REGULAR COUNCIL MEETING

The Regular Council Meeting was held on April 9, 2018 at 7:30 p.m. with Council President Slavin presiding. Council members present were Mr. Anderson, Mr. Sudler, Mr. Neil, Mr. Lewis, Mr. Cole, Mr. Polce, Mr. Hare, and Mr. Lindell.

Staff members present were Police Chief Mailey, Ms. Peddicord, Mrs. Mitchell, Mr. Hugg, Fire Chief Carey, City Solicitor Rodriguez, and Mrs. McDowell. Mayor Christiansen was also present (departed at 7:59 p.m.).

OPEN FORUM

The Open Forum was held at 7:00 p.m., prior to commencement of the Official Council Meeting. Council President Slavin declared the Open Forum in session and reminded those present that Council was not in official session and could not take formal action.

Mr. Eshed Alston spoke in opposition to Bill 225, which he stated would amend the civil rights law to be a gender oriented civil rights law. He noted that he had filed a suit in the federal court pertaining to Bill 225.

The invocation was given by Bishop Thomas L. Holsey, followed by the Pledge of Allegiance.

AGENDA ADDITIONS/DELETIONS

Mr. Neil moved for approval of the agenda, seconded by Mr. Lewis and unanimously carried.

Mr. Hare moved for approval of the Consent Agenda, seconded by Mr. Neil and carried by a unanimous roll call vote.

ADOPTION OF MINUTES - REGULAR COUNCIL MEETING OF MARCH 26, 2018

The Minutes of the Regular Council Meeting of March 26, 2018 were unanimously approved by motion of Mr. Hare, seconded by Mr. Neil and bore the written approval of Mayor Christiansen.

PRESENTATION - DOVER AIR FORCE BASE - AIR FORCE COMMUNITY PARTNERSHIP (AFCP) PROFILES IN PARTNERSHIP RECOGNITION AWARD (COLONEL GRIFFIN)

Colonel Ethan Griffin, Commander, 436th Air Lift Wing, Dover Air Force Base, presented Mayor Christiansen with the Air Force Community Partnership (AFCP) Profiles in Partnership Recognition Award, which Dover Air Force Base received for outstanding commitment and support to quality of life initiatives. He noted that they have a lot of individuals on the base and within the community but, together, the community makes them all stronger. Colonel Griffin advised that the award was jointly earned by the team and it was recognition of the hard work and the great community spirit that they have in the City of Dover.

Mayor Christiansen and Councilman Hare accepted the award on behalf of members of the City Council and, particularly, the citizens of the City of Dover that they all serve. He thanked them for recognizing the Dover community.

PRESENTATION - MAYOR'S SELECTION FOR THE JEFFERSON AWARDS LEAD360 CHALLENGE

Ms. Michele Fidance, National Director for the Jefferson Awards Foundation, provided a presentation of the Lead 360 Challenge (**Exhibit #1**), one of the largest national service contests in America.

Ms. Fidance announced that the Mayor chooses a top project each year, and this year's top project goes to Enzo Vincent for Enzo's Pajama Drive for Hope. She noted that Enzo collects pajamas and donates them to local children's shelters, and he even writes a note for each pajama that has a very encouraging message. Ms. Fidance stated that Enzo will go on to compete against the other Delaware Mayor's Top Project choices and the winner will be announced at the Delaware Salute to Service on April 23, 2018.

PRESENTATION - ANNUAL ENGINEERING CONSULTANT'S REPORT ON THE OPERATION AND MAINTENANCE OF THE ELECTRIC SYSTEM - FISCAL YEAR 2017

Ms. Lori Peddicord, Controller/Treasurer, reviewed the Executive Summary and Conclusions of the Engineering Consultant's Report on the Operation and Maintenance of the Electric System - Fiscal Year 2017 (**Exhibit #2**).

PROCLAMATION - ARBOR DAY

The City Clerk read the following Proclamation into the record:

WHEREAS, in 1872, J. Sterling Morton, a Nebraska pioneer, proposed that a special day be set aside for the planting of trees by individuals and civic organizations, resulting in the first celebration of Arbor Day on April 10, 1872, with an estimated one million trees being planted in Nebraska that day. In 1885, Arbor Day was named a legal holiday and has since become a national event promoted by the National Arbor Day Foundation, whose mission is to inspire people to plant, nurture, and celebrate trees; and

WHEREAS, the City of Dover was named a Tree City USA in 2017 for the twenty-eighth consecutive year by the National Arbor Day Foundation in recognition of the City's outstanding urban forestry program, which includes the maintenance of over 2,200 street trees by the Department of Public Works Grounds Division. The City of Dover Planning and Inspections Department's Tree Planting and Preservation Ordinance has caused the planting of thousands of trees in all subdivisions and commercial sites since 1992, and the City has continued to aggressively plant street trees between curbs and sidewalks in almost every available site in the City; and

WHEREAS, the Delaware State champion American Elm on The Green may be the only living witness to Delaware's ratification of the United States Constitution that took place at the Golden Fleece Tavern in 1787, underscoring that planting and caring for trees is a special gift that one generation passes down to the next.

NOW, THEREFORE, I, ROBIN R. CHRISTIANSEN, MAYOR OF THE CITY OF DOVER, DELAWARE, do hereby proclaim April 27, 2018 as **ARBOR DAY** in the City of Dover, and urge all citizens to support efforts to care for trees along our streets, in our parks, and in our yards. As

the City of Dover plants trees on public property, I urge all citizens to plant trees on their properties to enhance the environment and promote the well-being of present and future generations.

On behalf of the Mayor and Council and the citizens of the City of Dover, Mayor Christiansen presented the proclamation to Mr. Robin Eaton, Public Works Operations Manager. Mr. Eaton thanked Mayor Christiansen for the Proclamation and noted that the City of Dover is the longest running Tree City U.S.A. participant in the state of Delaware.

POSTPONEMENT OF PUBLIC HEARING/FINAL READING OF PROPOSED ORDINANCE #2018-01 - AMENDING CHAPTER 66 - MANUFACTURED HOMES, MOBILE HOMES, AND LAND LEASE COMMUNITIES; APPENDIX B - ZONING, ARTICLE 3 - DISTRICT REGULATIONS, SECTION 8 - MANUFACTURED HOUSING (MH) ZONE; APPENDIX B - ZONING, ARTICLE 12 - DEFINITIONS; AND APPENDIX F - FEES AND FINES

A public hearing was duly advertised for this time and place to consider amendments to Chapter 66 - Manufactured Homes, Mobile Homes, and Land Lease Communities; Appendix B - Zoning, Article 3 - District Regulations, Section 8 - Manufactured Housing (Mh) Zone; Appendix B - Zoning, Article 12 - Definitions; and Appendix F - Fees and Fines.

Council President Slavin advised that Proposed Ordinance #2018-01 had been tabled by the Planning Commission and that staff recommends postponing the Public Hearing/Final Reading indefinitely.

Mr. Dave Hugg, Director of Planning and Community Development, stated that there was a lot of testimony at the Planning Commission and the representatives of the manufacturers association had some concern about the legality of a couple of issues. He noted that Deputy City Solicitor Pepper was reviewing the materials that were provided to the Planning Commission for the record. Mr. Hugg advised that it would be only fair to both the Planning Commission and the applicants that they allow the Planning Commission to continue their discussions before bringing the matter back to Council.

Mr. Neil noted that, as one of the sponsors of this measure, he hoped that it would eventually come to fruit to protect the people who live in leased land houses that they own, sooner rather than later.

Mr. Neil moved to postpone indefinitely the public hearing/final reading of Proposed Ordinance #2018-01, as recommended by staff. The motion was seconded by Mr. Cole.

Mr. Anderson moved to table the public hearing/final reading of Proposed Ordinance #2018-01, stating that to postpone it indefinitely would have the effect of killing it and he wanted to see it brought back.

At the request of Council President Slavin the City Clerk, Mrs. Traci McDowell, explained that she had spoken with Deputy City Solicitor Pepper, and he advised that consideration of the ordinance should be postponed indefinitely. Mrs. McDowell noted that to table is to set something aside to deal with a more pressing matter and then come back to it.

Mr. Anderson noted that tabling would allow the majority to bring the issue back at any time by a majority vote, which he wanted to accomplish after they have the Solicitor's opinion and the Planning Commission's recommendation.

The motion to table the public hearing/final reading of Proposed Ordinance #2018-01 was seconded by Mr. Neil.

Mr. Neil and Mr. Cole, as the seconder, withdrew their motion to postpone indefinitely the public hearing/final reading of Proposed Ordinance #2018-01.

Responding to Mr. Sudler's request for clarification, Council President Slavin requested the City Clerk to provide an explanation of the difference between tabling, postponing indefinitely and laying on the table for their clarity at a later time.

The motion to table the public hearing/final reading of Proposed Ordinance #2018-01 was unanimously carried.

COUNCIL COMMITTEE OF THE WHOLE REPORT - MARCH 27, 2018

The Council Committee of the Whole met on March 27, 2018 at 6:00 p.m., with Council President Slavin presiding (departed at 6:45 p.m. and returned at 6:47 p.m.). Members of Council present were Mr. Anderson (departed at 7:13 p.m. and returned at 7:15 p.m.), Mr. Sudler (arrived at 6:02 p.m.), Mr. Neil, Mr. Lewis (departed at 7:11 p.m. and returned at 7:13 p.m.), Mr. Cole (departed at 6:47 p.m. and returned at 6:48 p.m.), Mr. Polce (arrived at 6:04 p.m., departed at 7:02 p.m., returned at 7:04 p.m., departed at 7:52 p.m., and returned at 7:53p.m.), and Mr. Hare. Mr. Lindell was absent. Mayor Christiansen was also present (departed at 7:49 p.m.). Civilian members present for their Committee meetings were Mr. Garfinkel and Mr. Shelton (*Safety Advisory and Transportation*), Mrs. Doyle and Ms. Scarborough (*Utility*), and Mr. Shevock and Dr. Stewart (*Legislative, Finance, and Administration*).

SAFETY ADVISORY AND TRANSPORTATION COMMITTEE

The Safety Advisory and Transportation Committee met with Chairman Lewis presiding.

Presentation by the Dover/Kent County Metropolitan Planning Organization (MPO) - Final Report of the Downtown Dover Parking Study

Mr. James Galvin, Principal Planner, Dover/Kent County Metropolitan Planning Organization (MPO), advised that completing the parking study had been a two-year process. He stated that it was a very involved process and he thought that they had come up with a good product.

Mr. Spencer Finch, Project Manager and Sustainability Leader, Langan Engineering & Environmental Services, Inc., reviewed a presentation entitled "Downtown Dover Parking Study", dated March 27, 2018. Referring to slide 32, Potential On-Street

Parking Zone, he indicated that Loockerman Street, Zone 1, should probably have the highest parking rates because it is the prime real estate directly in front of the retail and most destinations. Mr. Finch explained that the blue areas, Zone 2, are the side streets which would provide slightly cheaper parking, and then the green areas, Zone 3, would be areas that are protected for residential. He stated that the Zone 3 areas would have no cost but there would need to be some caretaking to make sure that residents have those parking spots near the residential locations.

Mr. Polce thanked Mr. Finch for providing members with a very thorough presentation. He expressed concern regarding the public survey, noting that six (6) to eight (8) responses was not a statistically sound sample size. Mr. Polce asked Mr. Finch to explain the methodology used to engage the public and gather feedback. Responding, Mr. Finch noted that they were disappointed in the response they received to the electronic survey as well. He advised that they held three (3) public meetings and the records of those meetings were also included in the report. Mr. Finch stated that, on average, there were typically between 20 - 40 people in attendance at those meeting and he thought that they did the best job they could in trying to reach out to as many people as they could. He advised that this was in addition to the stakeholder engagement that they did, noting that they reached out to every business within the project area, and others outside as well.

Mr. Anderson thanked Mr. Finch for the study and asked how he reconciles the idea that there is not a parking problem if there are 16% violations during the peak of the day, explaining that he thought that this indicated that there was a problem with parking in the areas where people want to be. In response, Mr. Finch clarified that the 16% violation was an issue that they spotted related to the parking surfers, explaining that at least 16% of the people parking on peak hours are exceeding the two-hour limits or parking where they're not supposed to, which creates the problem. He indicated that people say that there is no parking downtown and that is because a lot of the parking is dedicated to permit parking, the parking lots where there is available public parking do not have clear directional signage so people do not know how to get there, and there are parking surfers taking up all the on-street parking instead of parking in a parking lot.

Mr. Anderson stated that he was surprised that a parking app was not part of the recommendation. He noted that it would give people a picture of where the parking is and could be developed later on to include payments, and could even be connected to a calendar to show people upcoming events. Responding, Mr. Finch advised that they had looked at that idea and he thought that it was definitely something that the City and others could look at in the future. He stated that he thought that the cost of apps was coming down, and they had seen other communities take them on as a solution or an additional measure to enhance their parking situation. Mr. Finch advised that, right now, the clear message that they want to pass on is that there is some obvious low-hanging fruit that needs to be taken care of first. He explained that if a parking app were instituted now, it would not solve some of the other issues, like the parking surfer problem.

Mr. Anderson noted that when Mr. Finch referred to short-term recommendations, it seemed obvious that those are items that could be implemented right away. He asked what Mr. Finch's definitions are for medium- and long-term. In response, Mr. Finch indicated that Langan works with communities all over the mid-Atlantic and they know that funding, resources, and capacity are limited. He stated that their recommendation would be that short-term items are those that are really critical and should be addressed within a year if possible, medium-term might be one (1) to three (3) years, and long-term more than that. Mr. Finch advised that they realize that due to funding and capacity needs there may not be capacity to implement all of them, and there might be other reasons as well, for instance the community might have issues with one or another. He stated that they would suggest that the City pick three (3) short-term, three (3) medium-term, and three (3) long-term, maybe based on what the community and/or stakeholders want and try to focus on those.

Mr. Anderson noted that discussions regarding permit parking and moving people around had always created a great deal of interest among stakeholders in the past. He indicated that some of the parking spaces are contractual, like E-ZPass, and asked if they were part of the discussion and had provided input. Responding, Mr. Finch stated that they definitely were, noting that they reached out and talked to all of them. He advised that they know that no one wants to pay more and that is the first gut reaction that most people have. Mr. Finch explained that if you go someplace and purchase your seat in advance, you might pay $100 and the person whom you sit next to might have paid $1,000, and you get the free benefits as a part of that. He stated that one (1) of the things that they noticed during the outreach is that the public is willing to have that kind of graduated payment in regard to different parking rates, and their short-term recommendation is to start looking at that from the permit parking perspective.

Mr. Finch advised that they know that this is a difficult issue and that there are some permits that are locked into long-term lease agreements; however, he suggested that they could start talking to E-ZPass and others who have lease agreements, and maybe they would be willing to shift some of their needs to a farther lot. He stated that when they performed the traffic counts they noticed that many of the permit parking lots sit vacant, explaining that although the permits are paid for, the lots are not being used to full capacity. Mr. Finch indicated that if the City started adjusting the pricing strategy, the lease holders would pay more for those who need to be there every day, and they may not use as many spaces, which would release capacity for others. He stated that there is a price distortion because everything is so cheap, explaining that it's easier for somebody to just buy the permit, even if they're not using it, and it's easier for a parking surfer to move their car around in off-street parking every two (2) hours because it's free. Mr. Finch noted, however, that it has created a huge cost on the retailers on Loockerman Street because when people drive down Loockerman Street and cannot find parking, they drive away and never come back. He stated that these behaviors are creating a huge disadvantage for downtown Dover.

Mr. Neil stated that he believes in synergy. Referring to the gateways and signage, he indicated that the City has an opportunity for synergy not only with the Downtown Dover Partnership (DDP), which has control of certain parking lots, but also with Kent County Tourism, of which he is pleased to sit on the board. Mr. Neil stated that these groups were looking at the same things and he thought they need to be linked. He noted that Expedia, the travel website, had recommended Dover as a weekend getaway because of the efforts of Kent County Tourism, and the signage that affects parking affects the people coming from out of the state and the people who live here. Mr. Neil stated that he thought that the report was terrific. He noted that there is a need to get all of the players involved to make this work for Dover and continue to build the city.

Mr. Garfinkel stated that he thought it was an excellent report. He noted that it is not really a predictive study; however, it mentions growth and, as he understood it, while there was not a current need for a vertical parking garage yet, there may be in the future if the recommendations are implemented. He asked if Mr. Finch was saying that if the City follows the recommendations, they will draw more consumers to downtown, which would then draw more people who want to develop downtown. Responding, Mr. Finch confirmed that this was one (1) of the messages from the report.

Mr. Slavin, referring to slide 5 depicting the available parking downtown, recalled that Mr. Finch had apologized for the confusion on this slide. He thanked Mr. Finch for his work and stated that he did not mean to demean it; however, this slide portrayed the exact problem, which is that it does not make sense to anyone. Mr. Slavin advised that we can count spaces and do a tabletop exercise, and move this checker here and that one there, but at the end of the day we end up with that. He stated that, although it wasn't within the purview of the study, he thought it was really critical that some of the most valuable real estate from an economical development perspective is being dedicated to surface parking, which is sometimes achieving 60% in capacity. Mr. Slavin stated that if the City built a vertical parking garage as the solution, as he believes the City should, it could open those properties for development and attract the new businesses that require new spaces. He stated that the benefit would be more ratable property downtown, and the parking garage would pay for itself in the long term probably two (2) times over on a payback period. Mr. Slavin noted that members would continue to hear him ask for a parking garage downtown until one is built, explaining that he thought it was an obligation of the city government to provide this for the infrastructure downtown, just like building libraries and police stations.

Mr. Sudler asked if the respondent pool of 20 or 40 people was strictly from the City of Dover, Kent County, or outside of the City limits and whether they had live data to support it. Responding, Mr. Finch advised that if members review the sign-in sheets, most of the individuals that responded are either residents or work in downtown Dover. He stated that there were only one (1) or two (2) people from outside the area that they noted at each of the three (3) public outreach meetings.

Mr. Sudler asked whether the majority worked or lived in Dover. In response, Mr. Finch stated that he thought that there was a good mix. He advised that some public meetings had more people who worked in Dover and some had more who resided in Dover.

Mr. Sudler asked what perplexities may arise in relation to the largest sized parking lot presented in the study from the perspectives of the Delaware Department of Transportation (DelDOT), future plans, or economic growth for the City of Dover. Responding, Mr. Finch stated that what they looked at in each of the scenarios was really what would happen to traffic patterns downtown if you located bigger public destination parking at different lots. He advised that they looked at opening up some of the capacity to public parking on North and Loockerman Streets and expanding the Bradford Street lot or building a parking garage there. Mr. Finch stated that if the development was on Bradford Street or Governors Avenue, some of the traffic patterns would be simplified because they are easier to reach from Loockerman Street and different directions. He noted that there are larger capacity streets, this was only a schematic analysis, and they just looked at traffic patterns in general and did not do specific counts.

In response to Mr. Sudler, Mr. Finch advised that they did not cross-reference with DelDOT when they looked at the traffic patterns. He stated that this would be done if the decision was made to further develop a parking lot or other facilities.

Mr. Sudler asked, in regard to the Langan psychological assessment, what the overall reasons were that people feel uncomfortable about parking on New Street, and whether their concerns were related to lighting, the element of people who live on that street, visible or alleged drug or criminal activity, or the past reputation or stigma associated with that street. He asked if these concerns also applied to connecting streets, such as Reed, Kirkwood, and Queen Streets. Responding, Mr. Finch advised that they had heard all of these concerns from all stakeholders and the public. He noted that, while doing a field review, they personally witnessed police activity on New Street, and there was constant mention of issues with the liquor store when they were there. Mr. Finch stated that he thought that a lot of concerns related to perception, noting that younger individuals may be more comfortable walking to their cars even at night, while others who might need a little assistance, have a disability, or may not be walking to their cars in a group, have issues with walking longer distances, especially to the Governors Avenue lot.

Mayor Christiansen commended Mr. Finch on the work done and expressed appreciation. He indicated that he shared the opinion expressed by Mr. Slavin that a parking garage was the ultimate solution. Mayor Christiansen stated that he was not an expert but had memories that parking was an issue in downtown Dover when he was five (5) years old and when he was first elected to Council at the age of 32, and he noted that it is still an issue. He advised that he concurred that the City would have to be unique and dynamic in its solution. Mayor Christiansen advised that Bayhealth Medical Center had issues with parking and had grabbed the bull by the

horns. He stated that Bayhealth's parking issues seemed to disappear and the garage was working out very well, although they still have quite a bit of surface parking. Mayor Christiansen indicated that he agreed that signage could be better; however, he stated that, looking toward the future of downtown Dover and the City of Dover, he would rather expend money for a parking garage and affordable parking than signs.

Mr. Finch stated that he thought the City was looking at a chicken and egg problem regarding what would come first to attract development downtown, noting that they would be glad to look at where members feel the threshold is. He stated that, in the case of Bayhealth, they had a demand and it made sense to build the garage. Mr. Finch advised that if the demand showed up, a garage was definitely something that could be looked at. Mayor Christiansen stated that if we build it, they will come.

Mr. Lewis commended Mr. Finch on the report. Responding to Mr. Lewis, Mr. Finch stated that enforcement should also be looked at. He noted that if any of the rules for parking change, such as wayfinding, rates, or better enforcement of current regulations, enforcement will be required to change behavior. Mr. Finch stated that parking surfers are currently skirting the rules and are not getting caught often enough. He stated that they had talked to the police and resources were limited, noting that there were ways to use resources better. Mr. Finch suggested implementing changes, educating, and then enforcing to make sure that the changes are sticking.

Mr. Neil noted that members would certainly have more to consider regarding the report and how they will proceed; however, he recommended acceptance of the report.

The Committee recommended acceptance of the final report from the MPO.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation, seconded by Mr. Neil and carried by a unanimous roll call vote.

Briefing on Dover/Kent County Metropolitan Planning Organization (MPO) Projects

Mr. James Galvin, Principal Planner, Dover/Kent County Metropolitan Planning Organization (MPO), introduced Mr. Reed Macmillan, Executive Director of the MPO. Mr. Macmillan stated that this was his 150th day in his new capacity as Executive Director. He informed members that he had worked from 1999-2002 for Kent County Levy Court in their Planning Services Department and recently retired from New Castle County.

Mr. Galvin informed members that the MPO was currently preparing its Transportation Improvement Program (TIP) for 2019-2022 and several projects located in Dover were included in the State Capital Transportation Program (CTP), including a proposal to look at the intersection of Forest Street (SR8) and Saulsbury

Road (SR15). He expressed his belief that this project had been contracted out, with funding for preliminary engineering and right-of-way for the coming fiscal year and construction in 2021, and noted that there would be changes at that intersection fairly soon. Mr. Galvin advised that they were studying the expansion of Saulsbury Road to two (2) lanes in each direction from Forrest Avenue to College Road or beyond, depending on study results. He advised that, although this project did not currently show up in the CTP, it may come up.

Mr. Galvin explained that the Loockerman Street/Forest Street Improvements project was in the CTP and progressing, with preliminary engineering this year, right-of-way next year, and construction in 2021. He stated that the Route 13 expansion to three (3) lanes in each direction from Puncheon Run to Lochmeath Way, just below the Lowe's store, would go to construction in 2021 to 2022. Mr. Galvin noted that the other portion of this project, from Lochmeath to Woodside, is a year or two (2) behind and, although that area is not in the City, it would be an important change.

Mr. Galvin stated that new projects that are important to the City had been put in the CTP this year. He noted that there was a proposal to build a Dunkin Donuts and other office space on Forrest Avenue across from the Modern Maturity Center. Mr. Galvin explained that the MPO's Delaware 8 Concept Plan and Operations Study, which was released in 2008, included a proposal for a small connector road, probably a local road, connecting Route 8 to Commerce Way at the Beiser Boulevard warehouse buildings and to Food Lion at Gateway West. He stated that this project was in the CTP for the out-years, with preliminary engineering in 2021 and 2022. Mr. Galvin explained that because there would be construction at the Dunkin Donuts site, the State's hand had been forced and they would be looking at this project in the near future.

Mr. Galvin stated that Scarborough Road C-D Roads project would extend behind Dover Mall and connect to Dover Downs, Leipsic Road, and the exit from Route 1. He explained that this would be an alternative way to get from the Route 1 exit to Dover Mall and Dover Downs without having to go on Route 13. Mr. Galvin indicated that the State would be looking at this project and doing preliminary engineering in 2021 or 2022, with more intensive looks, right-of-way, and construction occurring in the years beyond.

Mr. Galvin advised that College Road reconstruction was included in the CTP; however, there were no items in the time period of the TIP. He explained that the MPO's TIP goes out to 2022 and the CTP goes out to 2024 and the CTP included funding in the out-years for College Road. Mr. Galvin noted that the MPO had done a bike study, which was an important part of College Road. He advised that College Road does not have any sidewalks on the portion from Kenton Road to McKee Road and expressed his belief that this area will receive the same treatment that Walker Road previously received.

Mr. Galvin stated that there was funding for the Crawford Carroll Road Extension behind Lowe's, noting that the road would extend to parking lots of the commercial enterprises along Route 13 but not all the way to Delaware State University. He indicated that right-of-way acquisition was planned for this year and next year, with construction in 2021 and 2022. Mr. Galvin stated that the West Dover Connector was complete and the State was currently studying Kenton Road. He advised that at the latest public workshop for Kenton Road, they were looking at a roundabout at the corner of Chestnut Grove Road and Kenton Road instead of a stop sign, to avoid delays. Mr. Galvin explained that a large amount of traffic comes from out of town on Kenton Road in the morning, and a roundabout would be a way to keep traffic moving.

Mr. Galvin advised that the State was looking at West Street from New Burton Road to North Street, explaining that there are no sidewalks on this stretch and there is a need for bike lanes. He noted that there would be preliminary engineering for this project in 2021 and 2022, with right-of-way acquisition in 2022.

Mr. Anderson noted that not having an interchange off Route 1 for the Garrison Oak Technology Park had cost the City a fair number of jobs and asked if there were any thoughts on this. Mr. Galvin stated that he had not seen anything to indicate that the Delaware Department of Transportation (DelDOT) was looking at this. He noted that there is currently a partial interchange at Route 8, and DelDOT would be hard pressed to have another interchange essentially one (1) major street north of that. Mr. Galvin stated that the MPO had looked at the possibility of running some kind of road behind, from Leipsic down to White Oak. He stated his belief that there had always been a proposal to run a connector road from Route 8 somewhere along the right-of-way of Route 1 to get to White Oak Road, so that there would be a connection from the highway to the industrial park. He indicated that he had not heard about this in quite a while and suggested making sure that DelDOT knows that the City is interested in an interchange, if this is the case.

Update - Safety Issues at the Library

Mr. Lewis suggested deferring this matter since Mr. Lindell had requested it and was unfortunately unable to attend the meeting.

Mr. Neil moved to defer consideration of this matter, seconded by Mr. Anderson.

Mr. Polce noted that library staff was present and suggested that they be allowed the opportunity to provide an update.

Mr. Lewis asked the library staff if they could email members a written update regarding safety issues at the library. As a point of order, Mr. Sudler suggested that the motion to defer be rescinded. Mr. Neil agreed to rescind the motion; however, Mr. Anderson stated that he was not willing to rescind.

The Committee deferred consideration of this matter.

UTILITY COMMITTEE

The Utility Committee met with Chairman Cole presiding.

Presentation - Electric Rate Design and Cost of Services Study

Mrs. Donna Mitchell, City Manager, reminded members Burns & McDonnell did the City's rate design and cost of services study for years; however, this study was done by a new firm, NewGen Strategies & Solutions, given the concerns of the City's electric rates with some of the customers for next fiscal year. She advised that this was a preliminary report which would be finalized and brought back with the rates at the budget hearings. Mrs. Mitchell noted that there would also be discussions with the City's customers regarding the study.

Mr. Joe Mancinelli, General Manager, Energy Practice, NewGen Strategies & Solutions, reviewed a presentation entitled "City of Dover - Cost of Service and Rate Design Study", dated March 27, 2018.

Mr. Slavin thanked Mr. Mancinelli for the presentation and cautioned members to heed Mr. Mancinell's words about the difference between using percentages and raw dollars at times. Mr. Slavin explained that someone could walk away thinking that their electric bill is going up 5% this year, when that person's electric bill will go up $12 over the course of the year if they're a low user. He advised that members need to make sure their messaging is as synced up as the rest of this study and that they know what their talking points are as they roll this out.

Responding to Mr. Anderson, Mr. Mancinelli confirmed that they are looking at averaging this over a five-year time period.

Mr. Anderson asked what year the 2% change in residential rates would take effect. In response, Mr. Mancinelli explained that the amounts listed under the proposed column on each slide depict the rates that would become effective this year. He advised that the Power Cost Adjustment (PCA) that is in there, the .0038 for the Purchase Power Agreement (PPA), is an average amount that the City can afford to give back based on the forecast to the extent that it is different. Mr. Mancinelli explained that the current PCA is much higher and, to the extent that it is different in July, members would see a different effective increase. He stated that the Phase 2 and Phase 3 rates are not included in the presentation. Mr. Mancinelli noted that he thought that the proposal would be to eventually ask for approval of just Phase 1 and then see how the future plays out. He advised that the cost of service is based on the cost of serving the customer class over the entire five (5) years and is the same for every class.

Mr. Sudler asked, in regard to the residential class, if there were any concerns regarding the City's infrastructure impeding the positive outcome of the City's profit rate that can be addressed in the short term. Responding, Mr. Mancinelli stated that the design of the system does impact the cost; however, they have not looked at the

design to determine if it could be different or should be different. He advised that it is serving its purpose now, and they only looked at the cost.

Rojan Meadows Sanitary Sewer Territory Transference

Members were advised that, in 2003, the Rojan Meadows subdivision was proposed within the City of Dover. The development went through the City's Development Advisory Committee (DAC) and received initial approval from the Planning Commission. The original intent of this development was to install gravity sanitary sewer mains and a pump station that would be dedicated to the City of Dover. The project was tabled in 2010 and Rojan Meadows did not receive final approval from the City of Dover. The developer has revived this project and is intent on obtaining final approval for the Rojan Meadows development and one (1) aspect of the final approval is to provide sanitary sewer service to all proposed lots. The proposal is to transfer the sanitary sewer territory of the Rojan Meadows subdivision, and any adjacent lots to be served by this system, to Kent County for ownership and maintenance. Mrs. Sharon Duca, Public Works Director/City Engineer, reviewed the background and analysis for this item.

Staff recommended granting conditional approval to transfer the Rojan Meadows sanitary sewer territory to Kent County pending the developer's ability to obtain all necessary approvals and authorizations as required by the City.

Mr. Hare moved to recommend granting conditional approval to transfer the Rojan Meadows sanitary sewer territory to Kent County pending the developer's ability to obtain all necessary approvals and authorizations as required by the City, as recommended by staff. The motion was seconded by Mr. Lewis.

Mr. Anderson asked if the User Agreement modification should be based on Kent County standards since the county has everything to do with this, including running and maintaining the pump station, or if it has to be run on the standards for the City system. Responding, Mrs. Duca explained that the changes that have to be made to the User Agreement specifically relate to how flow is determined at the Dover East Pump Station since part of the City flow still goes into there. She stated that currently there is only a deduction for the mobile homes that the County flows into the Dover East Pump Station, and the agreement would have to allow for appropriate calculations for single-family residences to go through, so that the City would be receiving the appropriate deduction from the total flow from the station which determines what will be charged. Mr. Anderson asked if that requirement would be based on the County or City requirements. In response, Mrs. Duca advised that the County code specifically identifies what an equivalent dwelling unit (EDU) is for a mobile home versus a single-family and the City only references the equivalent of a single-family; however, they do coincide with each other.

In response to Mr. Neil, Mrs. Duca advised that if there are any costs related to the transference of the Certificate of Public Convenience and Necessity (CPCN), they would have to be borne by the developer.

The Committee recommended granting conditional approval to transfer the Rojan Meadows sanitary sewer territory to Kent County pending the developer's ability to obtain all necessary approvals and authorizations as required by the City, as recommended by staff.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation, seconded by Mr. Neil and carried by a unanimous roll call vote.

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee met with Chairman Hare presiding.

Status of Other Post-Employment Benefits (OPEB) and Pension Funds

Due to time constraints, this item was deferred during the meeting of March 13, 2018.

Mrs. Donna Mitchell, City Manager, reviewed the General Pension, Other Post-Employment Benefits (OPEB) - Retirement Health Insurance, and Police Pensions Post Retirement Benefit Liabilities as of July 1, 2017 for the Plan Year June 30, 2019. She stated that the General Pension unfunded liability total is down to $20M and is funded at 67.1% in total, noting that in FY 16 it was funded at 60.7%, so it is up 7% in funding, which is very good.

Mrs. Mitchell advised that the report also included the percentages that have to be put into payroll to put the actuarially determined contribution into the plans each year. Referring to the General Fund, she advised that the normal cost is 4.21% in total, the amortization of the unfunded liability and the interest cost is 44.05%, for a total of 48.26%, which she separated out so members could see how much the unfunded liability is costing the City each year as a percentage of payroll. Mrs. Mitchell noted that, in total, the percentage of payroll for the General Fund is 58% versus 29% for the Electric Fund, explaining that the City is more fully funded with the Electric Fund than the General Fund.

Mrs. Mitchell stated that the OPEB - Retirement Health Insurance is 41.9% funded in liability, which has improved from FY 16 when it was funded at 33.7%. She advised that the City had a lot of help in the last year with the market improving the investments. Mrs. Mitchell noted that the actuarially determined contribution for OPEB is 13.7% for the General Fund, 2.20% for the Water/Wastewater Fund, and 2.00% for the Electric Fund, for a total of 6.4%. She explained that a lot of that percentage is driven by the police because they can retire earlier.

Mrs. Mitchell advised members that the City has to put a flat lump sum amount into the City of Dover Police Pension Plan and the City is also part of the State of Delaware Police Pension Plan. She noted that the City of Dover Police Pension Plan

had improved 10% from last year, increasing from 63% to 73% funded. Mrs. Mitchell advised that the Police Pension percentage of payroll is 16.68%.

Project Carry-Forward Budget Balances and Proposed Ordinance #2018-02 - FY 2017-2018 Budget Ordinances - First Amendment

Due to time constraints, this item was deferred during the meeting of March 13, 2018.

Mrs. Donna Mitchell, City Manager, reviewed the background and analysis for the project carry-forward budget balances and Proposed Ordinance #2018-02 - FY 2017-2018 Budget Ordinances - First Amendment. She explained that the proposed budget amendments bring forward the carry-forward balances from last fiscal year as well as projects carried forward, and any other adjustments that have been made during the year.

Staff recommended approval of the proposed budget amendments for Fiscal Year 2018 and adoption of Ordinance #2018-02.

In response to Mr. Sudler, Mrs. Mitchell repeated that the transfer to the Parkland Reserve included $2,809 from Mr. Sudler's Parkland Revitalization fundraising.

Mr. Neil, referring to Proposed Ordinance #2018-02 - FY 2017-2018 Budget Ordinances - First Amendment, page 1, General Fund, Cash Receipt Summary for 2017-2018, asked for additional details regarding how the $1.47M increase from the original budget to the revised budget happened. Responding, Mrs. Mitchell explained that $214,000 was revenues that came in over budget, $1.1M was the departmental expenses, more than $600,000 of which was from attrition for vacant positions, wages and benefits, there were also materials and supplies, and all of the other expenses came in under budget. She stated, for example, that the Customer Service Department was $204,000, reminding members that Council approved additional staff; however, it took a while to get those additional employees onboard. Mrs. Mitchell advised that some of the larger amounts included Grounds Maintenance at $159,000 and Streets at $126,000, $80,000 of which she put back in next year. She explained that it was pretty much the attrition and savings in the departments' expenses. Mr. Slavin stated that he did not believe that Mrs. Mitchell had answered Mr. Neil's question, indicating that the answer was because the City and members are good at what they do now, Mrs. Mitchell is good at what she does, and the Finance Department is good at what they do. He noted that they are also transparent and there is a higher degree of trust among all of them as colleagues than there had been at any time that he had been on Council, so the numbers they were hearing are true numbers that they can rely on.

The Committee recommended approval of the proposed budget amendments for Fiscal Year 2018 and adoption of Ordinance #2018-02, as recommended by staff.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation, seconded by Mr. Neil and carried by a unanimous roll call vote. (The First Reading of the ordinance will take place during the latter part of the meeting).

Grant Application Procedure Revisions

Ms. Lori Peddicord, Controller/Treasurer, advised members that during a recent US Department of Justice (USDOJ) grant monitoring visit regarding Police Department grants, the City was requested to revise City of Dover Grant Application Procedure No. 317 and the Police Department General Order 17 Budget & Purchasing Procedures to add some additional controls and procedures to monitor sub awards and subrecipient grant funding. Ms. Peddicord reviewed the proposed procedure revisions.

Staff recommended approval of the procedure revisions as requested.

The Committee recommended approval of staff's recommendation.

By consent agenda, Mr. Hare moved for approval of the City of Dover Grant Application Procedure No. 317, as revised (Exhibit #3) and the Police Department General Order 17 Budget & Purchasing Procedures, as revised (Exhibit #4). The motion was seconded by Mr. Neil and carried by a unanimous roll call vote.

Diversity and Inclusion Study Request for Proposal (RFP)

Due to time constraints, this item was deferred during the meeting of March 13, 2018.

A Request for Proposal (RFP) for Diversity and Inclusion was issued on October 31, 2017 with a bid opening on November 29, 2017. Five (5) submissions were received. After the closing, the University of Delaware was contacted to determine their interest in the project. Following discussions with the University, they submitted their response on February 8, 2018. Mrs. Donna Mitchell, City Manager, advised members Mrs. Kim Hawkins, Human Resources Director, had reviewed all of the proposals and all of them had come in over budget. Mrs. Mitchell stated that she had moved money in Proposed Ordinance #2018-02 - FY 2017-2018 Budget Ordinances - First Amendment to cover this expense if Council desires to move forward with the study. She stated that she felt that Kaleidoscope Group from Chicago was the best and most qualified and their proposal, in the amount of $97,400, would cover the City's needs.

Staff recommended authorizing funding up to $97,400 to support the full scope of the RFP.

The Committee recommended approval of staff's recommendation.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation, seconded by Mr. Neil and carried by a unanimous roll call vote.

By consent agenda, Mr. Hare moved for acceptance of the Council Committee of the Whole Report, seconded by Mr. Neil and carried by a unanimous roll call vote.

MONTHLY REPORTS - FEBRUARY 2018

By motion of Mr. Hare, seconded by Mr. Neil, the following monthly reports were accepted by consent agenda:

City Assessor's Report
City Council's Community Enhancement Fund Report
City Manager's Report
City Planner's Report
Controller/Treasurer's Budget Report
Police Chief's Report

FIRST READING - PROPOSED ORDINANCE #2018-02

Council President Slavin reminded the public that copies of the proposed ordinance were available at the entrance of the Council Chambers, on the City's website at www.cityofdover.com under "Government," or by contacting the City Clerk's Office at 736-7008 or cityclerk@dover.de.us. Final action by Council on the proposed ordinance will take place during the Council Meeting of April 23, 2018.

In accordance with Section 1-9 of the Dover Code, Council acknowledged the First Reading of the proposed Ordinance as read by the City Clerk, by title only, as follows:

FY 2017-2018 BUDGET ORDINANCES - FIRST AMENDMENT

CITY MANAGER'S ANNOUNCEMENTS

Mrs. Donna Mitchell, City Manager, announced that the recent storm generated a large volume of bulk yard waste and they are four (4) days behind the collection schedule. She noted that they were working hard to get caught up.

Mrs. Mitchell announced that Spring Cleanup started that day and would run through April 20, 2018. She also announced that the water system flushing began on April 8, 2018 and would run through April 27, 2018.

COUNCIL MEMBERS' ANNOUNCEMENTS

Mr. Lewis announced that he had the opportunity the previous Saturday to welcome Kirkland's and its store manager to the City of Dover. He noted that it was good to see new businesses coming in to enhance their economic development.

Mr. Sudler thanked the Governor for coming to the City of Dover that day with the Unlock the Block initiative, noting that he was very receptive to their ideas. He also wanted to let the Governor know that his presence was very much appreciated, not only in the Fourth District, but throughout the City of Dover, and that he looked forward to the Governor coming more often.

Mr. Anderson invited the residents of Woodcrest to a follow-up town hall meeting on Tuesday, April 17, 2018 at 6:00 p.m. He advised that they would be presenting information on what has been happening to the questions and complaints that have been raised by the residents. Mr. Anderson also encouraged participation in the Patriot Rally being held on April 19, 2018 at 2:00 p.m. on Legislative Mall and Open Streets on April 21, 2018.

Mr. Sudler moved for adjournment, seconded by Mr. Lewis and unanimously carried.

Meeting adjourned at 8:10 p.m.

TRACI A. McDOWELL
CITY CLERK

All ordinances, resolutions, motions, and orders adopted by City Council during their Regular Meeting of April 9, 2018, are hereby approved.

ROBIN R. CHRISTIANSEN
MAYOR

/TM
S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\Council-Minutes\2018\04-09-2018 Council Minutes (revised to correct typographical error 05-16-2018).wpd

Exhibits
Exhibit #1 - Presentation - Mayor's Selection for the Jefferson Awards Lead360 Challenge
Exhibit #2 - Engineering Consultant's Report on the Operation and Maintenance of the Electric System - Fiscal Year 2017
Exhibit #3 - Revised City of Dover Grant Application Procedure No. 317
Exhibit #4 - Police Department General Order 17 Budget & Purchasing Procedures

"Be the **CHANGE** you want to **SEE** in the **WORLD**."
--Gandhi

JEFFERSON AWARDS FOUNDATION

LEAD360 Awards Ceremony

City of Dover
April 9th, 2018

LEAD 360

The LEAD360 Challenge, an initiative of the Jefferson Awards Foundation, is one of the largest youth service contests in America. The Challenge taps into the energy and idealism of young people, encouraging and facilitating them to share their stories of service with millions.

★★★★★★★★★★

LEAD360 will become the platform that powers youth service ideas:

to realize their vision, act as the megaphone for their voices, and empower them and the country to **ACT** with **MAXIMUM IMPACT**.

LEAD 360

To date LEAD360 has seen:

- ✓ More than 6,500 projects and BIG IDEAS
- ✓ Engaged 1 Million young people
- ✓ Worked with over 40 National Partners
- ✓ More than 1Million impressions on Twitter and Instagram
- ✓ Impacted more than 12Million lives

LEAD 360

Delaware's 2018
Phase 1 National
Finalist

Congratulations!

Buckets of Love

Reagan and Payton Garnsey
Dover, DE

LEAD 360

This year we had 7 Mayors in Delaware commit to host and promote the LEAD360 Challenge in their city.

City of Dover: Mayor Robin Christiansen

Town of Georgetown: Mayor Bill West

City of Lewes: Mayor Ted Becker

City of Milford: Mayor Bryan Shupe

City of Newark: Mayor Polly Sierer

City of Seaford: Mayor David Genshaw

City of Wilmington: Mayor Mike Purzycki

LEAD 360

2017-2018 State of Delaware

Phase 1 Results

136 Projects

38,631 Volunteers

222,010 Volunteer Hours

374,529 Lives Impacted

Over $5,359,321 Financial Impact

LEAD 360

2017-2018 State of Delaware

Phase 2 Results

27 Activation Projects Completed

Delaware LEAD360 Impacted Lives 13,230

=

A $119,070 value

LEAD 360

Delaware State University LIFT Team

LIFT2Houston

LIFT in Dover: Sock Drive

LEAD 360

Central Middle School, Positive Outcomes Charter Middle School, and W.T. Chipman Middle School Jobs for Delaware Graduates

Abott's Mill Nature Center Cleanup

LEAD 360

Positive Outcomes Charter Middle School and Central Middle School Jobs for Delaware Graduates

Sunday Breakfast Mission Food Drive

LEAD 360

Madison Tulloch

One Dog More and Compassion for Cats Drive

LEAD 360

Reagan and Payton Garnsey
Buckets of Love

LEAD 360

Mayor's Top Project

Enzo's Pajama Drive for Hope

Enzo Vincent

LEAD 360

City of Dover

Phase 1 Results

7 Projects

446 Volunteers

1,902 Volunteer Hours

2,216 Lives Impacted

Over $44,126 Financial Impact

LEAD 360

2017 Phase 2 Activation Participants

Bank of America
Caesar Rodney High School JDG
Cape Henlopen High School JDG
Central Middle School Senators In Action
City of Wilmington
Delaware 87ers
Delmar High School JDG
Fall Leadership Conference
Jobs for Delaware Graduates Staff
Milford Central Academy
MOT Charter Elementary
NCC Police Department
Newark High School JDG
Oberod Donor Reception
Reagan and Payton Garnsey
Seaford High School JDG Team
Smyrna High School JDG Team
St. Elizabeth High School SIA Team
St. Georges High School
The Buccini Pollin Group
The Charter School of Wilmington SGA
The Jefferson School
University of Delaware Athletics
Western Sussex Boys & Girls Club
Wilson Elementary
Woodbridge Middle School
Wraparound Delaware

Thank you for participating!

LEAD 360

2017 Phase 2 Delaware Winners!

Congratulations!

Emma's Art Kits Activation Winners

The Charter School of Wilmington

10,055 Art Kits = **$90,495** Financial Value

The Buccini Pollin Group

750 Art Kits = **$6,750** Financial Value

MOT Charter 1st and 2nd Grades

332 Art Kits = **$2,988** Financial Value

LEAD 360

PHASE 2 – 2018 National Winner & Project

Buckets of Love

Health & Wellness

Reagan and Payton Garnsey

LEAD 360

Over the course of this year, we will track
the collective impact of this project all over the country.

Reagan and Payton Garnsey	Health & Wellness	Buckets of Love

We invite individuals, organizations, schools, companies, and communities to participate in LEAD360 through Buckets of Love!
Jefferson Awards will be given to those who make the biggest impact in the State of Delaware.

"Be the **CHANGE** you want to **SEE** in the **WORLD**."
--Gandhi

JEFFERSON AWARDS FOUNDATION

LEAD360

Thank you to all of our participants,
and to Mayor Christiansen for supporting the Challenge.

BURNS McDONNELL

Engineering Consultant's Report

on the Operation and Maintenance of the Electric System Fiscal Year 2017

City of Dover, Delaware

Project No. 105831

3/23/2018

Engineering Consultant's Report

prepared for

City of Dover, Delaware
Dover, Delaware

Project No. 105831

3/23/2018

prepared by

Burns & McDonnell Engineering Company, Inc.
Kansas City, Missouri

March 23, 2018

Ms. Lori Peddicord
Controller/Treasurer
City of Dover
5 East Reed Street
Weyandt Hall, Suite 300
Dover, Delaware 19901

Re: Engineering Consultant's Report
Project No. 97522

Dear Ms. Peddicord:

In compliance with the requirements of Section 705 and Section 504 of the City of Dover, Delaware Resolution Authorizing and Securing Electric Revenue Bonds, adopted December 23, 1985 (Resolution), Burns & McDonnell presents this Annual Engineering Consultant's Report on the Operation and Maintenance of the Electric System for the fiscal year ended 2017. This report summarizes our review and assessment of the City of Dover's (City) Electric System, its existing retail electric rates, its insurance coverage in effect, and its reserve funds. Financial, statistical, and operating data used in preparing the report were initially reported in the City's annual financial statements and accounting records. Additional information was furnished by City and Electric Division staff.

In the preparation of this Engineering Consultant's Report, Burns & McDonnell completed assessments of the electric generating stations and the transmission and distribution system of the City's Electric Division. Assessments involved interviews, observations, and review of fiscal year 2017 expenditures and fiscal year 2017 budgets. In addition, an analysis of the balances of the Improvement and Extension Fund as well as other funds supporting the Electric Division was performed. Burns & McDonnell also reviewed the adequacy of revenues provided by current retail rates in relation to the requirements of the Resolution. Finally, a high-level assessment of the City's insurance coverage related to the Electric Division was completed.

Based on these reviews and assessments, it is the opinion of Burns & McDonnell that the Electric System is being operated and maintained, including replacements and upgrades as appropriate, in a manner that is consistent with current electric utility practices. In addition, the current retail rates have provided sufficient revenues to satisfy the debt service coverage requirement in the Resolution. Further, it is the opinion of Burns & McDonnell that the balances in the various reserve funds maintained by the City for the Electric Division are sufficient for their intended purposes.

We appreciate the cooperation and assistance provided by the City and the Electric Division staff in the preparation of this report. We will be happy to discuss the report with you at your convenience.

Sincerely,
Burns & McDonnell

Ted J. Kelly
Principal & Senior Project Manager

TJK/sr

9400 Ward Parkway \ Kansas City, MO 64114
O 816-333-9400 \ F 816-333-3690 \ burnsmcd.com

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LIST OF ABBREVIATIONS

Abbreviation	Term/Phrase/Name
Burns & McDonnell	Burns & McDonnell Engineering Company, Inc.
City	City of Dover, Delaware
DCS	distributed control system
EDQP	Employee Development and Qualification Program
EIA	U.S. Energy Information Administration
FY	Fiscal Year
GWh	gigawatt-hour
I&E Fund	Electric Improvement & Extension Fund
kV	kilovolt
kW	kilowatt
kWh	kilowatt-hour
LAN	local area network
McKee Run	McKee Run Generating Station
MW	megawatt
MWh	megawatt-hour
NAES	North American Energy Services Corporation
NERC	North American Electric Reliability Corporation
NRG	NRG Energy Center
Ohm	standard unit of electrical resistance
PJM	Pennsylvania New Jersey Maryland Interconnection
Report	2017 Engineering Consultant's Report on the Operation and Maintenance of the Electric System
Resolution	Resolution Authorizing and Securing Electric Revenue Bonds, adopted December 23, 1985

VanSant	VanSant Generating Station
TEA	The Energy Authority, Inc.

STATEMENT OF LIMITATIONS

In preparation of the Annual Engineering Consultant's Report on the Operation and Maintenance of the Electric System for the fiscal year ended 2017 (the Report), Burns & McDonnell relied upon information provided by the City of Dover, Delaware (the City). The information included various analyses, computer-generated information and reports, audited financial reports, and other financial and statistical information, as well as other documents such as operating budgets and current retail electric rate schedules. While Burns & McDonnell has no reason to believe that the information provided, and upon which Burns & McDonnell has relied, is inaccurate or incomplete in any material respect, Burns & McDonnell has not independently verified such information and cannot guarantee its accuracy or completeness. In addition, Burns & McDonnell has used the information provided to make certain assumptions with respect to conditions that may exist in the future. While Burns & McDonnell believes the assumptions made are reasonable for the purposes of the Report, it makes no representation that the conditions assumed will occur.

1.0 – EXECUTIVE SUMMARY

1.0 EXECUTIVE SUMMARY

1.1 Introduction

The Fiscal Year 2017 Engineering Consultant's Report on the Operation and Maintenance of the Electric System (Report) has been prepared in compliance with the requirements of the City of Dover, Delaware Resolution Authorizing and Securing Electric Revenue Bonds, adopted December 23, 1985 (Resolution). Burns & McDonnell was retained as the Engineering Consultant by the City of Dover, Delaware (City) to complete an inspection of the Electric System and prepare a report on findings. The Resolution requires that the Engineering Consultant complete the following:

"The City covenants that it will cause the Engineering Consultants employed under the provisions of Section 705 of this Resolution . . . to make an inspection of the Electric System at least once each fiscal year and . . . to submit to the City Manager a report setting forth (a) their findings whether the properties of the Electric System have been maintained in good repair, working order and condition and whether they have been operated efficiently and economically and (b) their recommendation as to

(i) the proper maintenance, repair and condition of the Electric System during the ensuing fiscal year and an estimate of the appropriations which should be made for such purposes,

(ii) the insurance to be carried under the provisions of Article VII of this Resolution,

(iii) the amount that should be deposited during the ensuing fiscal year to the credit of the Improvement and Extension Fund for the purposes set forth in Section 510 of this Article,

(iv) the extensions, improvements, renewals and replacements which should be made during the ensuing fiscal year, and

(v) any necessary or advisable revisions of the electric rates."

This is the thirteenth annual Engineering Consultant's Report prepared for the City by Burns & McDonnell.

1.2 Electric System Overview and Assessment

The Electric Division served a monthly average of 24,457 accounts in fiscal year (FY) 2017, approximately 20,155 of which were residential customers. Five of the Electric Division customers take service from the 69-kV transmission system. These customers include the Dover Air Force Base, Kraft,

Proctor & Gamble, White Oak Solar and NRG Energy Center (NRG). NRG is an exempt wholesale generator that sells power that must be transmitted through the City's transmission system to third party purchasers. When the NRG plant is not operational, the Electric Division provides power for the plant site.

1.2.1 General Plant

General plant facilities consist primarily of Electric Division administrative and operations facilities and pollution control related equipment on McKee Run Generating Station (McKee Run) and VanSant Generating Station (VanSant). Other types of general plant include office furniture and equipment, transportation and power-operated equipment, and communication equipment.

Effective July 1, 2011, the City entered into an Energy Management Agreement with The Energy Authority, Inc. (TEA) to assist the City with its energy procurement, energy sale, purchase of fuels, establishment and management of risk policies, and the development and management of hedging protocols and related energy procurement challenges. Headquartered in Jacksonville, Florida, TEA is a non-profit energy manager owned by seven public utility systems operating across the nation.

1.2.2 Production Plant

The City owns two generating plants, the McKee Run and VanSant generating stations. McKee Run consists of one steam turbine generating units with a total capacity of 102 megawatts (MW). VanSant is a 39 MW simple-cycle combustion turbine unit. NAES Corporation operates the generating plants. The agreement between the City and NAES Corporation has been in effect since July 1, 2006. The various systems and components of the generating plants reviewed by the Engineering Consultant are listed below:

Major Equipment

- Steam turbines/generators
- Boilers and auxiliaries
- Station cooling water systems
- Fuel handling systems
- Water treatment systems
- Station electrical systems
- Station control systems
- General facilities

Management and Organization

- Safety
- Training
- Staffing

Based on statements and information provided by the City, as well as the observations and reviews performed, it is the Engineering Consultant's opinion that the City's power generation facilities are being operated and maintained consistent with generally accepted electric utility practice in the United States. In general, the performance, operation, maintenance, staff, planning, and training aspects for the McKee Run and VanSant were found to be above average. Specifically, the generation facilities have demonstrated a high level of availability despite the dispatching of the units primarily for peak demand.

1.2.3 Transmission and Distribution Plant

The transmission and distribution network includes 43.07 miles of overhead transmission lines, 0.12 miles of underground transmission lines, 179.14 miles of overhead distribution lines and 291.40 miles of underground distribution lines. Five Electric Division customers take service from the 69-kV transmission system. The following list includes areas of the transmission and distribution system that were considered and reviewed.

- System reliability
- Power quality
- Operations and maintenance
- Design standards and specifications
- Transmission and distribution improvements

It is the Engineering Consultant's opinion that the design, construction, operation, and maintenance of the City's electric transmission and distribution system and the associated facilities are consistent with current generally accepted electric utility standards. In recent years, the City has made appropriate upgrades and improvements which the Engineering Consultant has observed while conducting the reviews and assessments to complete the annual reports.

1.3 Financial Overview and Assessment

The level of revenues required from the retail electric rates for the Electric Division were determined through the analysis of the financial results and net income or net margins for FY 2017. The Resolution requires that the Electric Division maintain a debt service coverage ratio of 1.25.

Customers of the Electric Division of the City were charged for the electric service they received based on the City's rate schedules and contracts that were in place in FY 2017. A comprehensive cost-of-service and rate design study was completed in 2006 and subsequent rate analyses were completed in 2007, 2008, 2012, 2013, and 2015 to examine revenue requirements and revenue generation. Specifically, the 2006 rate study was conducted to address increased costs associated with a new power supply contract that became effective on July 1, 2006. The rate study recommended combining several rate classes and implementing rate increases on July 1, 2006. The 2006 rate study also recommended an additional increase be implemented on January 1, 2007 to cover increased costs associated with operating the generating station. The 2007 and 2008 rate analyses re-examined Electric Division revenues and expenses and recognized additional revisions to power supply costs. Because of these analyses, additional rate increases were implemented on July 1, 2007, July 1, 2008, and July 1, 2012. The July 1, 2013 rate adjustments established the rate schedules utilized by the Electric Division today.

Total energy sales increased from 713 GWh in FY 2016 to 745 GWh in FY 2017, an increase of 4.45 percent. Total revenue from sales to electric customers in FY 2017 was $81.9 million, representing an increase of $2.8 million from FY 2016. In FY 2017, the average revenue per kWh for residential customers was 12.86 cents and the system-wide average price was 11.0 cents per kWh.

The Electric Division's largest cost in providing electric service to its customers is the wholesale cost of power purchased from the Pennsylvania New Jersey Maryland Interconnection (PJM) marketplace through its energy manager, TEA. From FY 2016 to FY 2017, the cost of power increased from $42.6 million to $43.6 million. Net income was a positive $7.2 million in FY 2016 and increased to a net income of $11.2 million in FY 2017. The net income increase in FY 2017 was due to an increase in total operating revenues slightly offset by increases in power supply costs and Retiree Health Care costs.

Following is an excerpt from Section 502(c) of the Resolution.

> *"(c) The total amount of the Revenues of the Electric System during the preceding fiscal year shall have been not less than the total of the following:*
>
> *The Current Expenses of the Electric System during the current fiscal years shown by the Annual Budget . . . for such fiscal year, and*
>
> *One hundred twenty-five percent (125%) of the maximum amount of the Principal and Interest Requirements for any fiscal year thereafter on account of all bonds then Outstanding under the provisions of this Resolution."*

The Resolution requires that annual revenues of the Electric Division be no less than the total current expenses plus 125 percent of the greatest remaining annual debt service. The Electric Division achieved debt service coverage ratios for FY 2015, FY 2016, and FY 2017 of 5.61, 8.04, and 17.46 respectively. Therefore, the revenues generated by the current electric rates have been sufficient to meet the applicable covenant of the Resolution.

The City maintains a comprehensive insurance program to cover varying types of liabilities, as well as significant losses related to various Electric Division properties. It is the opinion of Burns & McDonnell as Engineering Consultant, and not as insurance counselor, the insurance in full force and affect appears to satisfy the requirements of Section 706 of the Resolution.

The City established the Electric Revenue Fund and the Electric Improvement & Extension (I&E) Fund to make money available for specific purposes when they are needed. The following is a list of these funds' respective cash accounts:

Electric Revenue Fund

- Insurance Reserve Account
- Contingency Reserve Account
- Electric Rate Stabilization Reserve Account
- Interest and Sinking Account

Electric Improvement and Extension Fund

- Depreciation Reserve Account
- Future Capacity Reserve Account

The Engineering Consultant reviewed activity information on the accounts listed above and found that the balances in those accounts as of June 30, 2017, were consistent with the required or target balances.

1.4 Conclusions

Based on the reviews and assessments completed, it is the opinion of Burns & McDonnell that:

1. The City's power generation facilities are being operated and maintained consistent with accepted electric utility practice in the United States.
2. The design, construction, operation, and maintenance of the City's electric transmission and distribution system and associated facilities are consistent with generally accepted electric utility

standards. The system has been upgraded to improve operation, reliability, and service quality to customers.

3. The Electric Division capital projects included in the City's Capital Investment Plan and the FY 2018 Operating Budget are necessary and should provide improved reliability and power quality for the Electric System.
4. The balances as of June 30, 2017, for the various reserve funds maintained by the City for the Electric Division appear to be sufficient for their defined purposes.
5. The insurance coverage in full force and affect as maintained by the City related to the various assets of the Electric Division appears to satisfy the requirements of Section 706 of the Resolution.
6. The electric revenues generated by the City's current retail rates are more than sufficient to fulfill the debt service coverage requirement defined in Section 502(c) of the Resolution.

2.0 – INTRODUCTION

2.0 INTRODUCTION

The City of Dover, Delaware (City) operates a municipally-owned electric utility system that served 23,621 customers, excluding lighting, within the City and surrounding areas at the end of fiscal year (FY) 2017. The 68 square-mile service area of the electric utility is in central Delaware; with the City, itself located approximately 70 miles south of Philadelphia, Pennsylvania.

2.1 Purpose of Report

This FY 2017 Annual Engineering Consultant's Report (Report) has been prepared in compliance with the requirements adopted December 23, 1985 of the City of Dover Electric Bond Resolution (Resolution). Burns & McDonnell was retained by the City as the Engineering Consultant defined in Section 705 of the Resolution, as follows.

> *"The City covenants that it will, for the purpose of performing and carrying out the duties imposed on the Engineering Consultants under the provisions of this Resolution, employ an independent engineer or engineering firm or corporation having a nationwide and favorable repute for skill and experience in such work."*

The required scope of the Report is described in Section 504 of the Resolution, as follows.

> *"The City covenants that it will cause the Engineering Consultants employed under the provisions of Section 705 of this Resolution . . . to make an inspection of the Electric System at least once each fiscal year and . . . to submit to the City Manager a report setting forth (a) their findings whether the properties of the Electric System have been maintained in good repair, working order and condition and whether they have been operated efficiently and economically and (b) their recommendation as to*
>
> *(vi) the proper maintenance, repair and condition of the Electric System during the ensuing fiscal year and an estimate of the appropriations which should be made for such purposes,*
>
> *(vii) the insurance to be carried under the provisions of Article VII of this Resolution,*
>
> *(viii) the amount that should be deposited during the ensuing fiscal year to the credit of the Improvement and Extension Fund for the purposes set forth in Section 510 of this Article,*
>
> *(ix) the extensions, improvements, renewals and replacements which should be made during the ensuing fiscal year, and*

(x) any necessary or advisable revisions of the electric rates."

2.2 Organization

The Electric Utility Director is responsible for the overall management of the Electric Utility Division. The Electric Utility Director position for the Electric Division is currently vacant after the departure of Mr. Harry Maloney. This position needs to be filled in a timely manner. The Electric Director oversees the day-to-day operations of the Electric Division and manages the Division's staff. The Director also provides oversight of the production plant budget, monitors the contracts of the energy coordinator and the power generation operator/manager, and is responsible for North American Energy Services Corporation (NAES Corporation) contracts and oversight. The Electric Division is organized into four separate operating sections. Descriptions of the current Electric Division sections are provided below.

Administration Section – Administration provides the overall management of the Electric Division's Engineering and Transmission & Distribution Sections. This section performs all planning and budgeting, monitors all construction projects, administers all power supply and generating station operations agreements, and coordinates with customer service and public relations for the Electric Division.

Electric Engineering Section – Electric Engineering provides design, specifications, construction management, and project inspection for all capital investment projects of the Electric Division. This section also develops and maintains maps, plans, and specifications, as well as engineering standards for construction and maintenance of the Electric System.

The group formerly known as the System Operations Section has been reorganized as part of the Electric Engineering Section. This group is responsible for the operation of a 24/7 system operations control center and is comprised of the System Operators Crew Leader and the Operators.

Transmission & Distribution Section – Transmission & Distribution constructs, operates, and maintains the overhead and underground electric systems and fiber optic communication facilities. This section installs and maintains all electric metering, as well as street and security lighting. This section also investigates and resolves customers' power supply problems and oversees the work of tree trimming contractors.

Figures 2-1 through 2-3 provide organizational charts illustrating the staffing hierarchies of the various sections in the Electric Division. The number of individuals in each position is indicated as appropriate. Electric Division staff totaled 46 at the time this report was issued.

Figure 2-1: Organization

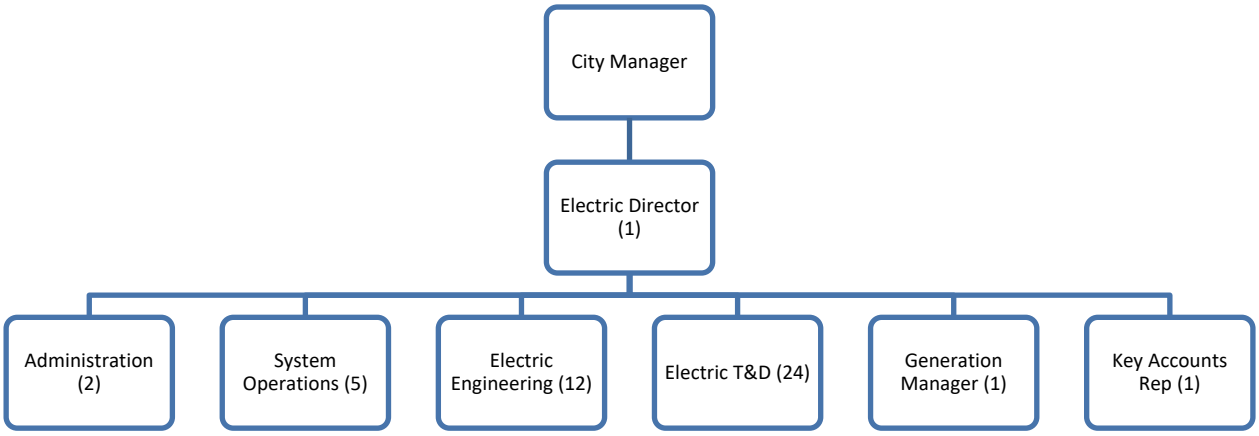


Figure 2-2: Administration Section

Figure 2-3: Electric Engineering Section

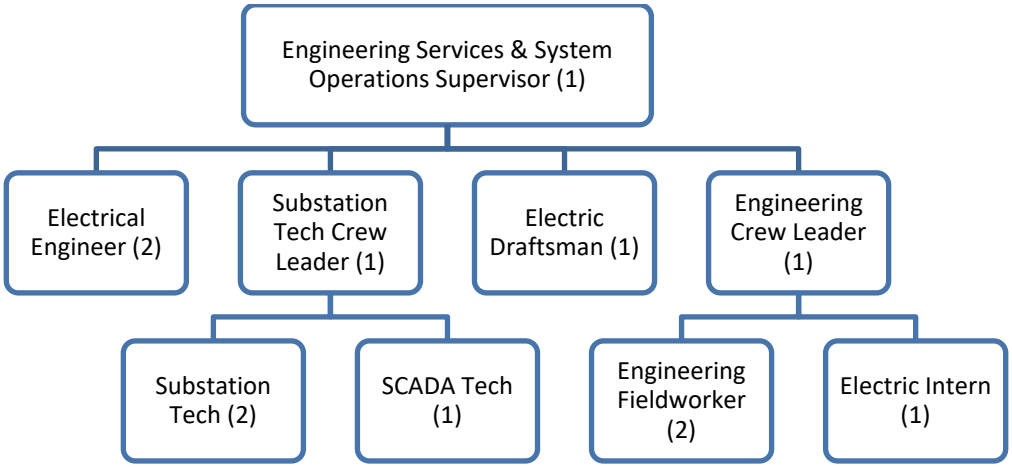
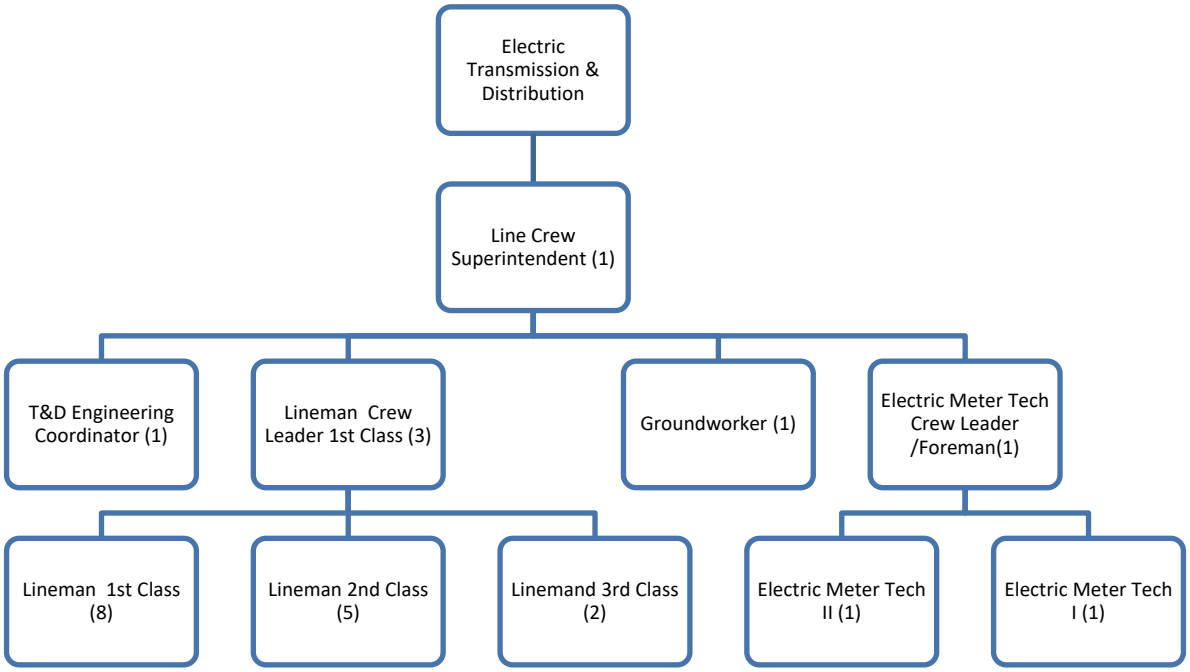


Figure 2-4: Electric Transmission & Distribution Section



The subsequent sections of the Report provide a discussion of the required reviews and inspections conducted pursuant to Section 504 of the Resolution. Section 3.0 describes the assessment of the Electric System and its condition. Section 4.0 presents the financial results for the Electric Division, including an analysis of the adequacy of revenues provided by the electric rates. Section 5.0 summarizes the conclusions of Burns & McDonnell regarding the operation and maintenance of the Dover Electric System.

3.0 – ELECTRIC SYSTEM OVERVIEW AND ASSESSMENT

3.0 ELECTRIC SYSTEM OVERVIEW AND ASSESSMENT

3.1 Electric System Overview

The Electric System owned by the City primarily consists of a production plant, transmission plant, distribution plant, general plant facilities, and construction work in progress. Table 3-1 displays the year-end balances of the various plant components for FY 2015 through FY 2017.

Table 3-1: Year-End Plant in Service

	FY 2015	FY 2016	FY 2017
Capital assets, not being depreciated			
Land	$ 1,458,066	$ 1,458,066	$ 1,458,066
Construction in progress	2,364,099	2,265,262	1,926,837
Total capital assets, non-depreciable	$ 3,822,165	$ 3,723,328	$ 3,384,903
Capital assets, being depreciated			
Buildings	$ 17,675,949	$ 17,881,414	$ 17,946,658
Production	66,561,061	66,252,450	63,578,863
Transmission	35,899,287	36,684,541	37,092,253
Distribution	63,392,975	65,068,946	65,536,143
Administration	1,743,754	1,783,987	1,760,522
Vehicles	607,949	649,439	736,401
Total capital assets, being depreciated	$ 185,880,975	$ 188,320,777	$ 186,650,840
Less accumulated depreciation for:			
Buildings	$ (12,576,076)	$ (13,030,240)	$ (13,478,729)
Production	(45,423,777)	(46,936,655)	(44,829,267)
Transmission	(14,045,341)	(15,095,269)	(16,385,088)
Distribution	(29,742,291)	(31,134,017)	(32,569,073)
Administration	(1,536,190)	(1,647,784)	(1,670,558)
Vehicles	(482,121)	(522,830)	(534,042)
Total accumulated depreciation	$ (103,805,796)	$ (108,366,795)	$ (109,466,757)
Total capital assets, being depreciated, net	82,075,179	79,953,982	77,184,083
Total capital assets, net	$ 85,897,344	$ 83,677,310	$ 80,568,986

In FY 2017, the Electric System experienced an increase in the annual system peak demand and an increase in annual energy sales from the previous year. The Electric System experienced its peak at 4 p.m. on July 13, 2017 of 162.874 MW; an increase of approximately eight percent from the previous year. For the year, 745 GWh of energy were sold; an increase of 4.45 percent from the preceding year. The Electric Division projects energy sales in FY 2018 to total 754 GWh, showing constant energy sales from 2017. The Electric Division expects annual energy sales to grow moderately from FY 2018 through FY 2020.

3.1.1 Production Plant

The City owns two plants, the McKee Run and VanSant generating stations. McKee Run currently consists of one steam turbine generating unit with a capacity of 39 megawatts (MW). Generating Unit 1 and Unit 2 from McKee Run stations were retired in June 2017. VanSant is a 39-MW simple-cycle combustion turbine unit.

NAES Corporation operates the generating plants. The organizational structure of NAES has changed based on the city's request and general operating requirements. The agreement between the City and NAES Corporation has been in effect since July 1, 2006. The Engineering Consultant's observations regarding the generating stations and units are described later in this section of the Report.

Effective July 1, 2011, the City entered into an Energy Management Agreement with The Energy Authority, Inc. (TEA) to manage the sales associated with the production plants; the Electric Division's first contract with TEA. TEA also assists the City with its energy procurement, energy sales, purchase of fuels, establishment and management of risk policies, the development and management of hedging protocols and related energy procurement challenges.

3.1.2 Transmission and Distribution Plant

The transmission and distribution network includes 43.07 miles of overhead transmission lines, 0.12 miles of underground transmission lines, 179.14 miles of overhead distribution lines and 291.40 miles of underground distribution lines. The Electric Division provides service to several customers directly from the 69-kV transmission system. These customers include the Dover Air Force Base, Kraft, Proctor & Gamble, White Oak Solar and NRG Energy Center (NRG). NRG is an exempt wholesale generator that sells power that must be transmitted through the City's transmission system to third party purchasers. When the NRG plant is not operating, the Electric Division provides power for the plant site.

The Electric Division has two contracts for providing transmission service through the Electric System. The Electric Division provides transmission service to NRG for the output of its 16 MW electric generator. The Electric Division also has a point-to-point contract for the output of an NRG Combustion Turbine which ties directly to the Kent Substation and is not part of the Dover transmission system.

3.1.3 General Plant

The general plant category consists primarily of Electric Division administrative and operations facilities, and pollution control-related equipment at McKee Run and VanSant. The agreement with NAES Corporation stipulates NAES Corporation manage the operation and maintenance of the facilities while the City funds all replacements and upgrades required for maintaining the capability of the two generating

stations. The City is also responsible for the costs of compliance with new regulations promulgated. Other types of items included in the general plant category include office furniture and equipment, computer-related equipment, transportation and power-operated equipment, and communication equipment. Burns & McDonnell did not specifically assess the items in the general plant category for this Report.

3.2 Production Plant Assessment

Burns & McDonnell made observations and conducted assessments of the Electric System assets in support of the development of this annual Engineering Consultant's Report. On February 16, 2018, Mr. Ted Kelly of Burns & McDonnell met with representatives of NAES Corporation to discuss the condition of the McKee Run and VanSant generating stations. Mr. Stacy Johnson, the Plant Manager, coordinated the visit. Mr. Kelly also met with Mr. Jacob Aucoin, the Plant Engineer, during the visit. The findings of Burns & McDonnell from the assessment of the City's production plant assets are documented herein.

Burns & McDonnell was informed that Travelers Insurance recently completed an inspection of all pressure vessels at the McKee Run Plant.

3.2.1 Production Plant Operations

McKee Run consists of three units. Units 1 and 2 were originally coal-fired units, which began operations in 1961 and 1962, respectively. In 1972, these units were converted to burn No. 6 fuel oil. Units 1 and 2 each have rated capacities of 17 MW. In June 2017, both units were retired. Unit 3 began operations in 1975 and was designed to fire No. 6 fuel oil and natural gas. Unit 3 has a rated capacity of 102 MW. In FY 2008, the City began work to convert all three units at McKee Run to burn No. 2 fuel oil to reduce pollution from the plant. The necessary upgrades and new equipment were installed allowing each of the units to burn both natural gas and No. 2 fuel oil.

VanSant consists of a simple cycle combustion turbine with a rated capacity of 39 MW. This unit commenced operation in 1991. An inlet fogging system was installed in the spring of 2015 and capacity testing performed in June 2015 proved a 4 MW increase in unit capacity. VanSant remains unmanned, except when it is dispatched into service. On the occasions when the unit is dispatched, personnel from McKee Run travel to VanSant to startup and operate the unit until the unit dispatch is released by PJM. There is an action item to restore remote start capability to allow the unit start time to be reduced to 15 minutes, currently the transmission operator is asked to allow 1 hour for starting time because the VanSant site is not manned. A remote start capability for this unit would improve the dispatch starting time and increase unit run hours for quicker response to area transmission needs.

3.2.1.1 Management and Organization

Station management is well organized and knowledgeable. Personnel take a logical approach to the operation and maintenance of the generation facilities. Mr. Stacy Johnson is the plant manager. The management/leadership team consists of eight positions including Mr. Johnson's position. The Administrative Manager, Plant Engineer, Compliance Coordinator, and Materials Coordinator, all report directly to Mr. Johnson.

The Plant Engineer oversees and assists with plant operations and engineering compliance. He works closely with the Maintenance Supervisor and two Operations Supervisors to ensure all plant parameters are observed and equipment can be operated per the OEM operating procedures. He provides engineering review for plant modifications and the management of change program. When fully staffed, each operations team consists of an operations supervisor and three operators working 12-hour rotating shifts. The maintenance team consists of a supervisor and five employees per shift, working eight-hour shifts. The operations and maintenance hourly personnel are all union employees. The relationship between the union and management was reported to be excellent. McKee Run is currently at a staff level of 26 employees.

3.2.1.2 Major Equipment Operations and Maintenance

In general, the generation facilities appear to have been properly operated and maintained, and in good condition as evidenced by the high availability of the units. The generation facilities are dispatched sparingly and operate primarily as peaking units. As such, the individual units incur a low annual capacity factor. Table 3-2 summarizes the major FY 2017 operating statistics.

Table 3-2: FY 2017 Generating Plant Operating Statistics

Unit	Rated Capacity - MW	Net Production - kWh	Net Capacity Factor	Net Heat Rate Btu/kWh	Number of Starts
VanSant	39	4,384,590	1.28%	14.032	21
McKee Run					
Unit 1	-	-	-	-	-
Unit 2	-	-	-	-	-
Unit 3	102	12,840,096	1.44%	11.164	13
Total	141	17,224,686	1.39%	11.957	34

Unit	Forced Outage Hours	Operating Hours	Service Factor	Availability Factor
VanSant	28	110.2	1.26%	98.15%
McKee Run				
Unit 1	-	-	-	-
Unit 2	-	-	-	-
Unit 3	108	208.2	2.38%	96.54%
Total	136.0	318.4	3.63%	97.35%

The large amount of time that units are not operating allows for maintenance and repair of the units. Thus, the FY 2017 overall equivalent availability factor for the generation facilities averaged 97.35 percent. Low net capacity factors are offset by PJM capacity credits. In FY 2017, $10.5 million of PJM capacity credits helped cover the entirety of purchased capacity costs. PJM capacity credits offset significant portions of system capacity costs in FY 2018 and beyond. This is subject to change in the future.

3.2.1.3 O&M Management System

Maintenance activities are organized, planned, and managed by the new Maintenance Manager, Phil Marvel, as of January 2018, and through the use of MP2[tm] by CMMS Data Group, a computer-based management system. All three major categories of maintenance activities (corrective, preventative, and predictive) are electronically managed by MP2[tm]. The city is getting better use of the system and is improving on their outstanding work orders, reducing from approximately 400 to close to 100. The improvement has continued into FY 2018, where at the end of January 2018 there were approximately 76 work orders.

For corrective maintenance activities, any station operator or mechanic can enter a work order into the system at any terminal on the Station local area network (LAN). A supervisor reviews the request, turns it into a work order, and assigns a priority per a predetermined categorization. The work order is planned,

parts are ordered, and then the work order is assigned to an operator or maintenance technician for completion once the material has been received.

This system is also used to manage and track preventative maintenance activities that follow a schedule. Changing filters and turning on and off heat tracing are examples of preventative maintenance. Predictive maintenance activities practiced include oil analyses, vibration testing, and infrared surveys. Portable vibration testing equipment is used at the Stations to improve the frequency of and capabilities to trouble-shoot rotating equipment. This technology allows personnel to identify problems and take corrective actions before equipment failure can occur.

In FY 2016, the City started or planned several general upkeep items at the plants as well as initiated several larger items. Since FY 2016, the plant was winterized to keep the temperature above 40 degrees Fahrenheit to shorten the time to reach full capacity. The power plant is also working to reinstate the remote start capability of the VanSant unit to allow quicker dispatch time, improve PJM's dispatch of the combustion turbine and earn better revenue ultimately to comply with market requirements and the PJM Capacity Performance program.

3.2.1.4 Safety

"Safety First" is an overall theme and attitude of the Electric Division. Near-miss incidents are documented, reviewed, and corrective follow-up actions are taken as required with an employee-run safety committee actively in place. This committee conducts monthly safety meetings, completes safety equipment inspections, and defines and implements tasks to improve safety in all areas. Members of the safety committee complete periodic visual inspections of employee work activities utilizing an observation checklist to detail their findings. Recorded observations are discussed and infractions corrected. Safety is the first topic discussed at all meetings at the generating plant, prior to the start of each meeting a "safety moment" is discussed, before the morning management meeting and at the beginning of each shift turnover. An indoctrination video emphasizing safety is shown to all visitors when entering the Station.

Mr. Mike Benkert, Senior Project Manager – Safety, reported an accident in January 2015 when an employee slipped on ice at the VanSant facility. The incident resulted in a broken ankle and 6 months off work for rehabilitation. The ice buildup was on a walkway sloped towards the building allowing a pooling of water and ice formation in cold weather. The walkway was replaced in the summer of 2015 and sloped for proper rain and water run off to preclude a repeat of this incident at the VanSant site. For 2016 there were no lost time accidents so the updated lost time accident rate for the City of Dover generation plant is

zero. The Plant Manager has made a strong commitment to improving the safety culture to reduce or eliminate recordable accidents at the sites through a NAES Safe approach and focus of all employees. The last recordable incident at the plant was on April 16, 2015.

3.2.1.5 Training

The required annual OSHA compliance training is completed and documented for each employee. A formal two-day employee orientation program is required for all new employees. This orientation covers a multitude of subjects from employee benefits to a review of the various Station operating manuals.

For operator training, the Employee Development and Qualification Program (EDQP) was established prior to 2002. EDQP is a formal program for training operators to progressively advance to positions with additional responsibilities. The training program is a combination of a self-paced and instructor-led learning. In addition to the above programs, cross training of various disciplines also occurs. An example of cross training would be plant operators training with maintenance staff. NAES has replaced the EDQP program with the standard NAES Training Manual, it is made up of qualification levels more applicable to the specific technology operated at the City of Dover utility. NAES has implemented the new training manual qualifications procedure in 2015 an all new employees are being trained per this training program. As current employees complete their existing EDQP qualification level they are shifted in to the NAES TMP Manual program.

Plant staff receive environmental and safety training online via the GPi Learning website. The training includes tutorials and exams to ensure comprehension of the subject matter. Plant manuals, meetings, and lessons learned offer additional safety training topics. The plant staff also performs safety stand downs based on industry events, lessons learned and best practices that occur in other NAES operated facilities and the industry at large.

Plant staff continues to receive appropriate operator certification training for the Pennsylvania New Jersey Maryland Interconnection (PJM) market. This training will continue in the future and is funded by the City to ensure their operators are knowledgeable and conform to the PJM required operator directions when required. The plant also performs, plans, and schedules continuing education training on a regular basis for certified PJM plant operators. Non-certified operators are also encouraged to attend this training to help them prepare for operator certification which is an expectation of all operators by their 18 months' anniversary at the generation plants. In FY2015, all plant operators without the operating certification from NAES were required to attend training courses to prepare them for completing the PJM certification. The three newest operators are working toward PJM certification. All other operators are PJM certified.

3.2.1.6 Capital Improvements

The following table describes 2017 fiscal year on-going and planned Capital Expenditures for the system. The table is organized into three categories, completed, on-going, and planned improvements to the City's assets:

Table 3-3: Fiscal Year 2017 On-going/Planned Capital Expenditures

Production		
McKee Run & VanSant Preservation of Structures	$	7,414
McKee Run Building Equipment Replacements		25,306
Unit 3 - Stack Repairs		301,845
Unit 3 Boiler Systems		145,448
Unit 3 Auxillary System Components		30,937
Unit 3 Cooling Water Line Replacement/Repairs		10,867
VanSant Plenum Replacement		41,840
VanSant Capacity Increase		32,785
VanSant Major Overhaul & Inspection		5,840
VanSant Remote Start Capability		31,893
Metering System Upgrades		82,427
Safety & Compliance Improvements		108,633
Vehicles, Trucks & Equipment		80,389
Subtotal Electric Generation Division	$	905,624
Transmission & Distribution		
New Developments - UG Transformers	$	131,010
New Developments - UG Conductors/Devices		421,867
NBR Properties, LLC		-
Meter Replacements & System upgrades		47,888
Economic Development Projects		7,100
Vehicles, Trucks, & Equipment		20,702
Subtotal Electric Transmission Division	$	628,567
Electric Engineering		
Townpoint Distribution Upgrades	$	264,436
Substation Relay Upgrade		4,882
Oak Grove Trailer Park Distribution Upgrade		45,739
North Street OH to UG (Governors to Queen)		164,489
Dover East Estates - Distribution Upgrade		112,662
Lighting Project and Rehabilitation		54,382
LED Lighting		11,163
Horsepond Road Substation Reliability Upgrade		63,730
SCADA Master Hardware Replacement		148,715
Distribution Capacitors - Overhead		16,039
Fault Indicators		9,935
69kv Substation Cable Replacement North Street		7,334
Weyant Hall Roof Refurbishment		(300)
Uninterruptible Power Supply (UPS) System Replmnt		24,320
Livefront Transformer Replacement		9,429
Vehicles, Trucks, & Equipment		31,800
Subtotal Electric Engineering Division	$	968,755
Total Planned Capital Investment Projects	**$**	**2,502,946**

3.2.2 McKee Run Condition Assessment

The following is a summary of the condition assessment of major equipment at McKee Run as presented by the NAES corporation staff. Units 1 and 2 were decommissioned in 2017; therefore, major maintenance and capital projects are no longer occurring for these units.

XL Insurance completes inspections of the Electric Division production facilities on an annual basis. After each inspection, the insurance provider issues a report detailing its risk reduction recommendations. Burns & McDonnell received the insurance inspection report from XL Insurance dated March 9, 2017.

3.2.2.1 Steam Turbines/Generators

The steam turbines and generators for VanSant was reported to be in satisfactory condition with no major problems. Unit 3 routine has a scheduled outage to be completed in September through October of 2018.

During the spring 2014 outage, Unit 3 was dismantled and inspected. Erosion was detected in some places and steps were taken to mitigate. The unit experienced the same vibration issues that were historical on the unit during the startup process after the spring outage. The contractor was dissatisfied with the unit operation and the unit had a rub. The decision was made to go back into the unit and found that the turbine end packing housing was misaligned .050" in the turbine casing and corrected the problem by having the gland box machined for proper alignment and proper gland packing operation without the "rub". The rotor growth was causing the packing to "rub" and wear. Post work testing of the unit after the gland packing box machining revealed that the vibration issue was resolved. The rotor would grow without rubbing and the vibration issue was resolved. Unit 3 goes through a routine annual outage, and in 2018 will have a valve inspection done on the turbine. Scheduled outages in 2017 have occurred on Unit 3 and on VanSant; one being in the spring and one in the fall.

3.2.2.2 Boilers and Auxiliaries

Boiler inspections are conducted every year on each of the boilers. The annual inspections typically include the inspection and cleaning of the major boiler components, including the mud and steam drums, the forced draft and induced draft fans, the wind box, condenser water box, condenser tubes, hot well, air preheater components, and safety valves.

During the spring 2014 outage, piping maintenance and replacements earned the most attention at Unit 1 in addition to typical planned inspections and maintenance on all units. Unit 2 repairs were primarily piping focused as well. Ash and debris was cleared from Unit 3 and a leak was found and repaired.

No adverse conditions, controls, or operational concerns were reported during the 2014 fall outage at Units 1 and 2. During that outage the neutralization pit liner was replaced, new insulation and lagging was installed on the high-energy piping, and leaking tubes were replaced all on Unit 3. Additionally, a grating and cover will be added.

During February 2015, there was a severe cold weather event which caused problems for the plant equipment, those problems were all corrected, as stated previously, through winterizing the plant and keeping it above 40 degrees during the winter months. In addition, the chemistry issues have been addressed and corrected. There is a higher focus on maintaining boiler water chemistry to mitigate boiler tube failures and improve boiler water chemistry overall. During the scheduled outage in 2018, ultrasonic examination of the Unit 3 boiler tubes has been budgeted for. No further issues with this problem have occurred.

3.2.2.3 Station Cooling Water Systems

The Station has split cooling water systems with one system that served Unit 1 and Unit 2 and a separate system serving Unit 3. Projectile tube cleaning was completed on the Unit 1 and Unit 2 condensers during the spring FY 2011 outage. All the tubes in each unit were cleaned utilizing the scraper blade plug method. Samples were taken from the tube cleanings and retained for inspection. No leaks were detected in the expansion joint or condenser tubes. Each condenser box was cleaned. A significant Unit 3 cooling tower project was completed in CY 2014. This project included the change out of several columns in the tower, work on the hot deck, and balancing of water flow. The cooling water systems are reported to be sufficiently sized and in satisfactory condition. Work was completed at the end of April 2017 to reroute where the water is flowing in from to improve existing water mix.

3.2.2.4 Fuel Handling Systems

Natural gas is delivered to the Station for Unit 3 via a 10-inch pipeline. The 4-inch pipeline that delivered natural gas for Unit 1 and Unit 2 is still in place. No. 2 fuel oil is delivered to the Station by truck and unloaded into tanks. Forwarding pumps deliver the fuel oil to each of the units. No major fuel projects were reported to be completed in FY 2017, but they inspect and replaced fuel hoses as needed.

3.2.2.5 Water Treatment/Steam Purity

Quality control parameters for boiler feed-water, internal boiler water, cooling tower water, and steam purity are checked at a minimum of twice per day when systems are operating. Results are recorded and graphically compared to control limits. Adjustments are then made as required. Boiler feed water is treated city water (well water from the City) using a regenerative ion resin demineralizer system, along

with deaeration for oxygen control. Boilers 1 and 2 use a coordinated phosphate control for boiler internal purity control and Boiler 3 uses a balanced trisodium phosphate and disodium phosphate within a narrow pH range. A deep-bored water well was installed to provide water in addition to the City supplied water. City water has a high chlorine level which may exceed the Station permitted limits. By combining City water with the well water, the chlorine levels can be maintained at the permitted limits. Water for cooling tower makeup is also obtained from City water. The primary control parameter is silica concentration. Blow down is adjusted as required to maintain control. The City received an industrial waste water permit from Kent County to be able to discharge cooling water to the sewer system. No major water treatment issues were reported at the time of this Report.

Steam purity is not continuously monitored. Samples are taken at least twice daily and tested for pH, conductivity, and silica. There have not been any problems with steam purity. Annual inspections of the boiler drums and separation internals have verified that these systems are intact and operating properly.

In FY 2017, the station did not experience any internal corrosion related failures, steam path deposits, or excessive condenser fouling. Condor Technologies provides water treatment consulting services and chemicals. A representative visits the Station periodically to review test data and check chemical usage rates. No major issues were reported at the time of this Report.

3.2.2.6 Station Electrical Systems

Overall, Station electrical systems and transformers are in satisfactory condition. A condition assessment of the generation facilities' transformers was conducted in 2014 by TJ/H2b Analytical Services. Oil inspections and analyses were conducted. The inspector recommended that normal operation continue for all the transformers at the plant; however, heating was indicated at two of the transformers. The City has a contract with an environmental consultant to check each substation for oil leaks and to provide instruction on cleaning up in the event of an oil spill.

Oil sampling is now completed twice per year on the generator step-up transformers (GSUs). Based on the 2012 XL Insurance annual inspection, there are still no sprinkler protection or blast walls for GSU's 1-3. In 2012, the city had blast walls installed between Units 1 and 2 auxiliary transformers as recommended in the insurance report. This item has since been closed per the insurance company. All plant transformers are examined annually, and an oil analysis was completed in early 2017 on these transformers.

3.2.2.7 Station Control Systems

Unit 3 controls are a distributed control system (DCS). In general, the station control systems are in satisfactory condition. All relays have recently been inspected at both McKee Run and VanSant for North American Electric Reliability Corporation, PJM Interconnection and Mid-Atlantic Area Council compliance. The electro hydraulic control system was modified to become a primary/primary system in 2013. No additional control upgrades or issues to report for FY 2017.

3.2.2.8 General Facilities

No major projects or improvements were completed to the General Facilities in FY 2017 other than installing building heaters and routine maintenance and repairs. In FY 2016, the Unit 3 stack was completely relined. A nitrogen generator was installed on Unit 3to keep nitrogen on the boiler at all times; this eliminated the need to buy bottled nitrogen. The plant is also getting ready to add a conditioner to the system. In general, the station facilities appeared clean and well maintained during the site visit.

3.2.3 VanSant Condition Assessment

The following is a summary of the condition assessment of major equipment at VanSant as presented by the NAES corporation staff. Burns & McDonnell made no internal assessments of equipment during the facility tour.

In general, the unit is operated infrequently, but is well maintained. The VanSant unit has the capability of black starts. The unit does have remote start capability as the upgrade was completed in FY2017. The Title V permit requires that the station be manned within 15 minutes of starting the unit and when the unit is operating. An operator travels to the site and performs a twice daily walk down of the unit with a checklist of items to review and the walk down results are logged. In FY 2016 sections of the plenum were changed out, stack repairs were completed, and preparations were started for the major outage overhaul scheduled to occur in 2018.

The hanger inspection program is being implemented to lower the likelihood of major unexpected issues. The plant is also installing an accelerated unit startup (AUS) system to allow turbines to start up in a lower temperature and pressure environment to reduce hot and cold startup times. VanSant's CO2 fire suppression system will also be replaced in 2018 with a water mist suppression system, and the rest of the work scope will be validated through the unit inspection.

XL Insurance completes inspections of the Electric Division production facilities on an annual basis. After each inspection, the insurance provider issues a report detailing its risk reduction recommendations. The lone recommendation for VanSant following the FY 2012 inspection addressed safety. XL Insurance

recommended the installation of gas detection equipment at the plant. A gas detection system has been installed. The gas detectors will activate the fire suppression system and alarm to the central control system. No other major repairs or upgrades were made at VanSant in FY 2013. No new recommendations were made in 2015. However, 2015 oil sample analysis of VanSant turbine was rated marginal due to high particle count. During the spring outage in 2016 the unit is scheduled to have the lube oil sump cleaned and inspected by Total Lubrication and inspected which resolved the high particulate count. Inlet fogging was added in FY 2015 and is enclosed by the shed on site.

A capital project was completed on the exhaust stack and the D1 water tank was cleaned in FY 2014. NAES Instrument, Control and Electrical (IC&E) Technicians completed four recommended General Electric Technical Information Letters (TIL) projects for VanSant Unit 11 in the spring 2014 outage as shown below:

1. Annual TIL 1004-2R1 (IGV's and first stage corrosion/pitting inspection)
2. Annual TIL 1068-2R1 (IGV's bushing inspection)
3. Annual TIL 1132-2 (IGV thrust washer corrosion inspection)

Spring 2014 inspections indicated normal wear on the unit and minor maintenance was completed. During the fall 2014 outage, several minor projects were identified and will be completed at the time of the next major project on the unit. No issues were reported.

Every five years, the fuel tanks are inspected for rust and corrosion for leak prevention. The scheduled inspection was completed in June 2015. PM Tasks were developed in the CMMS to perform 5-year inspection next due in 2020 and a 15-year API 653 Ultrasonic shell inspection in 2030.

The exhaust plenum work was completed in FY 2016. A weekly diesel start is performed at the site to improve starting reliability of the diesel starting engine. A unit full speed 30-minute no-load test is performed once a month for starting reliability improvements and training purposes, and 26 hours per year has been allocated for the testing of the unit which have little impact on the allowable operating hours (432) under the VanSant Title V diesel engine annual operation.

3.2.4 Production Plant Conclusion

Based on statements and information provided, as well as the observations and reviews performed, it is the opinion of Burns & McDonnell that the City's power generation facilities are being operated and maintained consistent with accepted electric utility practice in the United States. In general, the performance, operation, maintenance, staff, planning, and training aspects for the McKee Run and

VanSant stations were found to be above average. Specifically, the generation facilities have demonstrated a high level of availability despite the dispatching of the units primarily for peak demand.

3.3 Transmission and Distribution Plant Assessment

On February 15 and 16, 2018, Mr. Ted Kelly visited the City to collect information and to observe the City transmission and distribution system, as operated and maintained by the Electric Division. Mr. Kashif Javed, Ms. Margaret Thompson, Mr. Paul Waddell, and Mr. Kirby Hudson provided information related to the transmission and distribution system. Mr. Waddell also assisted with a tour of the electric transmission and distribution system. Pictures taken of the substations during the inspections are provided separate from this report.

3.3.1 Transmission and Distribution Plant Operations

The Electric Division distributes power to its customers by a network of transmission lines, distribution substations, and distribution lines. The transmission lines are rated at 69 kV and are connected to fifteen distribution substations located throughout the service area. The distribution substations reduce the power from transmission voltages to the primary distribution voltages of 12 kV to facilitate distribution of electric power to customers.

3.3.1.1 Operations and Maintenance

The Electric Division has a SCADA system that is monitored continuously for any problems that may arise in the Electric System. The main control room has two system operator desks and a large screen where system operating information is displayed. System operators can monitor the Electric System operation, such as voltage levels, current flows, etc. and make necessary adjustments as problems arise. The systems operators have received some PJM training, but are not required to be certified as Delmarva Power is the controlling agency.

Loading on substation transformers used for an emergency, a switching operation, or maintenance is limited to 120 percent of the rated capacity, followed by a twelve-hour cool-down period. The Electric Division has eight-line crews and two ground workers to work on the system. Four crews are responsible for overhead lines, four crews are responsible for underground lines, and one crew is responsible for maintenance. The primary responsibilities of the eight-line crews are installation of new service connections and construction of new lines. The trouble crew maintains the street lights, repairs underground services and is the first responder to outages. Tree trimming is contracted out and is no longer performed by the Electrical Division; however, performance of the contractor is monitored by the Line Crew Superintendent.

The Substation/Relay Maintenance Division is responsible for operation and maintenance of the substations and associated equipment. Visual inspections of substations, associated equipment, trip counter checks and battery systems checks are performed regularly. The Substation/Relay Maintenance Division is also responsible for contractor oversight during annual transformer condition assessments including annual oil testing.

TJ/H2b Analytical Services completed the annual transformer condition assessments in February 2011. No abnormal gas was indicated and since the oil condition was within acceptable parameters, TJ/H2b recommended the continuation of normal operation. The City has a contract with an environmental consultant to check each substation for oil leaks and to provide instruction on cleaning up in the event of an oil spill.

The City contracts with an outside firm to inspect and chemically treat each wood pole in the Electric System every ten years. This is accomplished by awarding a five-year contract to spread out the expenses. Pole treatments were completed in May of 2013. Dover treated and inspected over 760 poles during 2013, of which, only one pole was rejected resulting in a 99.9 percent pass rate.

3.3.1.2 Design Standards and Specifications

The Electric Division designs the transmission and distribution circuits and some substation upgrades in conformance with national safety standards. Other substation and transmission design is contracted to Pike Electric, Inc.

The underground distribution design utilizes road or alley front access construction. This design means the electrical equipment, such as transformers and underground cable, are installed beside the road instead of behind houses or buildings. The advantage of front access construction is the accessibility for maintenance and repairs to cable and electric equipment. The underground cables are installed in polymerized vinyl chloride pipe for added protection and for easy cable replacement. The Electric Division installs jacketed, concentric cable that is rated at 15 kV, with 133 percent ethylene propylene rubber insulation.

The standard overhead distribution design utilizes a flat construction with a single cross-arm and insulators on 45-foot class 2 poles. Typically, all electrical equipment locations have ground rods installed with measured readings of 25 ohms or less.

The substation design is generally a low-profile rigid bus design. The circuit breakers are SF6 gas-filled and the relays are microprocessor based with SCADA control and monitoring.

3.3.1.3 System Reliability

The Electric Division provides for reliability of its distribution system by configuring most its distribution circuits in primary open loop arrangements, improving existing circuits, and installing adequate substation transformer capacity. Normal transformer and line loading are limited to provide sufficient margin to convey firm power requirements during an emergency or a switching operation, or for maintenance.

3.3.1.4 Power Quality

The Electric Division does not have any significant power quality problems. The overall power factor for the Electric System is 99.9 percent. Power transformers are equipped with load tap changers that regulate bus voltages at the distribution substations. Distribution transformers are equipped with no-load taps to make voltage adjustments. There are capacitors and voltage regulators on the Electric System that control voltage and vars on the portion of the system furthest away from the current source and generation. The system operators monitor the power factor closely and turn on capacitors or adjust the generation to compensate for low power factors.

3.3.1.5 Safety

Mr. Waddell reported to Burns & McDonnell the Electric Division had no lost time in FY 2017. No incidents or details were provided for this report.

3.3.1.6 Capital Improvements

The following describes completed, on-going, and planned improvements to the City's transmission and distribution assets:

Recently Completed in FY 2017 (FY 2012-FY 2017):

- Oak Grove Trailer Park Distribution Upgrade
- North Street OH to UG (Governors to Queen)
- Dover East Estates - Distribution Upgrade
- Horsepond Road URD - Distribution Feeders
- SCADA Master Hardware Replacement
- Unit 3 - Stack Repairs
- VanSant Plenum Replacement
- VanSant Capacity Increase
- VanSant Remote Start Capability
- Metering System Upgrades

On-Going and Planned (through FY 2022)

- Ann Avenue - Underground
- Beechwood Avenue - Underground
- Farmview - Underground
- The Greens - Underground
- Townpoint Distribution Upgrades
- Distribution System Upgrades - Unidentified
- Substation Relay Upgrade
- Lighting Project and Rehabilitation
- Ampacity Standardization
- Transmission Line Maintenance Program
- Garrison Oak Substation
- Advanced Metering Infrastructure (AMI)
- Distribution Capacitors - Overhead
- Distribution Capacitors - Underground
- Fault Indicators
- 69kv Substation Cable Replacement North Street
- System Operations Voice Recorder
- System Automation
- New Developments - UG Transformers
- New Developments - UG Conductors/Devices
- ABB Switchgear
- PWII/Tar Ditch - Relocation of utility poles & lines
- McKee Run & VanSant Preservation of Structures
- McKee Run Building Equipment Replacements
- Unit 3 Boiler Systems
- Unit 3 Auxiliary System Components
- Unit 3 Turbine Repairs - Intercept Valves
- Unit 3 Fast Start Upgrade
- VanSant Major Overhaul & Inspection
- VanSant Component replacements
- VanSant Fire Suppression System Upgrade

- Safety & Compliance Improvements
- Vehicles, Trucks & Equipment

3.3.2 Transmission and Distribution Plant Condition Assessment

The transmission and distribution system assessment included drive-by observations of a sample of the transmission circuits and distribution circuits. Each of the fourteen substations listed below physically observed during the tour.

- Cartanza Substation
- College Road Substation
- Danner Farm Substation
- Division Street Substation – Plan to expand in the future
- Dover Downs Substation
- Frazier Substation
- General Scott Substation (North Street)
- Horsepond Substation
- Lebanon Substation – New battery set installed
- Mayfair Substation
- McKee Substation
- Mid-City Substation – Three new breakers
- St. Joan's Substation – Fence damaged by a car accident, still needing repair
- VanSant Substation

In general, the substations appeared to be in acceptable operating conditions. All battery sets in the system substations are less than ten years of age. The City has replaced switchgear throughout the system and now has all SEL equipment. Mr. Paul Waddell provided a tour of the substations with Ted Kelly on February 16th, 2018. Mr. Kelly toured the system on his own on February 15th. The General Scott Substation has relatively new breakers, and the 12-kV switchgear and controls were upgraded in FY 2016. Horsepond Substation was recently rebuilt which included a three breaker 69-kV system for the 69-kV bus and the substation logic was reprogrammed. At the Cartanza Substation, Delmarva has expanded their side of the substation. In the Lebanon Substation work on the capacitor bank has been completed. Maintenance requirement for battery testing has been completed for NERC requirements.

The City has recently completed the process of replacing conductor throughout the entire 69-kV system. In addition, the City has invested heavily in its undergrounding program to increase system reliability.

Moving forward, the system will continue to be converted from overhead to underground distribution, but this process has slowed to allow for further evaluation.

3.3.3 Transmission and Distribution Plant Conclusion

It is the opinion of Burns & McDonnell that the design, construction, operation and maintenance of the City's electric transmission and distribution system and the associated facilities are consistent with current generally accepted electric utility standards. In completing Annual Engineering Consultant's Reports over the past several years, Burns & McDonnell has observed that the City has made appropriate system upgrades and improvements. The City and the Electric Division are proactive in preventative maintenance and expansion of the Electric System before problems arise.

4.0 – FINANCIAL OVERVIEW AND ASSESSMENT

4.0 FINANCIAL OVERVIEW AND ASSESSMENT

A review of the financial results of the Electric System for the fiscal year ended June 30, 2017, is provided herein.

4.1 Required Revenue

The level of revenues required from the retail electric rates for the Electric Division was determined through the analysis of the financial results and net income or net margins for the most recent fiscal year. The City of Dover, Delaware Resolution Authorizing and Securing Electric Revenue Bonds, adopted December 23, 1985 requires that the Electric Division maintain a debt service coverage ratio of 1.25. The following is an excerpt from Section 502(c) of the resolution.

> *"(c) The total amount of the Revenues of the Electric System during the preceding fiscal year shall have been not less than the total of the following:*
>
> *(3) The Current Expenses of the Electric System during the current fiscal years shown by the Annual Budget . . . for such fiscal year, and*
>
> *(4) One hundred twenty-five percent (125%) of the maximum amount of the Principal and Interest Requirements for any fiscal year thereafter on account of all bonds then Outstanding under the provisions of this Resolution.*
>
> *The City further covenants that, from time to time and as often as it shall appear necessary, it will adjust the electric rates as may be necessary or proper so that the revenues of the Electric System in each fiscal year will not be less than the total of the amounts set forth in subdivision (c) of this section."*

4.2 Electric Rates

Customers of the Electric Division are charged for the electric service based on rate schedules, tariffs, or contracts that reflect the costs to the Electric Division of providing that service. For purposes of setting electric rates, customers with similar load and service characteristics should be placed in the same rate classification.

A comprehensive cost-of-service and rate design study was completed in 2006 and subsequent rate analyses were completed in 2007 and 2008 to examine revenue requirements and revenue generation. Specifically, the 2006 rate study was conducted to address increased costs associated with a new power supply contract that became effective on July 1, 2006. The rate study recommended combining several

rate classes and implementing rate increases on July 1, 2006. The 2006 rate study also recommended an additional increase be implemented on January 1, 2007 to cover increased costs associated with operating the generating station. The 2007 and 2008 rate analyses re-examined Electric Division revenues and expenses and recognized additional revisions to power supply costs. Because of these analyses, additional rate increases were implemented on July 1, 2007 and July 1, 2008.

The City retained Burns & McDonnell to conduct a cost-of-service and rate design study in 2012 followed by an update in 2013. The 2012 study examined revenue adequacy, revenue responsibility, and revenue recovery for the Electric Division. It scrutinized customer classes and proposed adjustments for demand rate components and corresponding changes to energy charges. In May 2013, the City retained Burns & McDonnell to incorporate updated power supply cost projections, and other updates, into the model it developed as part of the 2012 Study. An update to the model and rates analysis was completed in early 2015 to reallocate costs and redesign rates to remain regionally competitive. The City is currently working with a consultant on an electric rate update. Electric rates are approved by Council on an annual basis. The current rate classes are listed below.

- Residential
- Small Commercial (1 Phase, 3 Phase, 1 Phase Heating, Church, and Municipal)
- Medium Commercial (1 Phase & 3 Phase)
- Large Commercial (3 Phase with Reactive Metering)
- Primary
- Transmission
- Outdoor Development Lighting
- Private Outdoor Lighting

4.3 Operating Results

Table 4-1 presents a summary of the annual energy sales, the average monthly number of customer accounts, and the annual average kilowatt-hour (kWh) energy per customer of the Electric Division for FY 2015 through FY 2017. Annual energy sales were 745 GWh in FY 2017, an increase of 4.45 percent from FY 2016. Energy sales amounted to 713 GWh in FY 2016, a 1.34 percent increase from FY 2015.

Table 4-1: Annual Sales and Customer Accounts

	FY 2015	FY 2016	FY 2017
Energy Sales (kWh)			
Residential	204,121,492	196,547,288	204,891,414
Commercial	233,016,412	229,661,253	231,591,209
Primary	162,698,678	163,450,257	186,453,387
Transmission	115,164,435	115,555,834	114,078,319
Outdoor Lighting	8,109,618	8,190,700	8,119,000
Total Energy Sales	723,110,635	713,405,332	745,133,329
Average Number of Monthly Customers (accounts)			
Residential	20,143	20,060	20,155
Commercial	3,343	3,282	3,424
Primary	36	37	37
Transmission	5	5	5
Outdoor Lighting	811	823	836
Total Customers Accounts	24,338	24,207	24,457
Energy Usage Per Customer (kWh/cust./yr.)			
Residential	10,134	9,798	10,166
Commercial	69,703	69,976	67,638
Primary	4,519,408	4,417,575	5,039,281
Transmission	23,032,887	23,111,167	22,815,664
Outdoor Lighting	10,000	9,950	9,717
Average Usage Per Customer	29,711	29,471	30,468

Table 4-2 presents revenues from sales, revenue per kWh ratios, and average revenue per customer ratios for each revenue classification. Total revenue from sales to electric customers in FY 2017 was $81.9 million, representing an increase of $2.8 million, or 3.53 percent from FY 2016. Total revenue from sales to electric customers includes utility tax revenue.

In FY 2017, the average rate revenue per kWh for residential customers was 12.86 cents and the total average rate revenue was 11.00 cents per kWh. The 2017 national average retail prices of electricity to ultimate customers, as published by the US Energy Information Administration (EIA), were 12.22 and 10.15 cents per kWh for residential customers and across all sectors, respectively.[1] For a state-wide comparison, the EIA summarized the Delaware 2016 average monthly utility-level retail sales of

[1] US Energy Information Administration. Electric Power Monthly, Table 5.6.A. Average Price of Electricity to Ultimate Customers by End-Use Sector. Release Date: March 24, 2017. https://www.eia.gov/electricity/monthly/epm_table_grapher

electricity and associated revenue per kWh to be 12.83 cents per kWh for residential customers and 10.93 cents per kWh across all sectors.[2]

Table 4-2: Annual Revenues and Sales Ratios

City of Dover Electric Division

	FY 2015	FY 2016	FY 2017
Revenue			
Residential	$ 25,708,276	$ 25,383,163	$ 26,356,096
Commercial	26,360,222	26,779,261	27,080,923
Primary	15,380,906	16,109,597	17,881,660
Transmission	9,468,043	9,695,272	9,416,429
Outdoor Lighting	1,361,018	1,187,345	1,211,087
Total Revenue	$ 78,278,464	$ 79,154,638	$ 81,946,194
Revenue/kWh			
Residential	$ 0.1259	$ 0.1291	$ 0.1286
Commercial	0.1131	0.1166	0.1169
Primary	0.0945	0.0986	0.0959
Transmission	0.0822	0.0839	0.0825
Outdoor Lighting	0.1678	0.1450	0.1492
Total Revenue/kWh	$ 0.1083	$ 0.1110	$ 0.1100
Revenue Per Customer			
Residential	$ 1,276	$ 1,265	$ 1,308
Commercial	7,885	8,159	7,909
Primary	427,247	435,395	483,288
Transmission	1,893,609	1,939,054	1,883,286
Outdoor Lighting	1,678	1,442	1,450
Average Revenue Per Customer	$ 3,216	$ 3,270	$ 3,351

The Electric Division's largest cost in providing electric service to its customers in FY 2017 was the wholesale cost of power. The Electric Division purchased power from the PJM Interconnection marketplace through its Energy Manager, TEA. The cost of non-generated power includes energy and demand costs, power supply management expense, PJM charges and credits, generation fuels cost, and capacity charges and credits.

The significance of power supply cost to the Electric Division is illustrated in Table 4-3. The top portion of the Table shows net operating revenue as the difference between total revenues generated by the rates

[2] US Energy Information Administration. Electric Power Monthly, Table 5.6.A. Average Price of Electricity to Ultimate Customers by End-Use Sector. Release Date: March 24, 2017. https://www.eia.gov/electricity/monthly/epm_table_grapher

and the cost of power supply.[3] The ratios of power supply cost to sales revenues were calculated for FY 2015 through FY 2017. As illustrated, the Electric Division's power supply cost as a percentage of rate revenue slightly increased from 53.9 percent in FY 2016 to 54.0 percent in FY 2017.

Table 4-3: Revenue Margins and Unaccounted for Energy

City of Dover Electric Division

	FY 2015	FY 2016	FY 2017
Net Revenue Margins ($)			
Sales Revenues	$ 78,278,464	$ 79,154,638	$ 81,946,194
Power Supply	49,645,951	42,643,023	43,554,438
Net Revenue Margin	$ 28,632,513	$ 36,511,615	$ 38,391,756
Net Revenue Ratio	63.4%	53.9%	53.2%
Unaccounted for Energy (kWh)			
Power Supply	756,897,000	740,871,000	773,550,000
Energy Sales	723,110,635	713,405,332	745,133,329
Unaccounted for Energy (Losses)	33,786,365	27,465,668	28,416,671
Percentage	4.5%	3.7%	3.7%

Table 4-3 also illustrates the ratio of the amount of energy purchased and delivered to the electric system to total energy sales. This relationship identifies the level of unaccounted for energy in the Electric System. This unaccounted-for energy may include energy that was unmetered, metered inaccurately, stolen, lost, PJM transmission line losses, local system line/transformer losses, etc. The bottom portion of Table 4-3 presents these comparisons for the Electric Division for FY 2015 through FY 2017. As shown, the percentage ratio of the unaccounted-for energy to the total energy purchased for FY 2017 was 3.7 percent. This is flat from 3.7 percent in FY 2016. In previous Annual Engineering Consultant's Reports, Outdoor Lighting energy was recorded as losses. In this report, Outdoor Lighting customer accounts, energy sales, and revenues were recorded as a separate rate class. The impact this modification has on this Financial Overview and Assessment is most pronounced on the Table 4-3 Unaccounted for Energy analysis, as losses are shown to have increased from corresponding years in previous reports.

Table 4-4 presents a re-creation of the Electric Division's Statement of Revenues, Expenses, and Changes in Unreserved Retained Earnings for the Electric Revenue Fund for FY 2015 through FY 2017. Net

[3] For the purposes of this Report, the phrase "Power Supply" refers to the sum of the costs of power purchased and power generated. This includes plant costs and the cost of fuel. Power Supply also includes any expenses in the CIP Fund that are not capital expenses. The phrase "Purchased Power" refers only to the cost of power purchased from the market and other directly associated costs.

income increased in FY 2017 to $11.2 million from $7.2 million in FY 2016. Increased revenues, offset by an increase in power supply costs of 2.14 percent, a large increase in retiree health care costs, and all other expenses decreased are main reasons for the large swing in net income between 2016 and 2017. In FY 2017, the Electric Division distributed approximately $1.8 million to customers through a Power Cost Adjustment Credit to reflect the reduction in power supply costs.

Table 4-4: Comparative Statement of Revenues, Expense, and Changes in Unreserved Retained Earnings

City of Dover Electric Division

	FY 2015	FY 2016	FY 2017
Operating Revenues:			
Charges for Electric Service	$ 78,278,464	$ 79,154,638	$ 81,946,194
Miscellaneous Services/Incomes	1,484,573	1,535,071	1,668,084
Total Operating Revenues	$ 79,763,037	$ 80,689,709	$ 83,614,278
Operating Expenses:			
General Administration	$ 2,937,003	$ 5,171,249	$ 4,646,177
Power Supply	49,645,951	42,643,023	43,554,438
Transmission/Distribution	3,508,209	3,309,236	2,983,697
Engineering	1,364,077	993,856	797,438
Metering	346,943	353,956	300,738
System Operations	671,048	579,622	435,112
Utility Tax	1,266,872	1,309,701	1,322,015
Depreciation	4,863,653	5,713,104	5,513,295
Retirees Pension	-	-	-
Retiree Health Care	1,523,100	57,700	709,300
Total Operating Expenses	$ 66,126,856	$ 60,131,447	$ 60,262,210
Net Operating Income	$ 13,636,181	$ 20,558,262	$ 23,352,068
Non-operating Revenues (Expenses)			
Interest Earned			
Operating Fund	$ 6,957	$ 156,949	$ 329,604
Reserved Funds	165,827	500,140	476,090
Net Increase/(Decrease) in Fair Value of Investments	236,779	192,331	(505,069)
Interest and Fiscal Charges	(1,040,204)	(922,704)	(884,704)
Distribution to Customers	-	-	(1,845,936)
Gain/(Loss) on Sale of Assets	39,637	6,201	41,592
Total Non-operating Revenues(Expenses)	$ (591,004)	$ (67,083)	$ (2,388,423)
Net Income Before Operating Transfers	$ 13,045,177	$ 20,491,179	$ 20,963,645
Operating Transfers - In			231,200
Operating Transfers - Out	(10,000,000)	(13,262,183)	(10,000,000)
Total Net Operating Transfers	$ (10,000,000)	$ (13,262,183)	$ (9,768,800)
Net Income	$ 3,045,177	$ 7,228,996	$ 11,194,845

4.3.1 Adequacy of Electric Rates

The City's Bond Resolution requires annual revenues of the Electric Division be no less than the total current expenses plus 125 percent of the greatest remaining annual debt service. "Current expenses", as defined in the Resolution, includes all expenses necessary to maintain and repair the Electric System, all

administrative expenses, and engineering, legal or other consultant fees. Transfers to reserve accounts and special purpose funds, and allowances for depreciation are specifically excluded from "current expenses."

To determine if the City and the Electric Division have met this requirement, the net income shown in Table 4-4 was adjusted to include the interest on bonds, depreciation expense, and other non-cash income and expenses. Table 4-5 summarizes net income adjustments and the calculation of the revenues available for debt service for FY 2015 though FY 2017.

Table 4-5: Debt Service Coverage

City of Dover Electric Division

	FY 2015	FY 2016	FY 2017
Net Income	$ 3,045,177	$ 7,228,996	$ 11,194,845
Plus Excluded Expenses:			
Operating Transfers - Out	$ 10,000,000	$ 13,262,183	$ 10,000,000
Depreciation	4,863,653	5,713,104	5,513,295
Interest and Fiscal Charges	1,040,204	922,704	884,704
Gain/(Loss) on Sale of Assets	(39,637)	(6,201)	(41,592)
Less Excluded Income:			
Net Increase/(Decrease) in Fair Value of Investment	(236,779)	(192,331)	505,069
Interest Earned - Reserve Funds	(165,827)	(500,140)	(476,090)
Revenues Available for Debt Service	$ 18,506,791	$ 26,428,315	$ 27,580,231
Maximum Principal and Interest in Any Year	$ 3,300,204	$ 3,287,704	$ 1,579,704
Debt Service Coverage	5.61	8.04	17.46
Minimum Required Debt Service Ratio	1.25	1.25	1.25

As Table 4-5 illustrates, the City and the Electric Division maintained a debt service coverage ratio each year that exceeded the required 125 percent plus current expenses. Therefore, the revenues generated by the current electric rates have been sufficient to meet the applicable covenants of the Resolution.

Section 502 of the Resolution requires that the annual debt service used in evaluating the revenues is to be the maximum amount for any fiscal year thereafter. Table 4-6 presents the annual totals of principal and interest amounts due on bonds currently outstanding. The calculation of the debt service coverage ratio in Table 4-5 is based on the total maximum debt service expense in any fiscal year. The FY 2017 calculation was based on the total FY 2017 debt service expense of $1,579,704.

4.4 Status of Revenue Bonds

At the end of FY 2015, the City had two series of outstanding electric revenue bonds that were issued pursuant to the Resolution. On July 1, 2008, the City issued $22,200,000 in Electric Revenue Bonds (2008 Bonds). The proceeds from the sale of the 2008 Bonds were used (i) to finance or reimburse the City for improvements to the City's electric system; (ii) to fund a Debt Service Reserve Fund; and (iii) to pay the costs of issuance of the 2008 Bonds.

On November 17, 2010, the City issued $8,810,000 of Electric Revenue Refunding Bonds (Series 2010). The proceeds from the sale of the Series 2010 Bonds were used (i) to refund the Series 2004 Bonds, and (ii) to pay the costs of issuance of the Series 2010 Bonds. The non-taxable Series 2010 Bonds received an underlying rating of Aa2 by Moody's Investors Services and an underlying rating of A+ by Fitch Ratings.

Table 4-6 illustrates the debt service schedule for the Series 2008 Bond. The principal and interest and the annual total are shown for the bond series. As of 2017, the outstanding principal balance of the Series 2008 Bonds is $18,620,000.

Table 4-6: Debt Service Schedule of Electric Revenue Bonds

City of Dover Electric Division

Period	2008 Electric Revenue Bonds Principal	Interest	Total Annual Debt Service
FY 2018	$ 730,000	$ 865,704	$ 1,595,704
FY 2019	765,000	831,580	1,596,580
FY 2020	800,000	798,706	1,598,706
FY 2021	840,000	763,856	1,603,856
FY 2022	880,000	726,756	1,606,756
FY 2023	925,000	686,694	1,611,694
FY 2024	970,000	644,056	1,614,056
FY25-34	12,710,000	3,405,972	16,115,972
Total	$ 18,620,000	$ 8,723,324	$ 27,343,324

4.5 Insurance

The City maintains a comprehensive insurance program to insure against varying types of liabilities and significant losses related to various Electric Division properties. Section 706 of the Resolution reads:

> *"The City covenants that it will maintain a practical insurance program, with reasonable terms, conditions, provisions and costs, which the City Manager determines, with the approval of the Engineering Consultants, will afford adequate protection against loss, including loss of Revenues, caused by damage to or destruction of the Electric System or any part thereof and also*

comprehensive public liability insurance on the Electric System for bodily injury and property damage in such amounts as may be approved by the Engineering Consultants."

Table 4-7 summarizes itemized insurance coverage procured by the City for the period July 1, 2016, through June 30, 2017. Burns & McDonnell has reviewed this list of insurance, and in the opinion of Burns & McDonnell, as Engineering Consultant and not as insurance counselor, the insurance in full force and affect appears to satisfy the requirements of Section 706 of the Resolution.

Table 4-7: Schedule of Insurance Coverage in Effect

Ace American Insurance Company	July 1, 2016 - June 30, 2017 Coverage
Property	
Earth Movement -Per Occurrence and in the Annual Aggregate, except	$20,000,000
Earth Movement in High Hazard Earth Movement Zones;	EXCLUDED
Earth Movement in California;	EXCLUDED
Flood -Per Occurrence and in the Annual Aggregate;	10,000,000
Accounts Receivable;	100,000
Business Interruption;	EXCLUDED
Contingent Time Element Coverage;	EXCLUDED
Debris Removal (or 25% of Direct Property Loss, whichever the greater);	2,500,000
Demolition and Increased Cost of Construction;	10,000,000
EDP Media;	1,000,000
Errors and Omissions;	2,000,000
Expediting Expense;	1,000,000
Extra Expense, excluding replacement power or increased cost of generation, transmission and/or distribution of electricity, water or natural gas;	2,000,000
Fire Department Service Charges and Extinguishing Expenses;	500,000
Hazardous Substances -Per Occurrence and in the Annual Aggregate;	500,000
Inland Transit;	2,500,000
Newly Acquired Locations -90 Days reporting;	1,000,000
Personal Property Temporarily Off Premises;	100,000
Course of Construction;	EXCLUDED
Miscellaneous Unnamed Locations (except perils of Flood, Earth Movement and Named Windstorm excluded);	500,000
Valuable Papers and Records;	100,000
Deductibles	
All deductibles listed below are per occurrence except with respect to coverage provided under the Boiler & Machinery which shall be any One Accident.	
In respect of Damage to Insured Property:	
$750,000 per Occurrence, except;	
$100,000 per Occurrence as respects Transit.	
In respect of Time Element loss (Extra Expense):	
45 days per Occurrence, except;	
72 hours per Occurrence in respect of Service Interruption.	

XL Insurance	July 1, 2016 - June 30, 2017 Coverage
Property	
per Occurrence and in the Annual Aggregate in respect of Flood;	$ 10,000,000
per Occurrence and in the Annual Aggregate in respect of Earth Movement, Excluded. per Occurrence and in the Annual Aggregate applicable in High Hazard Movement zones;	20,000,000
per Occurrence and in the Aggregate in respect Hazardous Substance;	500,000
per Occurrence in respect of Business Interruption;	EXCLUDED
per Occurrence in respect of Accounts Receivable;	100,000
per Occurrence in respect of scheduled, direct Contingent Time Element;	EXCLUDED
per Occurrence in respect of Incidental Course of Construction;	5,000,000
(or 25.00% of the direct physical loss, whichever greater) per Occurrence in respect of Debris Removal;	2,500,000
per Occurrence in respect of Demolition and Increased Cost of Construction;	10,000,000
per Occurrence in respect of Electronic Data Processing Media;	1,000,000
per Occurrence in respect of Errors and Omissions;	2,000,000
per Occurrence in respect of Expediting Expense;	1,000,000
per Occurrence in respect of Extra Expense excluding replacement power of increased cost of generation, transmission and/or distribution of electricity, water or natural gas;	2,000,000
per Occurrence in respect of Fire Department Service Charges and Extinguishing Expenses;	500,000
per Occurrence in respect of Newly Acquired Locations (ninety (90) days reporting);	1,000,000
per Occurrence in respect of property in Course of Inland Transit;	2,500,000
per Occurrence in respect of Miscellaneous Unnamed Locations, except:	500,000
Excluded. per Occurrence in respect of Flood;	
Excluded. per Occurrence in respect of Earth Movement;	
Excluded. per Occurrence in respect of Named Storm;	
per Occurrence in respect of Valuable Papers and Records;	100,000
per Occurrence in respect of Personal Property Temporarily Off Premise.	100,000
Deductibles / Retentions	
Application of Deductibles as described in Policy form unless otherwise indicated in Policy Form Revisions Section, if applicable.	
In respect of Damage to Insured Property:	
$750,000, Per Occurrence, except;	
$100,000, per Occurrence as respect Transit;	
In respect of Time Element loss (Extra Expense):	
45 days per Occurrence except;	
72 hours Per Occurrence in respect of Service Interruption	

4.6 Operating and Reserve Accounts

The Electric Revenue Fund and the Electric Improvement & Extension (I&E) Fund are the City's two funds devoted to the Electric Division. The funds are used to manage cash and transactions related to utility operations and capital expenditures, respectively. Each fund includes certain cash accounts established to make money available for specific purposes when they are needed. The accounts maintained within the Revenue and I&E Funds are listed herein.

Electric Revenue Fund

- Insurance Reserve Account
- Contingency Reserve Account

- Electric Rate Stabilization Reserve Account
- Interest and Sinking Account

Electric Improvement & Extension Fund

- Depreciation Reserve Account
- Future Capacity Reserve Account

The following are descriptions of each Fund, their respective accounts and their purposes.

4.6.1 Electric Revenue Fund

The Electric Revenue Fund was established in Section 503 of the Resolution. All revenues are to be deposited into the Electric Revenue Fund when received. Current expenses are to be paid and other accounts are to be maintained from the Electric Revenue Fund. Moneys are transferred from the Electric Revenue Fund to the Electric Rate Stabilization Reserve Account, the Interest and Sinking Account, the I&E Fund, the Depreciation Reserve Account, and the Future Capacity Reserve Account.

4.6.1.1 Insurance Reserve Account

The Insurance Reserve Account was established by the City to fund insurance deductibles on the electric transmission and distribution system and the generating plants in the event of loss(es) covered by the City's insurance policies. The reserve balance at the end of FY 2017 was $774,730. To reduce insurance premiums, the City raised the minimum reserve balance to $750,000.

4.6.1.2 Contingency Reserve Account

The Contingency Reserve Account was established by the City in FY 2003 to provide for unplanned expenditures that may not be avoidable. The City's Financial Policies require that a minimum balance be maintained in the Contingency Reserve Account of at least $750,000. The FY 2017 year-end balance was $862,465 which is equal to 1.03 percent of the FY 2017 revenues for the Electric Revenue Fund.

4.6.1.3 Electric Rate Stabilization Account

The Electric Rate Stabilization Reserve Account was established in FY 2005 to offset the costs of the power cost adjustment to the customers of Dover. The account's target balance is a minimum of 10.0 percent, not to exceed 20.0 percent, of purchase power cost in any given year. Any excess of this amount will be refunded to customers in future years by reducing the rate of the power cost adjustment. The account's FY 2017 end-of-year balance was $10,637,357, which was 24.42 percent of the FY 2017 purchased power cost.

4.6.1.4 Interest and Sinking Account

The Interest and Sinking Account was established in Section 507 of the Resolution. This account consists of two restricted accounts: The Bond Service account and the Reserve Account. The Bond Service Account is funded with equal monthly transfers from the Electric Revenue Fund such that the balance, as of each payment date for interest or for principal and interest, will be equal to the amount of the payment due. The payments of principal and interest due on bonds are made from the Bond Service Account. The Reserve Account is funded by transfers from the Electric Revenue Fund, as necessary, to maintain a balance equal to the maximum combined principal and interest for any future fiscal year through the life of all bonds then outstanding. Moneys in the Reserve Account are used for paying interest on and principal of bonds when the balance in the Bond Service Account is insufficient for making those payments. The total amount in the Restricted Accounts for the 2008 bond as of June 30, 2017, was $2,807,259.

4.6.2 Electric Improvement and Extension Fund

The I&E Fund was established in Section 507 of the Resolution. Funds are transferred to the I&E Fund from the Electric Revenue Fund to the extent that the amount of funds available from the Electric Revenue Fund exceeds the total of the amounts required to be added to the Interest and Sinking Account. The I&E Fund also receives additional funding from the Depreciation Reserve Account, the Future Capacity Reserve Account, and from development receipts. Section 510 of the Resolution indicates that, except for certain situations, moneys held in the I&E Fund are to be used only for payment of costs of unusual maintenance or repairs, renewals or replacements, obtaining or replacing equipment, constructing extensions, additions, or improvements, and engineering expenses related to the foregoing activities.

4.6.2.1 Depreciation Reserve Account

The Depreciation Reserve Account represents moneys that have been set aside for the sole purpose of funding renewals and replacements of the Electric System as components or equipment wear out, deteriorate, or otherwise become unsuitable for the intended purpose. Transfers from the Electric Revenue Fund and investment earnings are the only sources of additional moneys for the Depreciation Reserve Account. Transfers to the I&E Fund are made as necessary to fund capital projects. The target appropriation for the Depreciation Reserve Account each year is the excess of depreciation expense for the year over the amount of principal included in debt service payments made during the year. The reserve balance at the end of FY 2017 was $13,038,292.

4.6.2.2 Future Capacity Reserve Account

The Future Capacity Reserve Account was established to set aside and accumulate funds from the Electric Revenue Fund for use in evaluating and pursuing activities related to the Electric Division's alternatives for power supply resources for future demand for electricity. The target balance for this reserve is $10,000,000. The reserve balance at the end of FY 2017 was $13,193,158.

Table 4-8 presents FY 2015 through FY 2017 year-end summaries of the activity within the cash accounts described above. The Insurance Reserve Account, the Contingency Reserve Account, the Electric Rate Stabilization Reserve Account, and the Interest and Sinking Account are accounts within the Electric Revenue Fund. The Depreciation Reserve Account and the Future Capacity Reserve Account are accounts within the I&E Fund.

Table 4-8: Reserve Account Activity and Balances

	Insurance Reserve Account	Contingency Reserve Account	Electric Rate Stabilization Account	Bond Reserve Account	Depreciation Reserve Account	Future Capacity Account
Year Ended June 30, 2015						
Balance in Account on July 1	$ 737,458	$ 819,140	$ 10,465,816	$ 3,529,446	$ 9,915,062	$ 10,064,442
Receipts						
Interest Earned	3,184	3,537	39,538	33,300	42,811	43,457
Appropriations				3,401,952		
Total Funds Available	$ 740,642	$ 822,677	$ 10,505,354	$ 6,964,698	$ 9,957,873	$ 10,107,899
Disbursements						
Debt Service Payments				(3,401,952)		
Transfer to Capital Projects/Ops.			(3,000,000)			
Balance in Account on June 30	$ 740,642	$ 822,677	$ 7,505,354	$ 3,562,746	$ 9,957,873	$ 10,107,899
Year Ended June 30, 2016						
Balance in Account on July 1	$ 740,642	$ 822,677	$ 7,505,354	$ 3,562,746	$ 9,957,873	$ 10,107,899
Receipts						
Interest Earned	12,873	14,303	119,022	5,754	172,794	175,393
Appropriations	10,000	13,000				
Total Funds Available	$ 763,515	$ 849,980	$ 7,624,377	$ 3,568,500	$ 10,130,667	$ 10,283,292
Disbursements						
Debt Service Payments				(1,940,320)		
Transfer to Capital Projects/Ops.			(355,200)			
Balance in Account on June 30	$ 763,515	$ 849,980	$ 7,269,177	$ 1,628,180	$ 10,130,667	$ 10,283,292
Year Ended June 30, 2017						
Balance in Account on July 1	$ 763,515	$ 849,980	$ 7,269,177	$ 1,628,180	$ 10,130,667	$ 10,283,292
Receipts						
Interest Earned	11,215	12,485	118,180	16,719	157,625	159,867
Appropriations	-	-	3,250,000		2,750,000	2,750,000
Total Funds Available	$ 774,730	$ 862,465	$ 10,637,357	$ 1,644,899	$ 13,038,292	$ 13,193,158
Disbursements						
Debt Service Payments						
Transfer to Capital Projects/Ops.						
Balance in Account on June 30	$ 774,730	$ 862,465	$ 10,637,357	$ 1,644,899	$ 13,038,292	$ 13,193,158

5.0 – CONCLUSIONS

5.0 CONCLUSIONS

In the preparation of this Engineering Consultant's Report, Burns & McDonnell completed assessments of the electric generating stations and the transmission and distribution system of the City Electric Division. The investigations included interviews, observations, and reviews of FY 2017 expenditures and FY 2018 budgets. In addition, an analysis of the balances of the Improvement and Extension Fund and other funds benefiting the Electric Division was performed. Burns & McDonnell also reviewed the adequacy of the revenues provided by the current retail rates in relation to the requirements of the City of Dover, Delaware Resolution Authorizing and Securing Electric Revenue Bonds, adopted December 23, 1985. A high-level assessment of the City's insurance coverage related to the Electric Division was also completed. Based on these reviews and assessments, it is Burns & McDonnell's opinion that:

1. The City's power generation facilities are being operated and maintained consistent with accepted electric utility practice in the United States.
2. The design, construction, operation, and maintenance of the City's electric transmission and distribution system and associated facilities are consistent with generally accepted electric utility standards. The system has been upgraded to improve operation, reliability, and service quality to customers.
3. The Electric Division capital projects included in the City's Capital Investment Plan and the FY 2017 Operating Budget are necessary and should provide improved reliability and power quality for the Electric System.
4. The balances as of June 30, 2017, for the various reserve funds maintained by the City for the Electric Division appear to be sufficient for their defined purposes.
5. The insurance coverage in full force and affect as maintained by the City related to the various assets of the Electric Division appears to satisfy the requirements of Section 706 of the Resolution.
6. The electric revenues generated by the City's current retail rates are more than sufficient to fulfill the debt service coverage requirement defined in Section 502(c) of the Resolution.

BURNS McDONNELL

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CITY OF DOVER
DEPARTMENT OF FINANCE
PROCEDURE MANUAL

TITLE: Grant Application Procedures

PROCEDURE # 317
DATE: November 2, 2007
REVISED: March 26, 2018

Introduction

This procedure is intended to establish clear directions for accounting for and administering the funds and resources received by the City through Federal, State, and other Grants.

It is the City's policy to strictly prohibit any political activities related to Federal, State and other political subdivision assisted programs. The City's employees will not engage in such activities nor spend City funds or grant funds in such activities.

Definitions

"Closeout": The process of finalizing a grant project, including completion of the final financial reports, determination of cash balances, accomplishment of necessary accounting entries and placing all project files in a manageable holding system.

"Department": Departments are the major organizational sub-divisions. They have a broad overall purpose. The City of Dover is organized into departments as follow: Customer Services, Parks & Recreation, Library, Public Works, Police, Public Utilities, Mayor, Procurement & Inventory, City Clerk, City Manager, Information Technology, Finance, Human Resources, and Tax Assessor.

"Grants": Funds and resources procured by the City which are restricted as to usage by the government or institution providing the funds. Usually, there is an application process whereby the City provides evidence of its need for the funds, its ability to use the funds in a manner approved by the grantor, and detailing the expenditures expected to be incurred. The primary grant providers to the City are the Federal and State governments.

"In Kind Match": A grant where the required match is not a cash contribution, but is existing personnel time, equipment or material made available for the purpose of the grant.

"Matching Funds": Dollars that must be available in order to qualify for a grant. Often grantors will not support the entire cost of a project and require that the applicant provides a certain share of the project cost from other sources.

"NOFA": Notice of funding availability. Grant-making agencies issue a NOFA to solicit applications.

"OMB Circular A-87": Establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

"Pass-Through Entity": a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

"Subaward": an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract.

"Subrecipient": a legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided.

Departmental Grant Application Decision Making Process

1. The Departments are responsible for seeking out new grant resources. The Department shall analyze the need and future costs of a grant before applying for a grant. A number of questions shall be considered by the department before determining whether a grant application is appropriate. A **Department Grant Application Analysis Form** to be completed by each department can be found in Appendix A.

2. A copy of the **Department Grant Application Analysis Form** should be maintained in the grant folders at the department level and copies distributed to the City Manager and Finance Director for budgeting and auditing purposes.

3. If the annual project/program cost in excess of the grant award exceeds $25,000 Council approval is required. A copy of the **Department Grant Application Analysis Form** should accompany the appropriate approval forms.

Grant Application Process

1. The Application process is the most critical step. The requesting department prepares the grant application package and submits the approved, completed grant packages to the proper grantor institution. The reviewing body will make their decision solely upon the evidence of need as shown in the application. Therefore, a well-documented proposal is imperative. Departments should review the requirements of the application closely.

2. City Council must approve the application of all grants which require a 'monetary' match in funds of $25,000 or more from the City of Dover or if the grant requires City Council approval. Grants requiring 'in-kind' matches do not need Council approval. The Department shall be responsible for acquiring City Council approval before applying for grants with these requirements. Please note if the grant and match have been fully identified in the approved budget, Council approval shall be met. This procedure does not negate any requirements of the City Purchasing Policy.

3. The application cannot be submitted to a grantor for consideration without the written approval of the Department Head regardless of the amount. A copy of the application with the Department Head's signature should be kept on file within the submitting department.
4. The requesting department will be responsible for ensuring that all approved applications are signed by the Mayor or appropriate official prior to submission.

Grant Award/Post Award Process

1. The requesting department receives the grant award letter. Federal award notification is received by email. If the City is awarded the grant, a Committee Action Form (CAF) is to be prepared for the Legislative, Finance & Administrative Committee to approve the grant award. The CAF shall include any non-grant funded expenses listed in the '**Department Grant Application Analysis Form'** for the current and future fiscal years. The application must include the CFDA# for federal programs and follow the most recently published Office of Justice Financial Guide.

   Several types of state funded grants are awarded to local law enforcement agencies state- wide based on annual allocations of funds approved by the State Legislature and quarterly applications for funds resulting from property and drug seizures. The Police Department must conform to the grantor requirements for spending these funds, as well as any procedures for pass through Federal Grants as provided above. The Police Chief approves the application for and disbursing of these particular funds.

2. A grant records file shall be maintained and updated by the requesting department for each application throughout the grant process, including the final accounting and closeout. The file shall consist of, at a minimum, the application, acceptance letter and a spreadsheet detailing cash receipts and disbursements. The Department must maintain records of expenditures including any appropriate supporting documentation in accordance with the Federal/State grant guidelines and City's retention policy. The expenditures must be reviewed to determine if they are an eligible expense under the grant agreement.

3. Confidential records supporting expenditures for informant funds etc, used by the Police Department will be maintained in accordance with current policies and procedures for the department. Procedural notice 42 Criminal Investigations, section VII outlines those procedures to be followed by the Police Department.

4. The Department Head, or his/her designee, shall monitor the status of the grant application and the subsequent award.

5. The original signed grant contract shall be added to the appropriate grant file and identified with a contract number and the performance period.

6. Copies of all documents are to be provided to the Finance Department to monitor compliance and completion of the annual audit.

7. Where applicable, Public Hearings and Advisory Board Meetings must be held in accordance with the grantor requirements throughout the term of the grant.

Subawards and Monitoring Procedures

1. The requesting department receiving the grant award is the award recipient. If the department is approved or required to make subawards for a Federal grant received, the department is also considered a pass-through entity. For these types of grants, the department must ensure the identifying Federal award information and applicable compliance requirements, including applicable special conditions, are clearly designated in the subrecipient award agreement. The subaward or agreement must, at a minimum, include the following information:

   A. Catalog of Federal Domestic Assistance (CFDA) title and number
   B. Award name and number
   C. Name of the Federal awarding agency
   D. Activities to be performed
   E. Period of performance
   F. Project policies
   G. Original award flow-through requirements that are applicable to the subrecipient
   H. Instructions and procedures for subaward monitoring compliance
   I. Other policies and procedures that may apply and need to be followed
   J. Dollar limitation of the agreement
   K. Cost principles to be used in determining allowable costs

2. In addition, the department must complete the actions required during the grant program to monitor the subrecipient's use of Federal funds. The methods of monitoring may vary. Following are some of the factors that may be considered in determining the nature, timing, and extent of monitoring:

   A. Programs with complex compliance requirements that may have a higher risk of non-compliance.
   B. The larger the percentage of program awards passed through, the greater the need for subrecipient monitoring.
   C. Larger dollar awards are of greater risk.
   D. Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients may require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has a history of non-compliance as either a recipient or subrecipient, new personnel, or new or substantially changed systems).

3. Some of the mechanisms that may be used to monitor subrecipient activities throughout the year include:

   A. Review monthly financial and performance reports submitted by the subrecipient.
   B. Perform subrecipient site visits to examine financial and programmatic records and observe operations.
   C. Review detailed financial and program data and information submitted by the subrecipient when no site visit is conducted. Documents to review might include timesheets, invoices, contracts, and ledgers that tie back to financial reports.
   D. Regular communication with subrecipients and appropriate inquiries concerning program activities.

4. The purpose of all monitoring activities is to provide reasonable assurance that the subrecipient has administered the pass-through funding in compliance with the laws, regulations, and the provisions of the award and that the required performance goals are being achieved.

Accounting Procedures

1. The Department Head shall request account numbers for grant revenues and expected expenditures from the City Finance office. Where applicable a project number will be assigned to each grant to track receipts and expenses.

2. The Finance Department and Department Head are responsible for maintaining separate records for each grant project to avoid commingling of grant funds.

3. The Department Head is responsible for assuring all grant project funds are expended according to the terms of the grant. All grant project funds must be obligated by the termination date(s) specified in the grant. Any matching funds must be expended and reported timely.

4. The Department Head is responsible for submitting any required reimbursement requests to the grantor as authorized expenditures are incurred. At the end of each fiscal year, the Department Head shall submit to the Finance Department a list of all outstanding reimbursement requests and qualified expenditures incurred, but not submitted to the grantor for reimbursement. Accordingly, the Finance Department shall create a grant receivable entry, reconciling this to the grant activity recorded during the period.

5. Purchase, Invoice and Payment processing shall be in accordance with the City of Dover Purchasing Policy, incorporated into this procedure by this reference. Payroll processing shall be in accordance with City payroll procedures.

6. Retention of records shall be in accordance with the State of Delaware's Local Government General Records Retention Schedule for Grants, which specifies grant financial files are to be retained for three years after submission of the grant closeout letter and successful audit.

7. Requests for drawdown of funds must be in accordance with award requirements specified by the grantor.

8. Receipts are received and entered into the General Ledger by the Finance Department.

9. The Department Head is responsible for maintaining records of all inventory purchased and are to provide an updated copy to the Finance Department June 30 each year for audit purposes. All records for equipment, non-expendable personal property and real property shall be retained for a period of at least three years from the date of the disposition, replacement, or transfer.

10. Records must be maintained for each non-expendable item that costs $5,000 or more and has a useful life of one year or more. The Department Head shall send the invoices and appropriate backup data to the Finance Department for recording in the Capital Asset System.

11. The Department Head is responsible for timely submission of reports to the grantor as required under the terms of the grant.

12. The Department Head is responsible for submitting quarterly and final Financial Status Reports (FSR's) for grants if required under the terms of the grant. A copy of any FSR must be submitted to the Finance Department before being sent to the grantor. Finance shall reconcile amounts reported on the FSR with the amounts recorded in the City's accounting system. Any discrepancy shall be resolved by the Department Head and communicated to the Finance Department.

13. The Department Head is responsible for performing and monitoring closeout activities.

14. Any unexpended funds shall be returned to the grantor and any interest earned on cash balances shall be disbursed in accordance with the grant requirements.

15. The Finance Department is responsible for preparing Form SF-SAC, "Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations," in accordance with Federal OMB Circular A-133.

16. A quarterly report will be presented to City Council by the Finance Department for all grants.

Control of Grant Funds

1. Interest earned and expended is promptly recorded in the accounting records and reported on the FSR's. FSR's are due 45 days after the end of the calendar quarter.

2. Grant funds and interest earned is expended by the end of the allowable period.

3. Matching funds are expended and reported timely.

4. Final FSR's are submitted timely.

5. The Department Head will ensure grant requirements are met and if necessary will request changes from the grantor 60 days before the end of the award period.

6. Draw down of Federal funds will be initiated after the Department submits the quarterly FSR's. This ensures that the department has already paid for the cost of goods or services incurred on behalf of Federal grants. Any funds received in advance will be placed in an interest earning account.

7. Department Heads ensure matching funds are spent and that related expenditures are tracked for reporting purposes.

8. Department Heads will obtain permission from federal grantees to spend the interest earned as part of the grant proceeds. They will request a Budget Adjustment Request to augment grant budgets with interest earned revenues that they have received.

DISTRIBUTION

Mayor	CDBG Director	Police Department
City Manager	Department Heads	

General Order 17
BUDGET AND PURCHASING PROCEDURES

I. PURPOSE

The purpose of this order is to outline the responsibilities associated with budgeting and purchasing, and the procedures to be followed in carrying out those responsibilities

II. POLICY

The Dover Police Department will manage all budget, grant and purchasing procedures in accordance with the procedures established by the City of Dover. If a conflict between the city procedures and established grant guidelines occurs, the grant guidelines will be followed.

III. BUDGET PROCESS

The Police Resources Manager is responsible for all actions associated with budget preparation and management. These duties include the following:

A. Request inputs for the annual budget from the Chief of Police, Deputy Chief and Division/Unit Commanders for use in budget planning and preparation.

B. Prepare a draft budget and follow-up documents using procedures established by the City of Dover.

C. Review all expenditures throughout the fiscal year and make recommendations to the Chief of Police for any required budget revisions.

IV. GRANT PROCESS

The Police Resources Manager is also responsible for all actions associated with the preparation of grant applications, management, and reporting to include the following duties:

A. Request inputs for grant applications from the staff for use in their preparation.

B. Perform all grant management and oversee all purchasing actions.

C. Prepare financial grant status reports as required. For granting agencies that require the submission of both financial and program status reports, the Police Resources Manager will be responsible for the financial reports and the Administrative Division Commander will complete the program reports. The separation of these duties is mandated by Federal grant guidelines for internal control purposes.

D. Perform subgrant monitoring as required. There are police grants that may be awarded on a joint basis due to a disparate funding situation identified by the granting agency. The prime example of this includes recurring law enforcement grants the police department receives from the Federal Department of Justice. For these grants, the Dover Police Department shares its award with other agencies as identified in the grant funding authorization document which is published on the USDOJ website at the time of the grant solicitation. Since the Dover Police Department usually is awarded the larger share of funds on these grants, it

becomes the pass-through entity and makes subawards to the other agencies on the joint awarded grant. The following procedures will apply:

1. Grant subawards will be issued and contain any applicable information as identified in the City's Grant Application Procedures (Procedure 317). However, all grant purchases will be made and paid for directly through the City of Dover's financial systems, so the Dover Police Department will ensure all grant purchases comply with the City of Dover Purchasing Policy.

2. Subrecipient monitoring: the grants received in the past were awarded jointly to the Dover Police Department, Smyrna Police Department and Kent County for purchases of law enforcement equipment and/or training. The funding for the subrecipient shares did not exceed $25,000, so there is less risk involved with completing these types of purchases. As a result, monitoring procedures will include: the review of the program and financial documentation submitted for the grant purchases to ensure they comply with the City of Dover Purchasing Policy and verification that the purchases were made and the required equipment lists are provided to close the grant.

3. The monitoring instructions above will be outlined in the Memorandum of Understanding that is required to be submitted as part of the grant application and in the grant subaward document.

V. PURCHASING PROCEDURES

The Central Services Coordinator is primarily responsible for all department purchases. Additional personnel may be authorized to make purchases by the Chief of Police. The following procedures will be followed:

A. All purchases will comply with the City of Dover Purchasing Policy.

B. Commanding officers will be held accountable for those portions of the agency's budget that relate to their functions. Requests for purchases will be based on the approved budget and made through the chain of command to the Police Resources Manager and Central Services Coordinator:

1. Daily Operating Supplies include office, computer and custodial supplies, uniform items, and other similar items that do not require any special bid actions.

a. Ordering - Requests for these items will be provided to the Central Services Coordinator via personal memorandum from the staff or using the Dover Police Department Requisition form. Verbal or voicemail requests will not be honored because there is no audit trail

1) A copy of the form is included in Attachment A and is maintained in the forms directory on the I drive on the department server.

2) This form was created using a workflow application which will automatically route the form electronically through the chain of command via email for the appropriate approvals. As a result, please do not photocopy the form and fill it out manually.

a. Pick-up - Once the items have been received, the Central Services Coordinator will notify the individual that the item is in and will coordinate a time for pick-up.

b. Occasionally, the requestor may need to pick-up ordered items directly from the local vendor. To maintain accountability of the items, approval must be obtained from the Central Services Coordinator prior to pick-up. In addition, the person making the pickup will ensure the receipt for the items is provided to the Central Services Coordinator as a written receipt/verification for all items is required by Finance to make the payment.

2. Special order items include non-stocked items such as specialized equipment; grant funded equipment, etc.

   a. Ordering – Requests for these items will be provided to the Central Services Coordinator via personal memorandum for items costing $5,000 and less or Dover PD Bid Summary form for items valued over $5,000.

   b. Bid Information and process – Requestors must perform research to provide bidding information. The minimum information needed to process the request includes: item description, quantity and recommended sources. Three sources are needed and identify vendor names and phone numbers. The Central Services Coordinator will contact the vendors to obtain their particular item specifications. Once the information is received, the Central Services Coordinator will coordinate with the City's Purchasing Agent for formal bids, when required to order the item.

   c. Pick-up - Once the order is filled and items have been received, the Central Services Coordinator will notify the individual that the item is in and will coordinate a time for pickup.

3. Exceptions – the only exceptions recognized to the above guidelines apply to the ordering of computer equipment, computer software, building maintenance supplies, weapons and ammunition. The Department LAN Technician, Special Operations Response Team (SORT) Commander, and Building Craftsperson in coordination with the Central Services Coordinator or Police Resources Manager will order these types of items respectively, **and in accordance with the City of Dover purchasing policy**.

C. All invoices and receipts for items received will be reviewed by the Central Services Coordinator and forwarded to the Police Resources Manager for further processing.

D. The Police Resources Manager will prepare the necessary documentation required for payment through the City of Dover financial systems. Approval of purchases will be accomplished by the Police Resources Manager or other designee as authorized by the Chief of Police.

VI. ACCOUNTING PROCEDURES

A. The Police Resources Manager will maintain records of all invoices and payments throughout each fiscal year. A record of all transactions will be maintained for each line item account, including all grant accounts with the exception of salary and fringe benefit accounts.

B. Accounts established for Petty Cash transactions will be managed in accordance with the City of Dover's Petty Cash Procedures.

C. All Funds and accounts are subject to the independent audit conducted annually as contracted by the City of Dover.

D. Accounting of all agency-owned property shall be the responsibility of the Central Services Coordinator in accordance with procedures under separate cover. The Central Services Coordinator shall also be responsible for the maintenance and operational readiness of all stored property.

VII. DEFINITIONS

"Pass-Through Entity": a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

"Subaward": an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract.

"Subrecipient": a legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided.

VIII. SUPERSEDES

This Procedural Notice supersedes all previous procedures and directives issued orally or in writing that are not in total conformity herewith.

IX. EFFECTIVE DATE

This Procedural Notice shall become effective upon execution and issuance

ORDER EFFECTIVE AND ISSUED THIS ___ day of Mar 2018

_____
Marvin C. Mailey
Chief of Police

NOTE: The Requisition Form below is maintained on the I drive forms directory. Please fill out the form from there as it was created using an application that automatically routes the user's request electronically for approvals via email.

BID SUMMARY FORM
-- SAMPLE –

Police Resources Manager Approval	**Date**
Central Services Coordinator Approval	**Date**
PFC Smith	4/5/16
Requester	**Date**

Item Description:

Undercover Joey Wire (4 each)

Funding Source:	**Accounting Classification:**
EIDE Grant	710-1700-545.20-26

Method of Purchase (Circle One):

(**Bid**) **Sole Vendor** **Continuity of Service** **Declared Emergency** **Other – Explain** _____

COMPARISON OF BIDS

Vendor	Contact Person	Phone #	Pricing Info
Vendor A	Jim Rogers	555-1234	$7500 /set plus shipping
Vendor B	Herman Mueller	555-2225	Does not carry model requested
Vendor C	Heidi Lewis	555-8908	$5500/set plus shipping

Recommended Vendor: Vendor A

Reason for Award: Lowest Bid