ATTACHMENT #1

Litigation/legal expenses

CDBG findings

General Fund Alternatives

Budget Balances (8%, no greater than 12%) Contingency (2% vs. 4%) Total Operating Reserves % of Revenues (excl. carry forward balance)			\$	FY04 Revised <u>Budget</u> 2,660,377 <u>986,548</u> 33,646,925		3.9%	\$	Alt. 1 Minimum/ Current 52,037,517 509,379 52,546,896		% of <u>Revenue</u> 8.0% <u>2.0%</u> 10.0%	\$2,03 <u>76</u>	4,069	3.0%	2	<u>Ait. 3</u> \$2,037,517 <u>1,018,758</u> \$3,056,275	% of <u>Revenue</u> 8.04 <u>4.09</u> 12.09
FY 04 Revenues (excl. carry forward balance)		25,468,960														
Annual requirement over three years (minimum/a				, \$0				\$0				4,897			\$169,793	
Current policy is achieved; there is no requireme	nt for	funding Rec	real	tion Reserv	/es	or Capital As	set	Reserves	fro	m our operatin	g budg	jet;				
General Fund - Budget Balance		1998		1999		2000	•	2001		2002	20	03	<u>2004</u>		2004 Revised	
								Finan	cial	Policy Implement	ed					
Budget % of Revenue	\$	178,959 1.3%		409,361 2.8%		35,912 0.2%	\$	615,148 3.7%		1,267,982 7.1%	\$1,57	5,820 18.0%	\$1,654,816 6.7%	\$	2,660,377 10.4%	
Actual 6 of Revenue	\$	2,244,705 14.7%	\$1	1,625,521 10.6%	\$	2,827,370 17.5%	\$2	2,305,166 12.9%	\$	2,266,936 11.4%	\$2,890 1),843 13.9%				
eneral Fund - Contingency										iscontinued Annu ppropriation	af		igeted to use \$25 budget shortfall	0,826	<u> </u>	
udget 6 of General Fund Revenues	\$	509,737 3.6%	\$	555,717 3.9%	\$	605,717 4.0%	\$	655,717 4.0%	\$	655,717 3.7%	\$ 441	,780 2.2%	\$ 982,788 4.0%	\$	986,548 3.9%	
Actual 6 of Revenue	\$	505,717 3.3%	\$	555,717 3.6%	\$	605,717 3.7%	\$	655,717 <u>3.7%</u>	\$	685,446 3.4%		.814 4.6%				
arkland Reserve		Ait. 1 linimum/ Current		% of evenue		<u>Alt. 2</u>	R	% of evenue		Alt. 3	% o <u>Reve</u> r			Tir	Iget Balance ning of cash i ss of revenue	flows
Parkland - current balance Parkland - annual appropriation	\$ \$	631,278 0 631,278		2.5% 0.0%	\$ \$	631,278 <u>170,575</u> 801,853	(2.5% 0.7%						Con	edit Rating	
apital Asset Reserve (Depreciation)	\$	291,784		_	nua	500.000	ć	2.0%	¢	903,000 🔻				En Art Sto	gulatory pena vironmental a bitrage payme prm/Hurricane	iccidents ints
		,		4.170	÷	200,000		2.0%	\$	903,000		5 ma			penses nation/legat e	VDDDCOC

Two approaches: One to maintain a reserve for emergency use only (equipment breakdowns) and use pay as you go for budgeted items, or set up an I & E Fund like Electric and appropriate monies each year to accumulate a balance and have all purchases budgeted in the fund and it would carry its own budget balance. Current preference is an emergency account, until a formal debt policy is developed.

City of Dover Kent County Wastewater Fee Trends

Actual Results	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	2004 <u>Revised</u>
Beginning Balance Customer User Fees Transfer from W/WW Oper.	\$ 168,909 2,869,357	\$ 278,409 2,399,975	\$ (986,265) 2,436,182 300,000	2,452,087	\$ 2,512,562	\$ 124,028 2,686,790	\$ 206,875 2,814,587	\$ 209,523 2,778,521	\$ (454,376) 2,761,592 <u>454,376</u>
Total Sewer Adjustment Revenue	\$3,038,266	\$2,678,384	\$1,749,917	\$2,413,164	\$2,512,562	\$2,810,818	\$3,021,462	\$2,988,044	\$2,761,592
from qua	ing was changed rterly to monthly, one extra quarter	To	pay down deficit	\$.20 rate incr To pay down Bonds downg	deficit			Reduced W Operating I to offset de	Budget Balance
Kent County Fees	\$2,243,371	\$3,446,082	\$2,653,835	\$2,284,788	\$2,516,910	\$2,603,943	\$2,811,939	\$ 3,442,420	\$3,703,731
Budget Balance	794,895	(767,698)	(903,918)	128,376	(4,348)	206,875	209,523	(454,376)	(942,139
Total Sewer Adjustment Expense	\$3,038,266	\$2,678,384	\$1,749,917	\$2,413,164	\$2,512,562	\$2,810,818	\$3,021,462	\$2,988,044	\$2,761,592
Gallons (1000's)	1,746,745	2,033,335	1,574,257	1,349,319	1,511,721	1,563,672	1,567,500	1,872,843	2,015,009
County Adj. per 1,000 gallons	\$ 1.58	\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.68	\$ 1.85	\$ 1.85	\$ 1.85
Wastewater rate per 1,000 gallons	\$ 1.21	\$ 1.21	\$ 1.21	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.65	\$ 1.65

Note: The 1997 increased expenses were a result of wet weather (inflow/infiltration) combined with an extra quaterly bill due to a change in the County's billing

Budgeted Revenues & Expenses	(excluding bu	idget balance	es)						2004 Original <u>Budget</u>
Customer User Fees	\$2,313,291	\$2,453,647	\$2,735,040	\$2,500,000	\$2,716,053	\$2,545,200	\$2,899,875	\$2,786,979	\$2,951,083
Kent County Fees	\$2,310,672	\$2,448,724	\$2,735,000	\$2,650,000	\$2,716,392	\$2,545,200	\$2,914,494	\$2,993,854	\$2,953,731

Water/Wastewater Fund Alternatives

L F A (4/26/04)

Aggregated Budget Balances (minimum 10% va Contingency (2% vs. 4%) Total Operating Reserves % of Revenues (excl. carry forward balance)	s. 17%)	FY04 Revised <u>Budget</u> \$969,896 <u>650,184</u> \$1,620,082	6.4%	Alt. 1 Minimum/ <u>Current</u> \$1,016,179 <u>203,236</u> \$1,219,414	<u>2.0%</u>	<u>Alt. 2</u> \$1,219,414 <u>406,471</u> \$1,625,886	4.0%	<u>Alt. 3</u> \$1,422,650 <u>406,471</u> \$1,829,122	% of <u>Revenue</u> 14.0% <u>4.0%</u> 18.0%	<u>Alt. 4</u> \$1,727,504 <u>406,471</u> \$2,133,975	% of <u>Revenue</u> 17.0% <u>4.0%</u> 21.0%
FY 04 Revenues (excl. carry forward balance)	\$10,161,787										
Annual requirement over three years (minimum/a	lternative)	\$O		\$0		\$135,490		\$203,236		\$304,854	
Current policy is achieved;						· · · · · · · · · · · · · · · · · · ·					
Water/Wastewater - Budget Balance	<u>1998</u>	<u>1999</u>	2000 Bonds downgrad	2001 ed Fina	2002 ncial policies impl	2003 emented	<u>2004</u>	2004 Revised		Budget Balance Timing of cash Loss of revenue	flows
Aggregate Budget Balance % of Revenue	\$ 38,158 0.4%	(691,308) \$ -8.0%	\$ 849,451 9.3%	\$ 983,760 11.0%	\$ 794,319 8.6%	\$1,318,746 13.1%	\$ 1,609,194 15.5%	\$ 969,898 9.5%		Credit Rating Contingency U Regulatory pen	
Actual % of Revenue	8.5% Net of W/WW balanc less \$(903,923) Seve	15.0%	\$ 2,133,545 23.3%	\$1,822,165 23.5%	\$1,681,721 17.9%	\$1,088,493 10.8%				Arbitrage paym Storm/Hurrican expenses	accidents ents
Water/Wastewater - Contingency Budget % of Revenue	Adj. Deficit balance	 \$ 273,481 3.2%	\$ 473,481 5.2%	\$ 678,247 7.6%	\$ 678,247 7 4%	Appropriatio \$ 658,971 6,5%		\$ 650,184 6.4%		Litigation/legal Contractural se	
Actual % of Revenue	\$ 223,481 2.5%	\$ 278,247 2.2%	5.2%	\$ 621,144 8.0%	7.8%		Investment \$124,972				
				erating emergency chase \$57,103	<u>′</u>			• J			
Improvement & Extension Fund Accounts	Alt. 1 Minimum/ <u>Current</u>	% of <u>Revenue</u>	<u>Alt. 2</u>	% of <u>Revenue</u>	<u>Ait. 3</u>	% of <u>Revenue</u>					
Capital Asset Reserve (Depreciation)	\$ 200,000 ¥ Annual Appropriation	<u> </u>	\$ 500,000 Minimum Balance		\$ 1,000,000 N	7				ter projects tration projects	
Impact Fee Reserve (expansion projects)	\$ 1,148,026	11.3%	\$ 1,000,000		1,243,010 V % of Wastewater venues	\			breakdov	vns v repairs on	
Contingency - determined annually	\$-	0.0%	\$ 386,080	20.0% 🎙	Contingency b orders on proj	alance to cover ch ects.	lange				
Two approaches to capital purchases: One to n or set up an account in the Improvement & Exter to purchase assets in any year in which the capi	nsion Fund in which	to appropriat	e monies each	vear and accu	vns & infrastru mulate a minin	icture improver num balance.	nents) and use The balance w	e pay as you g vould be used	o for budget to cover extr	ted items, ra funds needed	

Electric Revenue Fund Alternatives

% of Revenues (excl. carry forward balance) \$58,863,384 Annual requirement over three years (minimum/aternative) \$0 \$40 Revenues (excl. carry forward balance) \$58,863,384 Annual requirement over three years (minimum/aternative) \$0 \$41,402,745 \$1,222,598 Current policy is achieved; insurance Deductible Reserve \$473,753 \$2000 0.4% Annual requirement over three years (to achieve 10%) Due mames 451,022 Due of the mames 451,022 2.4% 3.786,114 6.3% Stand Stabilization \$1,402,745 2.4% 3.786,114 6.3% Stand Stabilization \$1,402,745 2.4% 3.786,114 6.3% Stand Stabilization \$1,402,755 \$2,2002 2003 2004 Revised Dudget \$1,097,857 \$2,706 \$96,786 \$1,282,291 \$1,402,770 \$2,828,075 \$2,876,612 \$3,976,086 Stand Weat \$1,097,857 \$2,708 \$1,282,291 \$1,402,077 \$2,828,075 \$2,876,612 \$3,977,789 Budget \$1,097,857 \$2,776,87 \$2,776,75% \$5,86,043 \$5,86,043 \$5,86,043 <th></th>											
Annual requirement over three years (minimum/aitemative) 30 \$437,753 \$830,176 \$1.222.598 Current policy is achieved; Insurance Deductible Reserve \$733,919 1.2% \$250,000 0.4% Rate Stabilization Annual requirement over three years (to achieve 10%) State mosters \$919,222 Term Protection 919,200 Data mosters \$919,222 Term Protection 919,200 Terming of cash flows 1.0% 577,789 10% 6 \$900,770 Data mosters \$919,222 Term Protection 919,200 Terming of cash flows 1.0% 51,420,7748 \$1,420,770 State mosters \$919,224 Term Protection 919,200 Terming of cash flows 1.0% 51,420,770 \$2,626,075 \$2,676,612 \$3,975,036 6 of Revenue - Budget Balance \$1,097,557 \$2,778 \$968,786 \$1,282,921 \$1,420,770 \$2,628,075 \$2,576,612 \$3,975,036 6 of Revenue \$1,097,557 \$2,778 \$968,786 \$1,282,921 \$1,420,770 \$2,628,075 \$2,576,612 \$3,975,036 6 of Revenue \$1,097,557 \$2,778 \$968,786 \$1,282,921 \$1,420,770 \$2,628,075 \$2,576,612 \$3,975,036 6 of Revenue \$1,097,557 \$2,778 \$958,786 \$1,282,921 \$1,420,770 \$2,628,075 \$2,576,612 \$3,975,036 So of revenue \$1,097,557 \$2,778 \$958,786 \$1,283,971 \$4,50,985 \$50,964,03 \$5,089,428 So of revenue \$1,096 term resulted in \$517,000 of reimbursable expenses \$406,699 \$598,043 \$5,598,043 \$598,043 8 of Revenue from FENA, mostly contracted services. They were not reimbursad 0.7% \$1,0% \$1,0% 1.0% 1.0% 1.0% So of revenue \$10,000,000 \$1,70% Terming the state services \$10,000,000 \$1,70% Terming the state servic		s. 5%)	Revised <u>Budget</u> \$3,975,036 <u>598.043</u>	<u>Revenue</u> 6.8% <u>1.0%</u>	Minlmum/ Current \$4,709,071 1,177,268	<u>Revenue</u> 8.0% <u>2.0%</u>	\$5,886,338 <u>1,177,268</u>	<u>Revenue</u> 10.0% <u>2.0%</u>	\$7,063,606 1,177,268	Revenue 12.0% 2.0%	
Current policy is achieved; Instructore Deductible Reserve State Stabilization Annual requirement over three years (to achieve 10%) State stabilization Annual requirement over three years (to achieve 10%) State stabilization Annual requirement over three years (to achieve 10%) State stabilization State Stabilization Annual requirement over three years (to achieve 10%) State stabilization State Stabilization Annual requirement over three years (to achieve 10%) State stabilization State Stabilization Annual requirement over three years (to achieve 10%) State stabilization State Stabilization St	FY 04 Revenues (excl. carry forward balance)	\$58,863,384									
Annual requirement over three years (to achieve 10%) State Stabilization Annual requirement over three years (to achieve 10%) State Stabilization Actual State Stabilization State Stabilization Stabilization State Stabilization	Annual requirement over three years (minimum/a	alternative)	\$0		\$437,753		\$830,176		\$1,222,598		
Rate Stabilization Stabilization Stabilization Stabilization Annual requirement over three years (to achieve 10%) Duke michaes 4941.922 from Pros and 920,924 2.4% 3.768,114 6.3% Stabilization 1999 1999 2000 2001 2002 2003 2004 Revised Budget \$ 1.097,557 2.708 \$ 968,788 \$ 1.285,291 \$ 1.402,76 \$ 2.876,612 \$ 3.975,039 Sk of Revenue 2.4% 0.0% 1.9% 2.4% 2.6% 5.1% 5.0% 6.8% Notation \$ 1.955,028 \$ 977,139 \$ 1.285,029 \$ 1.402,76 \$ 2.828,075 \$ 2.976,612 \$ 3.975,039 Actual \$ 1.355,028 \$ 597,144 \$ 145,273 \$ 673,034 \$ 4.104,367 \$ 5.069,428 S torm/humonental accident Aubring apparents Storm 2.9% 1.2% 0.3% 1.3% 5.069,9428 S torm/humonental accident Aubring apparents Storm resulted in \$\$17,000 of reimbursable expenses \$ 406,699 \$ 588,043 \$ 588,043 S 588,043 \$ 0.0% Minimum/ % of Revenue \$ 1.0% \$ 580,643 \$ 0.0% \$ 0	Current policy is achieved;										
Annual requirement over three years (to achieve 10%) Due to the state stidl (022 from PX3 and 9310,504 The PX4 an	Insurance Deductible Reserve		\$733,919	1.2%	\$250,000	0.4%					
1998 1999 2000 2001 2002 2003 2004 Revised Budget \$ 1,097,557 \$ 2,708 \$ 968,786 \$1,289,291 \$1,420,770 \$2,828,075 \$2,876,612 \$3,975,036 Cost of revenues - Kraft Actual \$ 1,395,028 \$ 597,144 \$ 145,273 \$ 673,034 \$4,104,367 \$5,069,428 \$3,975,036 6.8% Revined Contingency Uses: Regulatory penaltices Statistic Contingency 1,2% 0.3% 1.3% 7.5% 8.8% 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 1.0% 1.0% Statial (1994 loc Storm resulted in \$517,000 of relmbursable expenses \$ 406,699 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 1.0% 1.0% Actual by FEMA until the following fiscal year.) \$ 580,643 1.0% 1.0% 1.0% 1.0% 1.0% 1.0% 1.0% Contractural services C	Rate Stabilization Annual requirement over three years (to achieve	from	e rebates: \$491,92 FY04 and \$910,8	2]			
Electric Revenue - Budget Balance Budget Balance Strong Revenue St									2004	1	Budget Balance Uses:
Budget \$ 1,097,557 \$ 2,708 \$ 968,788 \$1,289,291 \$1,420,770 \$2,828,075 \$2,876,612 \$3,975,036 % of Revenue 2.4% 0.0% 1.9% 2.4% 2.6% 5.1% 5.0% 6.8% Actual \$ 1,355,028 \$ 597,144 \$ 145,273 \$ 673,034 \$4,104,367 \$5,069,428 5.0% 6.8% Revenue 2.9% 1.2% 0.3% 1.3% 7.5% 8.8% Budget (1994 loe Storm resulted in \$517,000 of reimbursable expenses \$ 406,699 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ contractural services So of Revenue from FEMA; mostly contracted services. They were not reimbursable expenses \$ 406,699 \$ 598,043 \$ 598,043 \$ 598,043 \$ contractural services Actual k of Revenue 0.7% 1.0% 1.0% 1.0% \$ contractural services Actual k of Revenue Att. 1 Revenue Att. 3 Revenue S contractural services Example of uses: Emergency substation regains; Contractural services Depreciation Reserve \$ 10,000,000 17.0%	Electric Revenue - Budget Balance	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	2002	2003	<u>2004</u>	<u>Revised</u>		Timing of cash flows Loss of revenues - Kraft
Actual \$ 1,355,028 \$ 597,144 \$ 145,273 \$ 673,034 \$4,104,367 \$5,069,428 % of Revenue 2.9% 1.2% 0.3% 1.3% 7.5% 8.8% Electric - Contingency Budget (1994 los Storm resulted in \$517,000 of relmbursable expenses \$ 406,699 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 S 598,043 \$ 598,043 Contrilegency expenses Litigation/legal expenses Budget (1994 los Storm resulted in \$517,000 of relmbursable expenses \$ 406,699 \$ 598,043 \$ 598,043 \$ 598,043 \$ 598,043 \$ contractural services % of Revenue from FEMA; mostly contracted services. They were not reimbursed 0.7% 1.0% 1.0% 1.0% Actual by FEMA until the following fiscal year.) \$ 580,643 Example of uses: Emergency substation Minimum/ % of % of % of % of Emergency substation Depreciation Reserve \$ 10,000,000 * 17.0% [Current balance \$15,000,000 * 17.0% [Current balance \$13,13,132 Est. cost of substation replacement \$ 10,000,000 * 17.0% [Contingency balance to cover change Partial or complete Future Capacity Reserve \$ 10,000,000 * 17.0% [Contingency balance to cover change Partial or complete Current balance \$3,113,132 Est. cost of me general on (LM6000) \$ 10,000,000 \$ 17.0% </td <td>Budget % of Revenue</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Contingency Uses:</td>	Budget % of Revenue										Contingency Uses:
Budget % of Revenue (1994 lce Storm resulted in \$517,000 of reimbursable expenses % 406,699 \$ 598,043 \$ 598,04	Actual % of Revenue										Environmental accident
Actual \$ 580,643 1.0% 1.0% Actual \$ 580,643 1.0% 1.0% Improvement & Extension Fund Accounts Minimum/ Gurrent Revenue Alt. 1 % of Minimum/ % of State State Current balance \$15,000,000 17.0% Est. cost of substation replacement \$10,000,000 17.0% Current balance \$3,113,132 State Ext. cost of new generalon (LM6000) \$10,000,000 17.0% Contingency balance to cover change Partial or complete financing of major projects.	Electric - Contingency Budget % of Revenue	from FEMA; m	ostly contracte	d services. Th							Litigation/legal expense
Minimum/ % of Current % of Revenue % of Ait. 2 % of Revenue % of Ait. 3 Kample of uses: Emergency substation repairs; Current balance \$15,008,455 \$10,000,000 17.0% Transformers Transformers Transformers Partial or complete financing of major projects. Transformers	Actual % of Revenue	by FEMA until	the following fi	scal year.)							
Depreciation Reserve \$10,000,000 17.0% Current balance \$15,003,455 Est. cost of substation replacement \$10,000,000 17.0% Current balance \$3,113,132 Est. cost of new generation (LM6000) \$10,000,000 Contingency balance to cover change orders on projects.		Minimum/			% of		% of				
Depreciation Reserve \$10,000,000 17.0% repairs; Current balance \$15,008,455 Contingency balance \$15,000,000 Transformers Future Capacity Reserve \$10,000,000 17.0% Current balance \$11,132 Contingency balance to cover change orders on projects. Partial or complete financing of major projects.	Improvement & Extension Fund Accounts	Current	Revenue	<u>Ait. 2</u>	Revenue	<u>Alt, 3</u>	Revenue				
Euture Capacity Reserve \$ 10,000,000 17.0% Instantormers Current balance \$3,113,132 Est. cost of new generation (LM6000) \$10,000,000 /Contingency balance to cover change orders on projects. Partial or complete financing of major projects		8,455							repairs; Other equipr	nent failure:	9
/ proteis on projects.	Future Capacity Reserve	\$10,000,000	17.0%					chänge	Partial or cor financing of	nplete	
	Contingency - determined annually	\$-	0.0%	\$2,384,022	20.0%	¥ '	jecta.				·

ATTACHMENT #2

RESOLUTION TO APPROVE THE 2004 CDBG ACTION PLAN

WHEREAS, the City of Dover is entitled to \$326,000 through the United States Department of Housing and Urban Development's Community Development Block Grant Program; and

WHEREAS, the City of Dover has prepared the 2004 Community Development Block Grant Action Plan, in accordance with United States Department of Housing and Urban Development guidelines, that serves as the primary planning document for identifying and meeting the housing and community development needs for the low and moderate-income residents of Dover; and

WHEREAS, the City of Dover is in favor of utilizing the Community Development Block Grant funds for community development purposes in accordance with the National Community Development objectives of benefitting low and moderate income families, eliminating slums and blight, and meeting other community development objectives; and

WHEREAS, the United States Department of Housing and Urban Development required the City of Dover to submit Consolidated Plan, and an Action Plan for Application for Federal Assistance including the proposed use of funds and including certain certifications and policies to obtain its \$326,000 Entitlement and use of \$82,043 in program income for eligible activities; and

WHEREAS, the City of Dover has prepared the attached Application for Federal Assistance, and presented it at an advertised public hearing held on April 27, 2004.

NOW, THEREFORE, BE IT RESOLVED THAT THE MAYOR AND COUNCIL OF THE CITY OF DOVER approve the 2004 Community Development Block Grant Action Plan, and application for Federal Assistance included in the Action Plan along with certifications, and policies attached and authorize its forwarding to the United States Department of Urban Development for consideration.

ADOPTED: *