



**CITY OF NEWARK  
DELAWARE**

October 31, 2016

**TO:** Mayor and Members of Council

**VIA:** Carol S. Houck, City Manager 

**FROM:** Maureen Feeney Roser, Planning and Development Director 

**RE: PLANNING COMMISSION REVIEW OF THE 2017-2021 CAPITAL IMPROVEMENTS PROGRAM**

Attached please find the Planning Commission's positive recommendation regarding the 2017-2021 Capital Improvements Program (CIP).

During their meeting held on Tuesday, October 18, 2016, the Planning Commission reviewed the 2017-2021 CIP and had substantive questions and comments which, although detailed in the verbatim minutes of the meeting, merit the highlighting and discussion below. In some cases, CIP sheets have been changed as a result of these questions and comments. Specifically:

1. Some members of the Commission expressed interest in receiving the CIP information earlier in the development stage of the budget in order to be more helpful to the overall CIP process.

Response:

Staff can certainly share information about when the process begins and timeframes associated with it, as well as information about the total number of projects which are proposed and the associated requested funding. Staff can also, through the Planning and Development Department, request information on Capital projects the Commission would recommend for inclusion in the next budget. It will be difficult, however, to present the Capital Budget itself much earlier to the Commission, as many projects are still being considered and prioritized throughout the entire process, and up until the time the CIP is submitted to the Commission for consideration.

2. Some members of the Commission expressed interest in reducing the number of years covered by the Capital Improvements Program. In other words, the Commission indicated there may be some value in reducing the CIP from a five year program to a three year program, as it appears that the funding associated with the final two years of the program is not a real reflection of projects' costs, but rather an opportunity to list the projects in

the program and then fine tune them later. Some members of the Commission believe that it would be a more helpful and useful document were it limited to three years.

Response:

The City Manager will speak with Mayor and City Council to see if they would entertain fewer years in the CIP for next year's Capital Improvements Program prior to starting the planning process. It is important to note in this regard that a Charter change will be necessary to accommodate the suggestion. At this point, staff has already begun to research new budget presentations and formats which will be shared with Mayor and Council in advance of the 2018-2022 CIP budget process. A shorter timeframe for Capital Improvements Program can be discussed at that time.

3. The Commission expressed concern with funding fluctuating from year to year and expressed an interest in staff better leveling the CIP from year to year, as well as improved forecasting for available funding. As examples of the concern, two projects were referenced: W9308 and K1203. W9308 is the Water Main Replacement Program, which was budgeted as \$1 million in 2017, \$500,000 in 2018 and \$1 million in 2019, etc., so the amount was alternating annually with a \$500,000 difference and did not appear to the Commission to be for specific projects. The Commission suggested that they would rather see \$750,000 per year attached to specific projects rather than jumping up and down in funding levels. For K1203 (Old Paper Mill Road Park Improvements), it was noted it is budgeted at \$600,000 in 2018 and \$1.2 million in 2019.

Response:

In general, staff attempts to level out the CIP, but the City's high reliance on transfers from utilities to the general fund makes it difficult for departments to rely on revenues and is further complicated by pay-as-you-go financing. Staff acknowledges the comment and will be cognizant of it for future CIPs. The incorporation of debt financing with the capital plan would result in the leveling out of the City's immediate cash needs.

Regarding the specific projects noted, our reliance on cash financing requires Public Works and Water Resources Department to maintain a relatively consistent level of capital expenditures from year to year in order to stay within available funding limits. The Department has several large one-off projects that, without making annual modifications to the water main replacement project, would otherwise result in water rates that would vary considerably from year to year in order to meet annual revenue requirements. In addition, since funding for some of our projects are also reliant upon other funding sources (state, private, federal), our project schedule can be directly impacted by the availability of those funds.

With regard to K1203, which fluctuates from \$600,000 in 2018 to \$1.2 million in the next year, the fluctuation is due to the timing of the Old Paper Mill Park project as planning

and engineering needs to be done in one year and construction in the next.

4. The Commission noted that there was a substantial amount of money budgeted for vehicle replacements and questions were asked about the processes used to determine which vehicles are replaced.

Response:

Every year the vehicles that are up for replacement go through a thorough Fleet Maintenance Team review and a recommendation is made for which vehicles need to be replaced. All City vehicles have quarterly maintenance inspections and maintenance routines, and the fleet team tries to keep them as long as possible. The City practices vehicle sharing and often rotates vehicles from one department to another to maximize a vehicle's life expectancy. For example, the Parking Administrator is now driving a 2000 Crown Victoria which originally was a police vehicle, then used by a former City Manager, and eventually was transferred to the Parking Division for the Administrator's use.

5. The Commission asked about the City's GIS efforts, and in response, staff provided a status update which focused on the City's GIS master plan, demonstrated that the GIS effort is well underway, and specifically touched on the Electric and Public Works and Water Resources significant GIS strides, as well as proposed Operating Budget enhancements to assist the Planning and Development and Parks and Recreation Departments with their GIS needs. The conversation prompted the Commission to note that the City's GIS efforts should be more prominently called out in the Capital Improvements Program.

Response:

Staff agrees that we can do a better job of noting the successes of the GIS effort, and will do so in future budget presentations for this CIP, and subsequent years.

6. While not a CIP comment/question, based on the GIS information provided during the meeting, the Commission requested more detail related to calculations for sewer, water and other utility capacity as part of the Subdivision Advisory Committee comments in the Planning and Development Department report on potential developments.

Response:

The Planning and Development Department will work with Public Works and Water Resources and Electric Departments to include more detail in future Planning and Development Department reports on development proposals.

7. The Commission expressed the desire to have a better understanding of what constitutes a "need" versus a "want" in prioritizing budget projects. Specifically, there was concern

about deferring something that is actually a “need,” and Commissioners’ reasoning that if you can defer it, it’s a “want”, not a “need.”

Response:

Staff will review the budget sheets and priority verbiage to determine how to more formally address the difference between “needs” versus “wants” in the next CIP round. However, funding constraints and staffing oversight of projects will likely always require some level of prioritization to take place.

8. The Commission posed a question regarding legal compliance for the use of Iron Glen Park (K1501) as a leaf storage area when monies to purchase the park came from the Delaware Land and Water Conservation Trust, which indicates the property should be used as open space.

Response:

The City’s use of part of Iron Glen Park for leaf storage has been found by the Delaware Land and Water Conservation Trust to meet requirements and comply with the grant specifications. The City is not in violation of the grant because much of the park is open for passive recreational activities, and the Conservation Trust is aware that the City is working on a master plan to develop the site as a park, which may be passive or active recreational space. While the City is in compliance, staff recognizes that it is wise to revise the CIP sheet to make it clear to Council and the public that the Iron Glen Park project meets the stipulations of the Delaware Land and Water Conservation Trust funding. In 2017, there are plans to relocate the leaf storage to our former transfer station location. See attached the revised K1501 sheet. (A)

9. The Commission also expressed concern about H1702 regarding the Americans with Disabilities Act (ADA) and the fact that while the City is making progress in addressing the compliance issues, we were not addressing all non-compliant ramps immediately. The question was raised, if we are not immediately addressing all non-compliant ramps, are we still in compliance?

Response:

The City is in compliance as long as we have a plan, which we are also following, to address all non-compliant ADA ramps. Therefore, the City is in compliance even with non-compliant ramps, as long as there is a plan to fix them. Staff has revised the CIP sheet corresponding to this to state that the City is in compliance in order to assure Council and the public of compliance. With that noted, we share that significant progress has been made in bringing the City’s curb ramps into compliance with ADA Standards. As of October 4, 2016 there were 1763 ramps in Newark. Of those ramps 1,388 are now ADA compliant. In addition, this year’s construction includes 50 ramps and 40 more are

proposed for 2017. See attached the revised H1702 sheet. (B)

10. The Commission also had a question regarding Project N1603 George Wilson Center HVAC systems. Specifically, the Commission asked how the Planning and Development Department's Facilities Maintenance Team had determined that going to a central heating and air-conditioning system would be more efficient than the current situation, which are wall air-conditioning units in addition to heating units.

Response:

The Facilities Maintenance Team brought in several different contractors to discuss HVAC needs in the George Wilson Center, and all of them agreed that going to a combined single heat and air-conditioning system would greatly improve the building's HVAC efficiency as well as reduce overall heating and air-conditioning costs for the center. This outreach effort to determine the best way to proceed has been added to the corresponding CIP sheet. See revised N1603 sheet. (C)

11. A Commissioner asked what the Finance Dept. thought the City-wide reserve amount should be.

Response:

The Finance Department indicates that the policy is to have a 51 day reserve, but that recently for water, stormwater and sewer funds, our consultant Black and Veatch recommended up to a 60 day reserve. To determine an exact figure amount for the overall budget is difficult because the information is now available by fund only (for example the sewer reserves calculation is \$10 million ÷ 365 x 51) and staff has not calculated a total gross reserves number, which would involve all departments. Staff understands that the Commission believes that this information would be helpful to their review, and will work to provide it for the Commission in the future.

12. Finally, there was some interest from Commissioners regarding participating in a discussion about how the electrical system at STAR Campus will be funded when the item is moved into the CIP.

Response:

This comment is noted and will need to be addressed at the time system improvements are contemplated to serve STAR.

Following the presentation and discussion, the Commission unanimously recommended approval of the 2017-2021 Capital Improvements Program with the Commission's comments and recommendations as discussed above.

I hope that you find this information helpful. Should you have any questions or require further

information, please do not hesitate to let me know.

MFR/mv

Attachments



**CITY OF NEWARK, DELAWARE  
CAPITAL BUDGET - PROJECT DETAIL**

DEPARTMENT: Public Works and Water Resources		DIVISION: Streets	
PROJECT NO: H1702	PROJECT TITLE: ADA Accessibility Transition Plan	PROJECT LOCATION: Various Locations	
PROJECT STATUS (SELECT FROM DROP DOWN):			
PRIORITY: 1 - Highest Priority Level		Project underway and must be completed	
COMPREHENSIVE DEVELOPMENT PLANNING VISION ELEMENT:		Inclusive Community	

**Charter § 806.1(2) DESCRIPTION & JUSTIFICATION:**

The US Department of Justice per the ADA (American with Disabilities Act) requires incorporated communities to establish a transition plan to upgrade their public facilities to meet ADA accessibility standards. At the start of 2016 we had 1689 ramps in the City and 20 locations that are in need of ramps. Out of this total, 1347 were ADA compliant and 342 are non-compliant. This is down from the first year of the program when there were 1076 ramps out of compliance.

The 2016 ADA Accessibility Contract will address 51 of these non-compliant ramps, assuming favorable bid results that allow us to execute the entire proposed contract. That will leave 291 non compliant ramps by the end of 2016. Using last year's pricing of approximately \$2,800 per ramp and 3% inflation will require \$120,000 per year for the next eight years.

§ 806.1(3) SUMMARY OF PROJECT DATA		PROJECT COST BY CATEGORY		
First Year in Program	2009	CLASSIFICATION	ACCOUNT NUMBERS	AMOUNT
Est. Completion Date	2024	Labor		
Est. Useful Life (in years)	20	Other Contracts	1191196.9621	\$ 150,000
Est. Total Cost	1,920,000	Other Contracts	3063006.9760	\$ 450,000
Est. Spend @ 12/31 (if underway) <sup>1</sup>	960,000	Total Project Cost		\$ 600,000
Balance to be funded <sup>1</sup>	960,000	<sup>1</sup> For ongoing projects, we must estimate total spent since inception through current year to derive the balance to be funded thereafter.		
% Complete (if underway)	83%			

**PROJECT FINANCING BY PLAN YEAR**

§ 806.1(3) SOURCE OF FUNDS	PRIOR <sup>2</sup>	2017	2018	2019	2020	2021	TOTAL
CURRENT RESOURCES			90,000	90,000	90,000	90,000	360,000
CAPITAL RESERVES		90,000					90,000
EQUIPMENT REPLACEMENT							-
BOND ISSUES							-
GRANTS (Specify) CDBG		30,000	30,000	30,000	30,000	30,000	150,000
OTHER (Specify)							-
OTHER (Specify)							-
<b>TOTAL</b>		120,000	120,000	120,000	120,000	120,000	600,000

<sup>2</sup>"Prior" refers to that portion of project funding that was authorized in a prior year but which is not expected to be spent through 12/31 of the current year. Accordingly, Council is not required to authorize budget year funding for that portion, but that portion of the project will indeed represent a cash outflow in the budget year and/or "out years."

**§ 806.1(4) ESTIMATED ANNUAL COST OF OPERATING / MAINTAINING PROJECT OR ASSET**

OPERATING IMPACT	2017	2018	2019	2020	2021	TOTAL
INCREMENTAL COSTS (NET SAVINGS)						

Ⓟ



**CITY OF NEWARK, DELAWARE  
CAPITAL BUDGET - PROJECT DETAIL**

DEPARTMENT: Planning and Development	DIVISION: Facilities Management	
PROJECT NO: N1603	PROJECT TITLE: HVAC System Upgrades	PROJECT LOCATION: George Wilson Center

PROJECT STATUS (SELECT FROM DROP DOWN):

PRIORITY: 4 - Medium This project is a NEED and not a WANT, but no significant risk in the deferral of this item

COMPREHENSIVE DEVELOPMENT PLANNING VISION ELEMENT: Sustainable Community

**Charter § 806.1(2) DESCRIPTION & JUSTIFICATION:**

The existing HVAC system at the George Wilson Center utilizes electric baseboard heat and individual wall unit air conditioners. The air conditioners are old and leak, and need to be shut off at night to minimize damage from leakage. Facilities Management staff brought in several different HVAC contractors to assess the situation and all agree that upgrading to a combined single heat and air conditioning system will provide greatly improved efficiency and reduce overall heating and air conditioning costs for the Center, as well as improve the overall appearance of the building. Estimated costs include a combined heat and air conditioning system, (heat pump option at \$89,400), filling in 7 A/C holes currently cut into the building (\$5,480), and painting (\$2,000) and site work/trash disposal (\$2,000) which will be done in house.

It is anticipated that this upgrade will result in ongoing operational savings, which will be determined during a future CIP budget cycle.

**§ 806.1(3) SUMMARY OF PROJECT DATA**

**PROJECT COST BY CATEGORY**

First Year in Program	2016	CLASSIFICATION	ACCOUNT NUMBERS	AMOUNT
Est. Completion Date	2018	Labor	3063006.9621	\$ 2,500
Est. Useful Life (in years)	20	Materials	3063006.9621	\$ 1,500
Est. Total Cost	98,880	Other Contracts	3063006.9621	\$ 94,880
Est. Spend @ 12/31 (if underway) <sup>1</sup>		Total Project Cost		\$ 98,880
Balance to be funded <sup>1</sup>	98,880	<sup>1</sup> For ongoing projects, we must estimate total spent since inception through current year to derive the balance to be funded thereafter.		
% Complete (if underway)				

**PROJECT FINANCING BY PLAN YEAR**

§ 806.1(3) SOURCE OF FUNDS	PRIOR <sup>2</sup>	2017	2018	2019	2020	2021	TOTAL
CURRENT RESOURCES			98,880				98,880
CAPITAL RESERVES							-
EQUIPMENT REPLACEMENT							-
BOND ISSUES							-
GRANTS (Specify)							-
OTHER (Specify)							-
OTHER (Specify)							-
<b>TOTAL</b>			98,880				98,880

<sup>2</sup>"Prior" refers to that portion of project funding that was authorized in a prior year but which is not expected to be spent through 12/31 of the current year. Accordingly, Council is not required to authorize budget year funding for that portion, but that portion of the project will indeed represent a cash outflow in the budget year and/or "out" years."

**§ 806.1(4) ESTIMATED ANNUAL COST OF OPERATING / MAINTAINING PROJECT OR ASSET**

OPERATING IMPACT	2017	2018	2019	2020	2021	TOTAL
INCREMENTAL COSTS (NET SAVINGS)				TBD	TBD	-





**CITY OF NEWARK  
DELAWARE**

October 19, 2016

**TO:** Mayor and Members of Council  
**FROM:** Maureen Feeney Roser, Planning and Development Director  
**RE:** **2017 - 2021 CAPITAL IMPROVEMENTS PROGRAM**

At their meeting on October 18, 2016, the Planning Commission took the following action:

MOTION BY HURD, SECONDED BY MCINTOSH, THAT THE PLANNING COMMISSION MAKE THE FOLLOWING RECOMMENDATION TO CITY COUNCIL:

**THAT CITY COUNCIL APPROVE THE 2017 - 2021 CAPITAL IMPROVEMENTS PROGRAM WITH THE COMMENTS AND RECOMMENDATIONS AS PROPOSED BY THE COMMISSION.**

VOTE: 5-0

AYE: FIRESTONE, HURD, MCINTOSH, SILVERMAN, STOZEK

NAY: NONE

ABSENT: CRONIN, DISTRICT 3 (VACANT)

MOTION PASSED UNANIMOUSLY

MFR/mv