water?

Mayor Newlands: In most cases, no, because they don't have meters yet; but we are now under a mandate from the State of Delaware to put meters in everyplace, because we need to know every drop of water that is used.

Councilwoman Jones: And when is that projected to happen?

Mayor Newlands: We haven't scheduled that yet.

Allen Atkins: As soon as the grass season stops, we're jumping back on the meters.

Councilwoman Jones: Okay. I wasn't aware of it, that they did not pay for water; I'm going to assume that's across the board, that's all worship facilities? Is it across the board? Is it all churches that are not metered?

Allen Atkins: There is only one church that I know of that's metered off the top of my head and that's the one on Front Street; but I cannot think of any other church.

Councilwoman Duby: Dr. Batten's church?

Allen Atkins: Yes, right past your street on the right.

Mayor Newlands: It's a Zion Church.

Councilwoman Jones: Do they pay?

Mayor Newlands: Everybody pays. If they get a bill, they pay; if they get charged, they pay. It's a utility, like the light bills; they pay light bills.

Councilwoman Jones: Well my only comment to that is we have one group of parishioners paying and we're not charging the others and that's a revenue producing piece, that if taken into account, you won't have any history of it once these meters are put in new; but it's a revenue producer that will not be able to be applied to this deficit because we won't know what it's going to be.

Mayor Newlands: And your point is? Are you talking about taxes and you're talking about water at the same time, so I don't get your point.

Councilwoman Jones: It's revenue. So let's just put it under a cap of revenue. Water is revenue and water is revenue then Tidewater will have them, as well. Would they not?

Mayor Newlands: The Water Revenue does not go towards the deficit. Water Revenue is proprietary funds; they stay separate from the rest of the funds; so we could make a gazillion dollars in Water and it does not go to the deficit.

Councilman Lester: It doesn't affect the bottom line.

Councilwoman Jones: Does it go to reserve?

Mayor Newlands: No. It does to Water Reserve.

Vice Mayor Betts: No, Water Reserve.

Councilman Lester: It stays in the Water Reserves.

Mayor Newlands: It stays to the Water Reserves. That's it. That's the problem with how the accounting was done before; before everything was commingled and that's against the Government Accounting Standards Board.

Vice Mayor Betts: And have we changed.

Mayor Newlands: It's the Government Accounting Standards Board. Speak to Washington.

Vice Mayor Betts: Oh, it's a government accounting...

Mayor Newlands: Speak to the people in Washington.

Vice Mayor Betts: Now Lutheran Towers, they pay water, right?

Mayor Newlands: Yes.

Councilwoman Jones: And so if a church doesn't pay water, the church doesn't pay wastewater? Is that a fair statement?

Mayor Newlands: I'm assuming, because they're not on the list here; yes, they will not be. So they will be surprised soon. Now again, you will see on the revenue side, there's a number of places where you'll see 20 homes and that's just we multiply certain things out by 20 homes, so there's about five or six categories that are done that way.

Councilwoman Jones: Okay. Using the figures that have been given, and I'm on Draft Number 3, because I dropped number 4 on the floor; and I'm back on Page 1, but it may not change. Under Administration 5421 Meetings for SCAT and Delaware League of Local Governments – you've put in, I think if I remember correctly, \$1,000 category there, before those meetings? I wrote myself a note that I thought that was very appropriate now that we're about to have a Town Manager and to finance both our Mayor and Town Manager to attend those meetings, but is it possible that those Council people, and I am one of them, who would like to attend those, might pick the cost of attending those up themselves; outside of the Mayor and Town Manager?

Mayor Newlands: Say that again.

Councilwoman Jones: We could cut it from \$1,000 down if you took into account \$360 a year for the Town Manager and \$360 a year for the Mayor to attend; covered by the town; because I think that those are the most vital people that will get the most. It is definitely informational, but it is also social networking. And I include myself, who would like to attend; could we possibly then require those attendees to pay their own way?

Mayor Newlands: No. I haven't charged one penny in driving expenses going up to Dover six or eight times a year, and going to any of the SCAT meetings. I don't put in for mileage at all and I drive my big gas guzzler.

Councilwoman Jones: No, I'm covering you. You missed it.

Mayor Newlands: I know that, but I don't put in for money. That's enough. Council people, if they're going to go to these meetings, it should be paid for for them. It's a \$20 and \$30 a month charge for the dinners and the meetings and you only get \$40 a month. You're already in a deficit.

Councilwoman Jones: And I give it to the Milton Cat Snippers, Mr. Mayor.

Mayor Newlands: Well that's fine, that's a charity, that's fine. Now that we have a Town Manager that's going to be going more frequently than before, I will probably not be going as often myself; so we can alternate and you can take my spot occasionally.

Councilwoman Jones: I guess I'm saying I don't mind paying my way in a lean year.

Mayor Newlands: You may not, but other people may.

Councilwoman Jones: The last thing I have; well that's a lie. Using the documents that were given to us on account balances, it's August 12th, it's this legal sheet.

Mayor Newlands: Hold on. The new one I put out today is August 31st.

Councilwoman Jones: I don't have it.

Mayor Newlands: It's right there. I updated them this afternoon.

Councilwoman Jones: Okay, well I worked off of these while I was on my vacation.

Mayor Newlands: Most of the others didn't change much, so go ahead.

Councilwoman Jones: I came up with right now in unspent grant funds for the Police approximately \$13,000 and some change; based on these figures that I had prior August the 12th.

Mayor Newlands: Okay, the Night Out is a separate thing.

Councilwoman Jones: I did not highlight Night Out. I highlighted Local Law Enforcement Grant; CJC Grant; EDIE; Police Sub-Grant SALLIE and SWAT and that's all I highlighted so that you know what I'm working from.

Mayor Newlands: Okay.

Councilwoman Jones: I used that, plus \$22,500 that is on the new revised budget version, to equal \$35,586 in unspent grant funds, plus proposed grant funds. I did not touch what they may get in these categories including EDIE and SALLIE, which I'm the most familiar with; not the others. So I didn't touch the additional revenue outside of the Sussex Grant, but that equals, again, \$35,586. On the paperwork that was given to us, that came from Mr. Lester's figures. What Mary Hudson had put together from Mr. Lester's figures for Officer 10 and Officer 11; using the base wage, plus social security, Medicare, Pension Health Insurance, which is paid by the COPS Grant; equals \$47,000. Over the grant payment, the rest of the figures there equal \$11,892 per officer, in both cases Number 10 and Number 11, but we're just talking about Number 11; the COPS Officer. Back in September of 2010, during the Town Council Meeting, you had made

the statement that an eleventh officer does not cost us anything in the first three years and then came back to state, we can put an officer on the street for under \$4,000 and we can get most of that, if not all, from grant money. Well, that's a pretty good difference between \$4,000 and the actual, which comes from the budget figures of \$11,892. So, using the \$47,000, which is covered by COPS, when I read this COPS Grant and I am not, by any means, a legal expert, but I asked myself why, if we are charging a base rate, plus benefits, to equal \$47,000, why we are getting \$56,755 a year for that officer; which is a difference of \$9,755; in total over three years over \$29,000? There is a portion of this grant that says first of all that that officer would be using their funds, which would include Community Policing; CHP Grants must be used to initiate or enhance Community Policing Activities; all newly hired additional or rehired officers, or equal number of redeployed veteran officers funded by CHP must engage in Community Policing Activities. There's a portion here that talks about using this money to fund the base salary, plus the fringe benefit package for an entry level officer. So my question, again, is how can we be using Federal Funds in excess of what we're going to be paying the officer?

Mayor Newlands: We only get paid what we bill them for and we only bill them for what we use; and some of that has to get readjusted and we're going to back to...

Councilwoman Jones: Because the award amount is over that.

Mayor Newlands: What's that?

Councilwoman Jones: The award amount on this contract is in excess of \$29,000 over the figures used for that eleventh officer.

Captain Cornwell: When that grant was done, the financial information was done by Jennifer Cornell. I did the actual verbiage, or the written information about the grant; so everything that was implanted financially was done by the previous administration. We don't have that information. They're not here. That's why it's like that. I can't answer it because I don't deal with the finances like that. But it was put in by Cornell and that administration.

Mayor Newlands: What are you trying to get to with all this?

Councilwoman Jones: What I'm getting at is are we going to adjust it down to \$47,000 a year as opposed to \$56,755?

Mayor Newlands: No, actually, we're going to try to get them to include some of the things that were not included in there. So I want to rearrange some of the monies that are in there because first of all they misstated in that estimate the vacation, sick and holiday pay. They included that, in addition to his base pay. Well they're included in his base pay; but they added that on that report, in addition to the base pay, so what they did was they overstated the monies to the Government. So I have to go back now to the Government. And they understated some of the other benefits; because medical benefits, I think they made it \$1,800; something like that; so I have to go back and get all these figures readjusted with the government.

Councilwoman Jones: So this base wage is not correct?

Mayor Newlands: The base wage on there was what, \$30,900? That base wage is correct; the base wage on the grant is \$35,000; plus vacation, plus sick, plus holiday. So they misunderstood what they were filling out when they did it. If I ever told you how they did overtime, you would laugh. They don't do hours by time and a half of pay; they do time and half hours by straight time; that's how things were calculated around here. If

you wonder why the books are messed up.

Councilwoman Jones: Well I don't wonder, I just can't understand.

Mayor Newlands: I'm going to go back to the government and try and get that reallocated so that I get the person's medical benefits covered; and also that was filled out not knowing we were going to have recruits. Are we finished with the numbers?

Councilwoman Jones: I'm very close. I am almost finished with the numbers.

Mayor Newlands: Adjusting numbers?

Councilwoman Jones: Yes. The last issue before I get into what I came up with; this is just me; and as crazy as it may seem, I just am looking for something. I ask the Council, possibly next year, not this year, to take into consideration the large gap in the differences paid out per employee for health insurance and I would like to see the Town possibly go into very sincere discussion about giving an allocation for their health insurance; when we vary from paying anywhere from just over \$4,000 to \$10,830 for another employee; and they're spotted all through so it's not just any particular department; an allocation may save you a good deal of money and still can come to some type of a fair figure of agreement between the employer and the employee. I just ask that we possibly enter into that kind of a discussion.

Mayor Newlands: I wouldn't want to go anywhere near that.

Councilwoman Jones: Why?

Mayor Newlands: Because most companies and most firms pay for the employee benefit, except for a certain portion of it and you're going down a path that you don't want to go down.

Councilwoman Jones: We're going down a big deficit path too and I don't want to go down that.

Mayor Newlands: I understand that, but that's the cost of doing business. There are just some costs to doing business; that's the first thing. The second thing is three years ago when raises were stopped for the employees they were given a 30% charge on their medical; so they lost money and now you're asking them to lose more money.

Councilwoman Jones: I'm asking us to go into a responsible conversation.

Mayor Newlands: I wouldn't entertain doing that.

Captain Cornwell: The City of Rehoboth is on the State; are you guys on the State health insurance? Okay. I came from the City of Milford in 2001. In the City of Milford we were on the State Health Insurance. I talked to the powers that be at that time about going with the State Plan, because obviously when you're with the State Insurance, the more people there are, the lower the insurance. That wasn't done. I asked them several times to do that. I wasn't paying anything at the time; it was 100% medical. But it was a lot cheaper, plus you could get a lot more benefits out of the State Plan than you could by them going separate. I just explained this to the person in the audience, the other night. The reason why back then was, now the State Plan is shut down, so the Town can't do that; but the main reason why they didn't want to do that is because the State made anyone that was in the State Program, their spouse had to pick up health insurance and they used that as their primary and the State as their secondary. Well there were some people that worked for the Town that did not want their spouses to have to pay primary and use that as secondary. So to benefit, I guess themselves, the Town paid more for insurance than what it should have. The problem with it now is we're stuck in this situation, where we could have had a decent rate for health insurance and the employees

are now paying 30%, like the Mayor said; without having any increase or pay raise or anything and when you go into government or public employment, the money is not the best; you're not going to get rich; you go in it a lot of time for the benefits; because in the private sector you can make good money; usually you get raises, bonuses on what you're doing and stuff like that. In police work or government work you don't do that. They go by whatever the government deems as necessary, but you get good benefits. The benefits are going down now, plus no raises, and personally, I don't think it would be fair to the employees; and I'm speaking for police, water and everyone else, that if you go down and lower it, you can't base it on the City of Rehoboth. I talked to a State employee the other day...

Councilwoman Jones: I'm not basing it on the City of Rehoboth.

Captain Cornwell: I'm just saying...

Mayor Newlands: Okay, I think we've gone far enough with it.

Councilman Lester: Can I just add a couple of things? One, I have been trading emails with Paychecks which is our new paycheck supplier and they maintain a variety of employee benefit plans and I'm trying to get them to come in and discuss what's available that might help employees participate in what's called a Section 125 Plan; something that will help ease the burden of paying for both medical benefits and drugs, etc., etc. The other thing we have to be worried about; there's a little thing sitting out there called ERISA; that's the Employee Retirement Income Security Act; and we can't just willy nilly play around with numbers for health insurance because the last thing we need is the Federal Government coming in here and telling us that we're violating ERISA Rules and their penalties are horrendous; so we can look at these things, but we just have to tread a little carefully; because you just can't simply say well I'm going to pay you \$10 for your health insurance and you're going to pay \$5; you just have to abide by the rules.

Councilwoman Jones: Well I wouldn't advocate breaking the rules. I simply was advocating entering into a conversation about it and looking at it because it's an extremely high figure for the cost to the Town. Bottom line, this is... I'm sorry, go ahead.

Councilman Lester: I was just going to say, I think I mentioned before, January 1, 2014 is when the Obama Care group buying plans come into effect, so the town might benefit by that, because employees might be able to buy their insurance at a lot lower price; that's if it doesn't get overruled by the Supreme Court; but that's two years away.

Councilwoman Jones: Well I appreciate the Council and everybody's tolerance. This is what I came up with at the bottom.

Mayor Newlands: Is this for this year or next year?

Councilwoman Jones: This is for going into next year.

Mayor Newlands: The 2013 budget?

Councilwoman Jones: Yes.

Mayor Newlands: Can we table this for a little while and get finished with this?

Councilwoman Jones: This is what we're going into.

Councilman Lester: 2012?

Councilwoman Jones: 2012.

Mayor Newlands: Okay, it's 2012. I'm sorry.

Councilwoman Jones: Besides capping money from this point until October 1, that we absolutely don't have to spend, I came up with a figure, again, of \$35,586 which was the total between the new county grant and unspent grant funds. You have on the table,

Monday night, the reduction of the police force by two. I gave that \$100,000.

Mayor Newlands: How did you get \$100,000?

Councilwoman Jones: The value.

Mayor Newlands: First of all, the COPS grant, we can't reduce this force because of the COPS grant.

Councilwoman Jones: I don't think that's the case and I have some paperwork where Georgetown did it.

Mayor Newlands: Actually Georgetown is hiring again.

Councilwoman Jones: Georgetown hired one officer back on the COPS grant and so, again, my figures would be the reduction of the police force by two would take \$100,000 off of the deficit.

Mayor Newlands: Can you explain the \$100,000 please?

Councilwoman Jones: Two officers and the cost of... Right now and I think it's conservative because the Number 10 and Number 11 officers totals came to just under \$60,000.

Mayor Newlands: Each.

Councilwoman Jones: Each, that's correct.

Mayor Newlands: Can we please... One of those officers we don't pay for.

Councilwoman Jones: You do.

Mayor Newlands: You get grant money for the eleventh officer; the COPS grant pays in total for that guy.

Councilwoman Jones: He pays \$59,000 per that officer. It is salary and benefits; that's what the contract says.

Mayor Newlands: Right.

Councilwoman Jones: Over top of salary and benefits, you have \$11,892 for each one of them.

Mayor Newlands: That may be fine. I don't have that in front of me. But it's \$60,000 plus the \$11,000; it's not \$100,000. It's not \$100,000. You have to understand...

Councilwoman Jones: \$60,000 plus the \$11,000?

Mayor Newlands: Is not \$100,000. You've got to stop...

Councilwoman Jones: Okay, but you don't know what two officers it may represent. I used a large figure of \$100,000 to represent two officers. I don't know who they're going to be.

Mayor Newlands: It would be the last two coming in, or we're going to get sued.

Councilwoman Jones: If it's by attrition it may be by someone who leaves and goes to another agency; I don't think that's predictable and I don't think the Council is calling for dropping necessarily the last two in or the first two out. I didn't get that impression. I may be wrong.

Mayor Newlands: Well then you still can't use that to budget. If you're going to do it through attrition, that's a whole different subject than budgeting.

Councilwoman Jones: Well actually it's my figure, so I'm going to give them to you.

Mayor Newlands: Okay.

Councilwoman Jones: So I used \$100,000 for the officer with all benefits; two of them. Hiring the ninth officer or using the COPS grant to possibly offset the salary and benefits of the ninth officer at \$47,000; using this figure; that's all I can say I did here. I think the one that was really the hardest and I looked at it was the reduction of the Code

Department by one.

Mayor Newlands: We went through this in Council before and we laid a person off to have the Code Enforcer here. Okay. We already did that swap back in, I forget what month it was; it was month's ago.

Councilwoman Jones: We were looking for any possible way to reduce the budget; this is the number I used was the reduction of a Code Enforcer, plus benefits. What it did was bring a \$320,240 deficit down to \$86,854; using just those numbers. I understand. Those are elementary numbers; I'm not an accountant.

Mayor Newlands: I don't trust any of those numbers. You doubled up on the \$100,000, plus you added \$47,000 for the COPS grant and you can't do all that; you're manufacturing money; we're not the Federal Government. We can't do that.

Councilwoman Jones: Well \$47,000 being brought in that would take it off of the taxpayers by making the ninth officer have salary and benefits by...

Mayor Newlands: You can't do that.

Councilwoman Jones: Why?

Mayor Newlands: Because you can't do that. The COPS Grant is to add an officer; it is not to pay for an existing officer. It says so in the grant. It's to pay for an additional officer. If the officer goes away or that grant money goes away; it's a net zero to Town. It's a net zero to Town.

Councilwoman Jones: Can I ask perhaps a person who is of legal mind here if Councilwoman Duby read that contract, because I believe that there are spaces in there that...

Mayor Newlands: We have our Town Solicitor who read it and I sent everybody an email this morning.

Councilwoman Duby: And I agree with what the Town Solicitor said. That was my reading, as well. But, it needs to be perused, because there is language in that contract that indicates that if the Town's fiscal position changes, and we have essentially a fiscal emergency; we can go back to them and say, we have to lay people off because we have this fiscal emergency and in that case we can renegotiate. So it seems to me and I believe that Mr. Thompson is saying the same thing, in this memo that we received today; that we need to at least pursue that and see how they would negotiate with us about our situation, our fiscal situation. Obviously, that's going to take time and so we won't know at the time we vote on this budget next Monday night...

Mayor Newlands: But...

Councilwoman Duby: But it is worth pursuing and it does leave some room there to look at when we make these decisions. I don't think we can make this decision to the degree that we have to by simply saying, we'll lose that grant, no matter what; because I think there is language in that contract that would indicate that at least there is a possibility.

Mayor Newlands: But the officer and a good amount of the money spent on that officer is not in this budget; so you lose the eleventh officer; you don't save a dime. You don't save any money.

Councilwoman Duby: If, in fact, we were able to negotiate with them, to say we would like to lay off two people and use the COPS grant for the ninth officer, because our fiscal situation has changed; then we don't lose that money.

Mayor Newlands: That's true, but that may be months away.

Councilwoman Duby: I understand that. All I'm saying is you can't close the door on this

possibility as we consider... I wouldn't count that money right now, no.

Mayor Newlands: But she is, that's the problem.

Councilwoman Duby: Well I don't know exactly where she's going with this, but I don't think we can count the money now because we have no guarantee of it.

Mayor Newlands: I don't disagree.

Councilwoman Duby: But I have read the contract and I agree with Mr. Thompson's interpretation of it. I think there's a possibility there, if, in fact, we voted, as has been proposed, to reduce the police force.

Mayor Newlands: I don't disagree with you, but the numbers that Ms. Jones is presenting don't add up and they include that money twice and since we don't know that we can use that money for the 9th officer, then we shouldn't be including them in this discussion for tonight, at all.

Chief Phillips: If I could just add something please, part of getting that grant, we had to show that we had a crime rate that made us worthy of that grant. So we would never have gotten that grant if the numbers weren't high enough and they believed that we needed it. So whatever decisions you're making, you're going to make it for the quality of life for everybody and all I can tell you is whatever you guys do, you do; but when it comes back and bites you in the ass, that will be on you guys. No disrespect.

Councilwoman Jones: Well, let me ask you then, because I believe that you might have had a conversation with a resident on Broad Street today about a problem that they were concerned with about a neighbor; and possibly identified use of illegal substance.

Mayor Newlands: Can we leave some of that stuff in private, please.

Councilwoman Jones: No I want to bring this up because...

Captain Cornwell: I don't know if this is the perfect and proper venue to be talking about something that might be in progress.

Mayor Newlands: Yes. Ms. Jones.

Captain Cornwell: It's not the proper venue. What I want to bring up, Mary, is when we did the grant last year for the COPS grant and we submitted that, I believe we were in a deficit of \$300,000 plus then and had \$1 million in the bank when we did that and now we're at \$300,000 deficit and \$1 million in the bank; so I don't know if the Federal Government is going to see that as a hardship. I mean, it's worth a try, but we're in the same boat we were in last year and now you want to bring up a hardship; I'm not sure if that's going to work out.

Mayor Newlands: I agree. We have to look at it with them, that's one thing; but we can't tonight include any of that money and assume that any of that money is going to help us out. We still have a \$291,000 deficit and quite frankly, we didn't trim anything tonight either. We've spent...

Councilwoman Duby: Well we're not done. I have a few things I would like to talk about.

Mayor Newlands: Okay, that's fine.

Councilwoman Jones: Well the last thing about that...

Councilwoman Duby: I don't know if we're going to trim anything, but I do have some things I want to talk about.

Mayor Newlands: That's fine.

Councilwoman Jones: I would prefer out of that grant money that is unspent and coming to us, that the department head be allowed to choose where that budget can be reduced by

that amount of money; because I didn't want to look at the categories to be cut, because you had accused me of politicizing how to spend that grant money last time and I think it's appropriate to assign it to the department head who knows best where the money can be cut. But if you're going to take in \$22,500 from the County, I believe you need to trim that budget; without wishing to politicize; at least by that much money; plus the unspent grant that is going to be carried over on the books.

Captain Cornwell: Can I ask you where the \$10,000 you're talking about is? \$22,500 I know from the County, but you're talking about \$30,000 some thousand.

Councilwoman Jones: The \$13,000 was in this sheet that was presented to us that reflects yet unspent grant money this year.

Mayor Newlands: They're all earmarked; they're all earmarked funds that have to go for the specific categories that they are earmarked for. It's on the bank balance sheet. The CJC Grant, the SLEAF Grant, SALLIE, EDIE...

Councilwoman Jones: Right and you're going to spend that by October 1st? Because they don't have that.

Mayor Newlands: No, no, no, no, no. Those grants live on. Money comes and goes.

Councilwoman Jones: I understand that and they reformatify.

Mayor Newlands: Yes.

Councilwoman Jones: Right.

Captain Cornwell: Actually SLEAF is...

Mayor Newlands: I don't think SLEAF is in there.

Councilwoman Jones: It's not. I don't see it at least.

Mayor Newlands: No it's not.

Captain Cornwell: SLEAF is...

Mayor Newlands: What are you getting at?

Councilwoman Jones: Just carryover money that will yet be spent for earmarks which we don't know about, but it's earmarked to be spent. If it's going to be spent on things that can then be reduced in other categories, because it's being spent out of money that's being given to us, then I think it behooves us to look at where it can be cut instead of carrying it on, not only in grant, but in workable money categories here for the next year, plus money that will come back into the grants and does each year to be used again.

Mayor Newlands: The only monies from those list of grants that are included in the budget is EDIE money, there's \$3,500 of EDIE money, because that's paid back for their drug work.

Captain Cornwell: Yes, SALLIE and EDIE you can't supplant into your budget, unless you want to go to jail. That's part of the...

Councilwoman Jones: I didn't advocate supplanting it into your budget; but let's just say you use EDIE money to purchase an in car camera or some printers and then something like that, or even supplies your evidence supplies, could that not then come off of your supply line item of \$5,000?

Captain Cornwell: You don't seem to understand, I said at the last or the meeting before, that we operate on a bubble gum and bandage budget. What you see is what we operate on and I challenge Rehoboth Police Department to operate at the same percentage as we operate on for us.

Councilwoman Jones: But you don't need to challenge Rehoboth Police Department to do it; you need to challenge this...

Mayor Newlands: Guys, guys, guys...

Captain Cornwell: You bring Rehoboth Police Department a lot into this.

Councilwoman Jones: You need to challenge the citizens that are paying for it. It has nothing to do with Rehoboth Beach Police Department.

Mayor Newlands: Okay, the EDIE money is in the budget to help pay the overtime for the drug time that they do; that's already in the budget. Okay, there's \$3,500 in the revenue.

Councilwoman Jones: Okay.

Councilwoman Duby: Where's the \$22,500, is that in there too?

Mayor Newlands: No it is not in the budget, no.

Councilwoman Jones: It's under your revenue, isn't it?

Mayor Newlands: No, the only grant money that's in revenue is the EDIE money because that goes to pay for their overtime. The rest of their grants, stay outside of the budget, because we don't know when we're going to get them.

Councilwoman Jones: Okay, but in the proposal, you're 4th draft proposal, there is \$22,500 sitting in there.

Mayor Newlands: It happens to be on the budget report; it is not in the budgeted totals.

Councilwoman Jones: And I would know that, how?

Mayor Newlands: You know that because it's after the totals and it's in the grant section.

Vice Mayor Betts: Where's the grant section?

Councilwoman Jones: Last page. I wouldn't have been able to know that.

Mayor Newlands: I think we need to let Ms. Duby speak for awhile.

Councilwoman Jones: Yes, thank you.

Councilwoman Duby: I just have a couple of questions, but I'm still confused by the \$22,500. I understand we don't know when we're going to get it; but we know we'll get it sometime in the 2012 budget year.

Mayor Newlands: But it's still his discretion as to how he spends it, according to the County; and we do have some autos that we need to fix up and renovate, that are not even in this budget; so we have some...

Councilwoman Duby: I understand not politicizing it. I have no desire to sit here and say this is the way you're going to spend that \$22,500; but I agree with the concept that Councilwoman Jones was talking about, which is to say that when that money comes in, given the tight fiscal situation we're in right now, to say that doesn't cut any of this, it can be used outside of that, I think is irresponsible. That's all I'm going to say on that. Okay, I just looked at 3 or 4 things that as I went through how you had gotten from whatever it was \$330,000, down to \$291,000 and I have to say that some of it seemed like rearranging the deck chairs on the Titanic to use a cliché and what concerns me is the issue that Councilwoman Jones brought up, which is that we can say we're going to budget at a certain level; but it has to be realistic, because otherwise we're going to be over budget ultimately anyway. The first thing is Consulting Fees.

Mayor Newlands: Which department?

Councilwoman Duby: Well, I'm going to go through them in a minute. I'm not exactly sure whether there was an overall plan in terms of how you dealt with Consulting Fees, but they seem to go up in some places and down in others; but in the Admin there was Admin Streets and Code and Water and some went up and some went down. Ultimately, there was a net increase of \$1,000 on CAFE Associates' fees and a net savings of \$3,000

on URS fees. What I don't see in here anywhere is money that would be used to work on the Comprehensive Plan, which we're facing this year and we've used URS for that in the past. I have no desire to advocate for using URS; in fact, I haven't always been that happy with them; but the issue of a consultant of some kind to work on that Comprehensive Plan, whether it's URS or somebody else, if we're reducing the potential fees to URS by \$3,000, I have the feeling that we're going to be upping them at some point down the line and I don't know if that comes out of Code or Admin or where?

Mayor Newlands: CABE Associates is doing the Comprehensive Plan for us and that money will come back from Dog Fish Head.

Robin Davis: She's talking about the overall update of the five-year Comprehensive Plan.

Mayor Newlands: That's already been done.

Robin Davis: We have to do it every five years.

Mayor Newlands: Right, but we're not starting...

Councilwoman Duby: We're completely redoing the Comprehensive Plan.

Mayor Newlands: Right, but I didn't know if we were going to plan on doing that this year. We just did the five-year plan last year. It just got signed a couple of weeks ago.

Councilwoman Duby: What we did last year was a smaller job than what is coming up. We have to redo the maps, we have to redo everything; it's a very costly process.

Mayor Newlands: But that doesn't necessarily have to get done this year.

Councilwoman Duby: No, it doesn't have to get done this year, but we better start it this year, because it's a huge task and we screwed around last year and didn't get it done. The last five years and we didn't get it done in a timely manner, so that we were scraping and throwing it together in the last and I don't think it was a very good plan that we submitted; or a very good update. So I just don't want us to get too carried away with cutting Consulting Fees in a time when we're facing this.

Mayor Newlands: Well, we cut out URS because we're not using them for this project and we don't foresee a need for them in the future.

Councilwoman Duby: Yes, that's fine. I don't care who it is, but somewhere along the line...

Mayor Newlands: They haven't billed us for anything this year either, so, that's why it was reduced because we haven't used them at all. If you want to add money for the Comprehensive Plan we can increase the consulting fees for the Comprehensive Plan.

Councilwoman Duby: I just want to make sure that that was considered. That's all.

Mayor Newlands: It wasn't. So if you want to add that for this year, we're going to have to increase that fee.

Councilwoman Duby: I looked at gas and oil. There's an overall increase in that, which I think makes sense, given gas prices and so on. Supplies, it looks like there is a net savings in the supply line if you look at what you did on all of them, of about \$4,350, but do we really think that's realistic?

Mayor Newlands: We are down to the bare minimum on everything that we do.

Councilwoman Duby: I know, but that's what I mean; it seems to me that you're already down there and now you're saying you're going to cut another \$4,350 out?

Mayor Newlands: Which one?

Councilwoman Duby: Well it's \$1,000 down in Admin; \$1,500 down in Streets; Police was the same...

Mayor Newlands: Hold on. I have to go by each line item to know what you're talking

about.

Councilwoman Duby: Well, what I'm saying is that I looked at all of the changes that you made; some of them you kept the same; some of them you went down. Ultimately, with all of the departments there was a net savings of \$4,350 in Supplies and I'm not criticizing any of these reductions. I'm happy to see them. I'm just a little nervous that the ultimate... It seems to me that you have already gotten to a point, where we were, as you put it, at the bare minimum on the Supplies. If we say well we're going to budget \$4,350 less than what we had at bare minimum, I don't think it's too likely that we're going to end up at the end of the year really having saved that much.

Mayor Newlands: Well I tried going down to pretty much what we spent so far. I figured this was August 25th; these figures were from August 25th, so I brought the projections down to as close as possible. We're a month away from the end of the budget. I left them a little bit of cushion room; that's why I was able to bring them down. We had too much cushion in all of them.

Councilwoman Duby: If you honestly feel it was cushioning, based on what you know of...

Mayor Newlands: In some cases, we had copied the previous year's projection; because we were doing this earlier. We started this process in June, so we don't really have a good projection in June as to what you're going to spend for the rest of the year, other than what's budgeted. So as we got closer, I was able to trim it down.

Councilwoman Duby: Okay. Printing and Postage, giving what we're hearing in the news about the Post Office, I would guess that we're going to see some increases in postal rates and we've cut \$1,550 overall, again, looking at all of the departments that you've done something on Printing and Postage. I don't know that that's realistic given what we may face.

Mayor Newlands: We spend...

Councilwoman Duby: In Water, we're already over by \$225 or something, at this point and you've cut it by \$500.

Mayor Newlands: With all the mailings we have, a 2 cent increase will cost \$146. It's not going to cost us much. So I'm not worried about an increase that much and Norman and I are talking to another mail company to see if we can get a reduction in the rates.

Councilwoman Duby: Well that's what I wanted to ask you; whether you had anticipated some actual changes; because, as I say, if you look at Water, which I assume is one of our biggest expenditures on Printing and Postage...

Mayor Newlands: They are the biggest.

Councilwoman Duby: They've already spent \$3,726 and you've cut it to \$3,500.

Mayor Newlands: They're done for the year.

Councilwoman Duby: I know, but you're cutting it down to less than what they... If you think you're going to have 20 more homes in the next year; that's going to be... I don't know, I mean I just want us to be realistic, because we're going through this big exercise and we're probably going to raise taxes and all of this stuff and then at the end of the year, if we say well we still have this big deficit, because we went over because we didn't budget realistically.

Councilman Lester: Part of that Printing and Postage for Water is the bills are actually printed in house now; and we're covered by our copy machine, so they actually don't cost anything.

Councilwoman Duby: Is that figured into this?

Councilman Lester: It should be.

Councilwoman Duby: And you're still \$225 over, so...

Mayor Newlands: I have to find out why I left that one \$225 over.

Councilman Lester: Yes, but don't forget, that didn't begin until after June or July, when the Mayor was able to set up a pattern and set it up so that the printing was free.

Councilwoman Duby: Okay, so we didn't do that for the whole year?

Councilman Lester: It doesn't count for the entire year.

Councilwoman Duby: Okay, good, then that does make sense. On Revenue, why is transfer tax up. Is that just the 20 homes we're counting on for revenue to be up?

Mayor Newlands: That's based on the number of homes, so that's based on 20 homes; last year we based it on...

Councilwoman Duby: Why is that under police?

Mayor Newlands: Because you can't spend it under Admin. Transfer tax has to get spent under public service.

Councilwoman Duby: Oh yes, I remember. It was increased from \$115,000 to \$125,000 in this last draft and I wondered if...

Mayor Newlands: We anticipate having a few more homes built, because we're being told that. Also, my development may get sold soon and there's a few other things happening; to other developments; they're telling us that they anticipate some additional new homes being built. The reason it's up so high this year at the \$168,000 is because of Dog Fish Head and a few other things.

Councilwoman Duby: I wondered if maybe Dog Fish Head had something to do with it.

Mayor Newlands: That was \$51,000 alone. And when Wagamon's gets sold, that will be another \$30,000.

Councilwoman Duby: I noticed that rental license in revenue is upped and I suspect that if we do a Gross Rental Receipts Tax and who knows if we're going to, one of my concerns about a Gross Rental Receipts Tax is that it will encourage to not say they're renters and won't come and get rental licenses because they're not going to want to pay the tax; so I'm not sure increasing the possible revenue.

Mayor Newlands: Which line are you looking at? I didn't increase... I separated the rental licenses from business licenses; I just separated the two and we lowered... That's all I did was separate it.

Councilwoman Duby: Oh, okay. I just noticed the difference in the figure. I didn't realize what you'd done; you split it out.

Mayor Newlands: Yes, it's not increasing, it's just separating. We separated it out so we could have more control when we have the Gross Rental Receipts Tax, they should go in tandem.

Councilwoman Duby: Oh, okay, but I do have a concern about that; that that's going to happen; that people are going to lie about it.

Mayor Newlands: What Dewey Beach does is they send a letter out with their property tax every year and have somebody declare whether they are a landlord or a renter and it's got a plan attached to it.

Councilwoman Duby: How do we find out if they lied?

Mayor Newlands: Well, actually, the girls in the office are pretty good at finding out if people are lying, because the tenant's call up occasionally and we note on their accounts,

that the tenant is calling and then we send a business license out to the actual landlord and also now we're matching up the addresses where the bills go to, to where the residence is. Some of the landlord's are cagey and they don't change their addresses; they let all the bills go to the tenant and the tenant hopefully will give the bills to the landlord. So they do that; but occasionally we catch them and whenever somebody is talking to them on the phone, we kind of interview them and find out what's going on and we nail quite a few that way.

Vice Mayor Betts: Do you have them all now; do you know every one that is renting in the Town of Milton now?

Mayor Newlands: No, we have the list of the owner's where the bills go to a different address; we haven't done that match yet, which we're going to do that shortly. We have all the lists ready, we just haven't sat down and compiled them all.

Vice Mayor Betts: Because I went through the list and there's several there that are not on our list and I'm wondering if they have even purchased a license.

Mayor Newlands: If they're not on the list I gave you, they haven't.

Vice Mayor Betts: I think we better work on that.

Mayor Newlands: We are.

Councilwoman Duby: Are we allowed to get information from like Homeowner's Association to say... I've had people say in almost all of the developments say to me, oh we know our Homeowner's Association knows exactly which units in our development are rentals and which aren't.

Mayor Newlands: I don't know how much jurisdiction we have to do that. I would have to find out.

Councilwoman Duby: I don't know.

Vice Mayor Betts: I just heard that Wilmington just went through their Gross Rental Receipts Tax because of so many problems.

Mayor Newlands: Rental or Revenue?

Vice Mayor Betts: Rental. Rental.

Mayor Newlands: Rental Receipts?

Vice Mayor Betts: Gross Rental Receipts.

Mayor Newlands: I'll check that out.

Vice Mayor Betts: Check that because I heard that there was too many problems with it.

Councilwoman Duby: That's all I have, but I wouldn't mind having a little bit of discussion about this overall this document that you passed out tonight. This gives us information about what the percentages would be and so on.

Mayor Newlands: Yes, I would like to do that too.

Councilwoman Duby: It came tonight too; at least with the stuff that was on the table.

Vice Mayor Betts: I think they handled everything from top to bottom.

Mayor Newlands: Councilman Lester, do you have any additions, corrections or changes?

Councilman Lester: Are we going to go to...

Mayor Newlands: Right now we're at about \$5,000 one way or the other; we haven't really adjusted much on the budget, so.

Councilman Lester: I just wanted to bring the Council's attention to something Mr. Crellin brought up at a meeting that he and I held.

Councilwoman Duby: No quorum?

Councilman Lester: Nope. Actually, there are two points. One is we shouldn't be thinking just about covering our deficit, but we need to replace our rainy day fund; so we have to determine, I believe Mr. Crellin worked at the end of a ten year period, there was a \$5 million fund; which would require us to raise revenues about \$100,000 over and above to make this a balanced budget. The other point that we have to consider, I read something and he read something in the Wall Street Journal about possible inflation coming this year; prices going up and I don't know how that's going to affect us. We know gasoline goes up and down like a yoyo; but other costs might increase, overall costs. The police were talking about some of their costs going up; blood supplies and gloves, etc. costing more than they had in the past. I guess we have to watch for that as we go, but I think Council needs to think about how are we going to replenish the reserves. Most people have heard about and may be familiar with Condominium units. In condominium units, they have a phrase called reserve to preserve, so that they have a fund available so when a roof goes, there's money in the fund to pay for it. We don't know what might go.

Councilwoman Duby: Well and I also think, with all of this climate change stuff, I don't think we can say about the last couple of winters, well they were just bad and we won't have that again. I think we will and I think we'll have those kinds of snow removal costs and so on.

Councilman Lester: And the next earthquake.

Mayor Newlands: And speaking of which, the hurricane cost us a decent amount of money. The problem is we're trying to get some of that back from DEMA, but they can't submit any bills to DEMA until the State hits \$1.4 million in expenses. We're trying to read through the email to find out whether it's above the \$1.4 million that they'll start reallocating back to the Towns or it's all of the money once they hit that level, so we don't know yet.

Mayor Newlands: Okay, I gave out a spreadsheet that's got a deficit on it; it's got the revenue and expenses on it; the net where we are; and a list of proposals for property tax increases, Gross Rental Receipts Tax, both on the residential side and the commercial side; and savings. So what I basically want to do with this sheet is to fill in the blanks so we come up with \$291,000, because what we adjusted on the budget tonight is just \$5,000 or \$6,000.

Councilwoman Duby: I agree with Councilman Lester. I think we need to look beyond the \$291,000.

Mayor Newlands: I agree. Councilman Lester, do you remember what Gene Dvornak had said for his property taxes in the last two years? They did 18% one year and 12% the next year, was it? They've done it at least two or three times in the last two or three years.

Councilwoman Duby: Increasing it, you mean?

Councilman Lester: Yes, they've increased it. But I don't recall the percentage.

Mayor Newlands: I know it was over 10% both times.

Councilwoman Duby: I think the majority of the beach communities have increased it recently.

Mayor Newlands: Does anybody know the last time we raised taxes?

Vice Mayor Betts: I can't remember, it's been some time.

Councilwoman Duby: We haven't since I've been on Council.

Vice Mayor Betts: I think the main thing it was raised, when you reassess; it raised a lot of people.

Mayor Newlands: I agree. I know that.

Councilwoman Duby: Well for a few people it was raised, for a lot of other people it went down.

Vice Mayor Betts: Right.

Mayor Newlands: Right.

Councilwoman Duby: Because we're not allowed to increase it by doing a reassessment.

Mayor Newlands: Correct. Robin says in 2003 we raised it \$0.38 per 100, so we must have had a different...

Robin Davis: In 2004 and 2005 it was \$0.41, which was the current one before the reassessment. So it was basically back in the 2003 period.

Mayor Newlands: 2004.

Robin Davis: That's when it went from \$0.38 to \$0.41.

Vice Mayor Betts: So it's been 8 years.

Mayor Newlands: So it's been like 9 years. I think we're due. Now new homes do not contribute that much to the bottom line, as far as taxes go, so if we get 20 new homes, that may be \$15,000 total to the property tax bill; so it's really not that much.

Councilwoman Duby: And I would be very surprised if we got 20 new homes.

Mayor Newlands: Well we did 14 this year and in some of the developments it's starting to look up a little bit. Actually, they're going to start building Phase II of Heritage Creek soon; some time this year. Okay, right now we're collecting, I should say we bill out \$661,000 in property tax. We're only owed, by the way, \$30,000 in delinquent tax, so we have a couple of the people with the amnesty coming in this week to pay us a few dollars, but we're only owed \$30,000 right now. So the amnesty worked fairly well.

Councilwoman Duby: Good.

Mayor Newlands: Actually we're calling everybody now and trying to muscle them to get them in here. It's working. And just to let you know, I hope you don't mind, if somebody comes in and pays in full right now, I'm letting them continue to do the amnesty for a couple of days. It makes sense.

Councilwoman Duby: They're paying their taxes.

Mayor Newlands: Yes. So 10% increase would be \$66,000 to the bottom line.

Vice Mayor Betts: Do what now?

Mayor Newlands: A 10% tax increase would net us \$66,000, which is still leaving us with \$220,000 something deficit. You have to remember on the Gross Rental Receipts Tax; I'm just going to jump around a little bit, just as thoughts come into my head. The Gross Rental Receipts Tax, we only pick up 25% of that this year, because we're only allowed to... Seth said that we can't tax on monies that were earned by the landlord's before we enacted the law, so we can only collect taxes on revenues earned from October to December; so that's 25% of whatever we project. Only 25% of whatever we project here, only 25% of that is what we're actually going to get this year. So I have this at the full amount, so whatever numbers we pick for the Gross Rental Receipts Tax, the first year we have to just make 25% of that. So the numbers in your chart...

Councilwoman Duby: How did we come out to 25%; I don't understand that. I get it that we're...

Mayor Newlands: Three months. It's because we're doing this on their annual basis; their

tax year, even though we're working on a fiscal year.

Councilwoman Duby: It's just the difference in the years. I gotcha.

Mayor Newlands: Also, we collect it in January; it's a convenient time to collect it because that's when people are doing their taxes and they've gotten their annual figures down.

Councilwoman Duby: So we would be doing it for the calendar year of 2011 and we can only do it for the last 3 months of the year.

Vice Mayor Betts: Three months.

Mayor Newlands: That's correct.

Councilwoman Duby: Rather than on our fiscal year. Okay. Now I got it.

Councilman Lester: Mr. Mayor, if we continue this as a regular Council Meeting, I think it might be fair just to allow some members of the public to speak before the Council Meeting.

Mayor Newlands: We have public participation next week.

Councilwoman Duby: We always do.

Councilman Lester: I mean before we go any further with the Gross Rental Receipts Tax.

Mayor Newlands: We have public that is going to speak.

Councilman Lester: I'm just saying to give people an opportunity to speak.

Mayor Newlands: Yes. So this year alone, no matter what we do in this Gross Rental Receipts Tax, we're not going to get much money. I'm getting a lot of flak from people putting this in, if we start out slow with the Gross Rental Receipts Tax and just start it at 1% each, we're going to get a little bit of money this year. You're not going to get much at all. We'll get \$8,160 on the residential, just at 1%.

Councilwoman Duby: Does anybody have handy the sheet you gave us a sheet at one point that had all of the other communities, what their property tax rates are.

Mayor Newlands: Yes, but the property tax rates you can't go buy, because it's the assessed date.

Councilwoman Duby: What do you mean?

Mayor Newlands: It's the date of their assessment, so their rate is based on a different valuation. It's a long 8-1/2 X 14" sheet. So ours is based on the end of 2009.

Councilwoman Duby: No I understand the date of the assessment, but the tax rate is still relevant.

Mayor Newlands: No it's not. It's based on the amount they want to collect and I'm not sure if I can explain this correctly, Councilman Lester. We have an overall appraised value of the Town and then there's an amount that you want to collect; you divide that into the overall amount and you get the mil rate that way.

Councilwoman Duby: To set your rate. Yes.

Mayor Newlands: But each Town is different. The formula is the same, but their amounts are different.

Councilwoman Duby: Well their formulas are different too, because some of them are 50%, some of them are 30%, and all of that.

Mayor Newlands: Yes, but still the two figures are the total assessed value, plus the amount that they want to collect. How they do the other formulas, as far as dividing that in half, you're right, that is different. But you can't compare us to Henlopen Acres at \$2.17.

[Unidentified Speaker]: They won't count in the system.

Mayor Newlands: But they're still a town. What do you mean they don't count?

[Unidentified Speaker]: They're an unincorporated town.

Mayor Newlands: That's what she wants to do, she wants to compare us against each of the different towns.

Councilwoman DUBY: Each of the different towns.

[Unidentified Speaker]: Exclude them, because they don't...

Mayor Newlands: Even Lewes. Lewes is \$0.57; but they're collecting \$2.2 million in revenue. So we're at \$0.18. I don't think if you multiply us up to \$0.57 that you would get \$2.2 million.

Councilwoman DUBY: No, because we have a tax assessed value of \$366,000 and they've got \$502,000; so all of that figures in. I think there's some benefit to comparison, although you can't sit down and say these are exact comparisons.

Mayor Newlands: I think you would have to rework all the math and all of these figures in order to... I don't know how easy that is to do.

Councilwoman DUBY: No, I don't need an exact comparison, but I do think it is significant that with two exceptions, our tax rate is among the lowest.

Mayor Newlands: Well look at Millsboro and Lewes. Lewes is a \$0.57 rate; Millsboro is a \$0.56 rate. A penny difference.

Councilwoman DUBY: A very big difference in their total assessed value.

Mayor Newlands: Right. That's why I'm saying I don't know how you can compare them. Because their total assessed value is totally different and the amount of money they generate is different.

Councilwoman DUBY: But you're talking about a wealthy community vs. a not very wealthy community and that shows up in the assessed value; so I think if you look at all of it...

Mayor Newlands: That's what I'm saying. I don't know how you compare it; I don't know how to do all the math.

Councilwoman DUBY: And all I'm saying is, you don't need to do the math to get a general idea, not a specific, yes this is exactly the same for us as for them; or this is off by .2% or whatever; but you get a general view of it by looking at all of it and I don't think our taxes are terribly high judging by lower Delaware.

Mayor Newlands: I'm not saying they're high, at all. I'm just see how to compare them when I have somebody at \$0.56 and somebody at \$0.57 and their values are completely different. I mean, they're not even close. I think we need to judge it based on how much money we need; that's what it really boils down to.

Councilwoman DUBY: That's the bottom line, yes. But I also would like to look and see, are we overtaxing our citizens compared to other people who live in the same area? I don't think we would be by raising our property taxes. So I think that gives us that much information.

Mayor Newlands: I also don't want to shock people either by going in and doing a 25% tax increase; that gets a little bit excessive to shock people, so...

Councilman Lester: I think we have to do it as a step, at least over a couple of years.

Mayor Newlands: Yes, and it has to be consistent over a couple of years.

Councilwoman DUBY: I think if we're going to do that, then we need to do it that way and say there's going to be a two step tax increase. There will be X amount this year and X amount next year, so that they know. We're going to do this much now and we might

have to do it next year. I think we ought to do it.

Mayor Newlands: Well, we're not going to cover the whole budget; we're not going to cover even half the deficit by doing what we're doing. So I think, we're going to have to tell them that we're going to do 10% this year and 10% next year. So I know we're not voting on anything tonight, but would the consensus be 10% this year for property tax?

Councilwoman DUBY: I don't think we have a consensus.

Councilman Lester: I'm looking at 20%, because that's not a big jump; we've talked about going from \$0.18 to \$0.21; almost \$0.22.

Mayor Newlands: Right. For me it's like \$120 at 20%. I pay almost \$600 a year.

Councilman Lester: That cuts about half of the deficit and then we could look at a smaller jump for the following fiscal year and this year if we have a tight control over what we're spending; we'll have a much clearer outlook in the future. I don't think the economy is going to turn around and we're going to be selling a lot of houses within 2012 or 2013.

Councilwoman DUBY: I think the best we can hope for is a steady small increase in the housing.

Mayor Newlands: Even if you do property tax again, you may get \$12,000 out of 20 homes; \$13,000 or \$14,000; that's it, so you're not getting much money. So you're looking at 20% Councilman Lester?

Councilman Lester: I am, yes.

Mayor Newlands: Okay. How do others feel about that?

Councilwoman DUBY: Given that it's pretty much that or a bake sale, I think 20% is reasonable at this point, especially when you look at the comparisons, but I don't know. I want to spend a little more time, but mostly I want to hear from people at the beginning of the meeting on Monday.

Mayor Newlands: Now when we look at the Gross Rental Receipts Tax, I would look at doing it on a full time, 100%, as we will in 2013 and then we're just going to have to eat the rest of it out of the bank for this year. I don't want to raise taxes to compensate for what we're going to get in the Gross Rental Receipts Tax and then readjust that back down again next year. I don't think that's fair to do that.

Councilwoman DUBY: No.

Mayor Newlands: And on the Gross Rental Receipts Tax the residential at 1% only gets us \$8,160.

Vice Mayor Betts: I think the commercial you'll find paying more than what you have down here.

Mayor Newlands: Good. I went based on a small store; that's the rent for just one small place.

Vice Mayor Betts: I mean, you've got Food Lion, you have...

Mayor Newlands: I know, I know, I think this will come up a tremendous amount. This is something I can't estimate right now; that's the one difficult about this whole thing; is I can't estimate that right now on the commercial, because I only know what the small stores pay and I know what they charge next door to us in Town Hall it's like \$1,100 or \$1,200 a month.

Vice Mayor Betts: But have you tried down at the Scrapple Plant, how much it is a month?

Mayor Newlands: I don't know. Do you know Councilman Lester?

Councilman Lester: What's that?

Mayor Newlands: What Amy pays in the Vintage Cafe?

Councilman Lester: No, but she's really concerned about this. It definitely will be passed through to her that she may have to cut...

Vice Mayor Betts: I understand they're charging like \$3,000 a month.

Councilman Lester: Yes, her rent is fairly high, but I think any additional pass throughs would really put her in jeopardy.

Vice Mayor Betts: I don't see how they can go up much higher at \$3,000 a month.

Councilwoman Duby: I have some real concerns about the Gross Rental Receipts Tax. On the commercial part of it, I have concerns for Economic Development and on the residential part of it, I have concerns...

Vice Mayor Betts: I do too, because they're paying double; they're going up with their taxes; they're going to say 20% more and then everybody that has a rental, they're going to have to go up with Gross Rental Receipts Tax on that; that's even before they pay any of their taxes or the expenses of the houses to upkeep them.

Councilwoman Duby: And the communities that have it are successful, apparently, from what you said having it; are communities that have a ton of seasonal rentals and we don't; we have maybe a few, but this is a place where rentals are year round, working people rentals, they're not thousand dollar a week and two thousand dollar a week beach houses and I just have concerns about it all the way around. I'm very concerned about the Economic Development implications of the commercial parts of it too. I don't know.

Mayor Newlands: See Seth initially didn't want to put the commercial in. He felt that there was an issue, but when I did the survey of all the different towns, a lot of the different towns that have the Gross Rental Receipts Tax, have it for both commercial and residential. Actually, all but five out of eight have commercial.

Vice Mayor Betts: I think you'll find that the commercial is going to amount to more than what you have.

Mayor Newlands: Well, the way we're initially implementing it, is 25% only. We'll get a good education as to how much we can collect. We can always adjust it later.

Vice Mayor Betts: It's only 25%, but it's still going to be that for the next following year also.

Mayor Newlands: No, we can change this every year. Actually, what Millville does, where Seth is the other Town Solicitor, they vote on the Gross Rental Receipts Tax every year.

Vice Mayor Betts: I just hate to see our people that are on a fixed income and maybe they have a house that they live in and they're double-taxed; I mean they're being taxed 20% more on their taxes and then they're going to have another tax and probably several of them were reassessed for their property to go up a lot higher last year.

Mayor Newlands: Well we have \$291,000 we need to make up from someplace and we only have a total of \$900,000 in the bank, so it's not going to last long.

Vice Mayor Betts: No, it's not.

Mayor Newlands: So you have no choice.

Vice Mayor Betts: Well you have choices, but that's just it.

Councilwoman Duby: They're just difficult choices.

Vice Mayor Betts: That's right. Charge it to one segment of the people or all of them.

Mayor Newlands: I think with the Gross Rental Receipts Tax you're charging a different population of people. You're not charging the landlord's and the some of these landlord's

own four and five houses. You look at the tax record and you see the same name going down. You look at Shipbuilder's, it's the same name on five houses in a row.

Vice Mayor Betts: And do you know that they have five time the expense.

Mayor Newlands: Sure, but they still have income coming in on every one of them.

Vice Mayor Betts: Maybe.

Mayor Newlands: They all have income coming in; we have very few vacant houses in town.

Councilwoman Duby: I know that the people who rent, and often the people who come to Milton to rent, are in many cases pretty desperate people in terms of trying to find affordable housing. We don't have affordable housing. There's a friend of mine who works on this issue and they said to me in a discussion recently, if anybody in any government, Federal, State or Local, had a commitment to affordable housing, we'd have affordable housing, but we don't. People who have very low paying jobs are desperate for housing around here and Milton is one of the places they come and this is going to be passed through to them and they're not going to be able to afford to live even here. There's just a lot of things about this that I don't like and I also don't like the idea that we need the money and we don't have an easy choice here. So it's not that I don't understand that, but...

Mayor Newlands: Yes and it's not going to change. This budget is really... Norman and I sit and sign checks every two weeks and it's Ace Hardware, it's the gas bills, fleet services. It's just maintaining the town and maintaining the buildings of people. We're down to four guys in Public Works, we'll have four in Admin, so we're trimmed down staff-wise, as well. So these expenses are...

Councilwoman Duby: We're not alone in this.

Mayor Newlands: No, I know that. But the problem is that this deficit is not going to go away; it's going to be an annual deficit; that's the problem, so we have to fix it somehow, come up with a plan to fix this annual deficit. It's not going to go away.

Councilwoman Duby: I know. But the Gross Rental Receipts Tax does not seem to me to be a fair way of fixing it.

Vice Mayor Betts: Me either.

Mayor Newlands: Well we need additional revenue sources. I went out to a number of the towns to find out the additional revenue sources, and this is one of them. We're getting a little bit money in franchise fees from Chesapeake Gas, but that's still a little bit. I think we get about \$3,000 or \$4,000 a year now from them.

Councilwoman Jones: Mr. Mayor, before we decide on the revenue to help make up the deficit this year and perhaps next; I think we'll still here from an awful lot of citizens on Monday where they're requesting that you look again at this budget for cuts; before you decide the amount to apply for revenue. Because what I hear you say tonight is, that through all of this, we've only come up with about \$5,000 worth of cuts and I think that there are items on the table that equal far more than that and I have never been in this process before; but I'm going to assume that some of those options will come up for a vote and just not a decision that that's not an option. Is that correct?

Mayor Newlands: I don't understand what you're saying.

Councilwoman Jones: I think some of the items, which you say no to, such as the offset of the Milton taxpayer responsibility to offset, in addition to the Sussex County grant; you don't want to budge on that. There are Council who disagree with you. Isn't this a

voting issue, rather than just saying, we've only cut \$5,000 tonight? I don't hear you receptive to some of the things that have been thrown out for cutting and I'm just asking you for procedure; what happens when that comes back again to Council, some of these options to cut the budget? Because you have on Monday night's meeting agenda, the reduction of the police force to nine. That's going to save revenue, even if my figures are high; that would result in a revenue decrease; oh, excuse me, an expenditure decrease.

Mayor Newlands: Not immediately; unless we lay people off. It will not affect the budget immediately unless we lay people off.

Councilwoman Jones: It may not affect the budget October 1st, but it doesn't mean it won't affect the budget during the 2012 proposed budget.

Mayor Newlands: We don't know that and that's what we have to plan for. We have to plan for what we do know.

Councilwoman DUBY: But I think from a procedural standpoint, we do have the option; at least we've done it in previous years, of having some line items voted on before we vote on the entire budget; and I think, any one of us can ask for a vote on a particular line item when there is some contention. So I think from a procedural standpoint we should have the option to do that. We certainly have in the past.

Mayor Newlands: That's fine, but we still have \$290,000 that we have to come up.

Councilwoman DUBY: At this point, we do; if we were to vote on something like a reduction in the police force or a reduction in something else, that would change that bottom line figure and I don't fool myself that we can change it by much.

Mayor Newlands: Right. Right. That's exactly my point, we can't change it by much.

Councilwoman DUBY: But we shouldn't completely set it aside and say well, you know...

Vice Mayor Betts: Well we should try.

Mayor Newlands: But we keep skirting the issue of all the other taxes we need to raise.

Councilwoman Jones: But much is a relative term.

Councilwoman DUBY: Nobody is skirting the issue; we're saying it's not an easy call. It sounds to me as if you see it as a little easier for you to do; it's not that easy for me. So I think we have some discussing to do on Monday night.

Mayor Newlands: But to have the residents come back and say we need to cut more from the budget, we've been at this five times. Okay? And tonight we've done \$5,000. You've all had it for weeks and weeks and weeks.

Councilwoman DUBY: But you have heard the resident's say they want the police force cut and that's why Councilwoman Hudson, I believe, was the one who put that on the agenda, so that's something that we have got to discuss, whether you like it or not; whether I like it or not; whether the Chief likes it or not; we've got to discuss it, because the resident's are asking us to at least discuss it.

Mayor Newlands: I'm fine with the discussion, but it's only going to save us \$60,000.

You still have a big problem and that's what I keep saying.

Councilwoman DUBY: \$60,000 in this discussion is not a small amount, you know, and I'm not talking about how I'm going to vote. I don't know yet. I don't want to have a police force that genuinely can't cover the town. I'm trying to struggle with that issue. Do we have fat in that budget or do we not? So these aren't easy. But if we had something that looked as if it would not jeopardize the safety of the town and it would save us \$60,000 of a \$291,000 deficit, I want to give it serious consideration. That's all I'm saying.

Mayor Newlands: But the \$60,000 is only the 10% coming out of the property tax increase, so that could get covered at some point. But we need to look at all these things seriously. So Councilwoman Jones, you're saying that somebody may come and ask us to cut more. We've been at this five or six times. Aside from the police issue.

Councilwoman Jones: Well aside from the police issue, one of the largest things I recommended tonight was a Code Enforcer position. I still believe the generated revenue that is projected of \$500 from Code violations does not, in any way, offset what we're paying in salary and benefits; and I'm talking about the full package; I'm not talking about just a base salary; I'm talking about the paperwork that you presented at my request for the employee and their benefits that really reflects the value of what the town pays for an employee; not the what the employee pockets, but what it costs the town to have that employee.

Mayor Newlands: And we made a decision on Council a few months back to eliminate a different position to get the Code Enforcer back, because of the way the town was starting look.

Councilwoman Jones: I don't think you can take anything off the table right now. To just shut the door during discussion, seems to me rather irresponsible. You have a huge deficit, you're turning to the folks for money, you and me included, these are our taxes; and I understand they're going to go up. But I don't believe that there's anything in this budget that isn't fodder to be looked at. I can't think of one thing that should not be looked at and discussed seriously; whether we like it or not. This is not easy; this is definitely not one of those charming things I signed up for when I went out for the election, but we're charged with being responsible.

Mayor Newlands: But we also need a certain amount of people to maintain town, so that's all I'm trying to get to.

Councilwoman Jones: No argument.

Mayor Newlands: I think we're done for tonight. Any other comments or questions? Okay, thank you all.

