

**CITY OF NEWARK
DELAWARE**

COUNCIL MEETING MINUTES

September 26, 2011

Those present at 7:00 pm:

Presiding: Mayor Vance A. Funk, III
District 1, Mark Morehead
District 2, Jerry Clifton
District 3, Doug Tuttle
District 4, David J. Athey
District 5, Ezra J. Temko
District 6, A. Stuart Markham

Staff Members: City Manager Kyle Sonnenberg
City Secretary Patricia Fogg
City Solicitor Bruce Herron
Finance Director Dennis McFarland
Planning & Development Director Roy Lopata
Assistant to the City Manager Carol Houck
Assistant to the City Manager Charles Zusag

1. The regular Council meeting began with a moment of silent meditation and pledge to the flag.

2. MOTION BY MR. CLIFTON, SECONDED BY MR. MOREHEAD: THAT THE CONSENT AGENDA BE AMENDED BY ADDING ITEM 2-B, ALDERMAN'S REPORT – SEPTEMBER 22, 2011, AND ADDING TO THE AGENDA ITEM 4 (FINANCIAL STATEMENT) REPORT ENDING AUGUST 31, 2011.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

3. **PROCLAMATION – OCTOBER DIVERSITY AWARENESS MONTH**

00:51

Mr. Temko read the proclamation recognizing the importance of diversity in the City which was unanimously endorsed by Council.

4. **1. ITEMS NOT ON PUBLISHED AGENDA**

A. Public

02:15

Representative John Kowalko, a Newark resident, expressed the frustration of his neighbors regarding issues with water discoloration during the last six weeks. He thanked Water Department staff for their efforts in working towards a solution with this problem.

5. Catherine Ciferni, a Newark resident, noted the recycle bins have been painted blue and she hoped an aggressive PR campaign would be initiated so the bins would be effectively utilized. Ms. Ciferni also reported that a planning meeting to discuss a prescription drug drop off event was scheduled for 9/28/11 at the Fox Run Division of Disability Services, 25 Wrangler Hill Road, Bear. The meeting was open to interested community members and she encouraged a City staff member to attend the meeting. She hoped the prescription drug drop off planned for October could be scheduled in Newark.

6. 1-B. UNIVERSITY

07:50

1. Administration – Rick Armitage discussed the future of the Town & Gown Committee with University Administration and their feeling was this decision must really be with Council, and they did not want to unduly influence Council in any way. If Council decided they wanted the Committee to continue, the University would continue to participate. They agreed with comments regarding the excellent level of communication between the City and the University at this time, and they were committed to making that continue. Mr. Temko asked whether President Harker would be willing to attend Town & Gown Committee meetings. Mr. Armitage thought it would be difficult for his schedule to allow him to participate.

Mr. Armitage advised that the University has requested Council to revisit the subdivision restrictions placed on the Courtyard Marriott hotel. The hotel would like to include a 12-seat bar in the lobby which will be renovated in the fall. This request will be discussed at the next Council meeting, and Mr. Bill Sullivan will be available to answer questions at that time.

7. 1-B-2. STUDENT BODY REPRESENTATIVE

There were no comments forthcoming.

8. 1-C. COUNCIL MEMBERS

10:17

- Messrs. Temko, Markham Athey, Clifton and Funk complimented the success of Community Day and the Taste of Newark.

9. Mr. Temko

- Regarding the Conservation Advisory Commission memo recommending green energy purchases, Mr. Temko asked when this might come to Council for consideration. Mr. McFarland said if Council concurred with the recommendation, staff would present it at the next meeting. The cost would be \$200,000. Mr. Markham asked how this would work in light of DEMEC's announcement of their land wind deal. Mr. McFarland replied that the land wind farm project entered into by DEMEC would contribute to the City's renewable portion of its portfolio. The portfolio would increase over time as DEMEC added other renewable projects. He added that the CAC's recommendation was a continuation of action taken by Council several years ago where the City would go above and beyond what might otherwise be in DEMEC's portfolio.

10. Mr. Tuttle

- Mr. Tuttle advised he attended the Delaware League of Local Government's dinner meeting on 9/25 where NPD Police Chief Paul Tiernan was recognized by the League as the Chief of the Year.

11. Mr. Markham

- Mr. Markham encouraged someone from staff to attend the prescription drug drop off meeting, and Mr. Sonnenberg agreed to insure that the City was represented.

- Mr. Markham announced the Main Street Mile was scheduled for 10/1 and said there was a walking portion as well. This event supports the Newark Police Department K9 unit.

12. Mr. Athey

- Mr. Athey noted the passing of Newark resident John Sinclair who was the Newark City Solicitor for a number of years and an area legislator.

13. Mr. Clifton

- In reference to the prescription drug drop off, Mr. Clifton suggested the Newark Senior Center as a more accessible location for the event. Mr. Funk will approach the Senior Center with the idea.
- Mr. Clifton thought the recognition of Chief Tiernan by the Delaware League of Local Governments was a great event.
- Mr. Clifton asked if the City was fined by DNREC for not getting permits for one of the wells. Mr. Sonnenberg reported the contracted well driller did not get the permit he needed before he started drilling. The City has been working with DNREC on that and assisting them in their investigation of the well driller.

14. 2. APPROVAL OF CONSENT AGENDA

- A. Approval of Regular Council Meeting Minutes – September 12, 2011
- B. Receipt of Alderman’s Report – September 2 & September 22, 2011
- C. ***First Reading - Bill 11-21 – An Ordinance Amending Chapter 20, Motor Vehicles and Traffic, Code of the City of Newark, Delaware, By Requiring Tow Operators to Photograph a Vehicle Prior to Being Towed and to Inform Person Claiming a Towed Vehicle of His/Her Right to Inspect Vehicle – 2nd Reading October 10, 2011***
- D. Resignation of Ann Morrison from the Conservation Advisory Commission

19:40

Ms. Fogg read the Consent Agenda in its entirety.

MOTION BY MR. CLIFTON, SECONDED BY MR. TUTTLE: THAT THE CONSENT AGENDA BE APPROVED AS SUBMITTED.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

15. 3. ITEMS NOT FINISHED AT PREVIOUS MEETING

- A. **Bill 11-11 – An Ordinance to Adopt Revisions to the Amended Pension Plan for Certain Employees of the City of Newark, Delaware, to Comply with State of Delaware Law Recognizing Civil Unions Effective January 1, 2012 (TABLED AUGUST 8, 2012)(PUBLIC HEARING)**

20:32

MOTION BY MR. TUTTLE, SECONDED BY MR. TEMKO: THAT BILL 11-11 BE LIFTED FROM THE TABLE AND THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF THE BILL.

The Chair opened the discussion to the public. There being no comments forthcoming, the discussion was returned to the table.

Mr. Markham confirmed that the word “marriage” was amended to read “civil union” to conform to the State law.

Question on the Motion was called.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

(ORDINANCE NO. 11-15)

16. 4. FINANCIAL STATEMENT

21:52

Mr. McFarland reviewed the August 2011 Financial Report which showed results on a consolidated basis of roughly \$700,000 above budget for the first eight months. The major change from the July report was timing differences within the Enterprise Funds, particularly the Water and Sewer fund.

The operating deficit for the Governmental Funds was \$6.3 million or \$1.2 million less than the budgeted deficit. Revenues were about \$800,000 over budget. The primary components of this positive variance were higher permit revenues of \$362,000, higher fine revenues of \$124,000 and higher miscellaneous revenues of \$164,000. The permit revenues as reported previously were due to a large building permit for the expansion of the Carpenter Center on campus. There was a slight positive variance with property tax revenues based on a timing difference. Most other Revenue categories were close to budget. Operating expenses were \$428,000 under budget from timing differences with personnel costs where pay periods varied from budgeted payroll expenses. It was expected by year end to be close to budget with the Operating expenses. The forecast for the end of the year for the Governmental Funds would be a slight positive variance.

On a consolidated basis the Enterprise Funds were about \$448,000 under budget. Sewer Funds were under about \$460,000 and Water was under by \$260,000. These negative variances were partially offset by higher parking lot revenues. In this instance the negative variances were timing variances having to do with the City's billing and when we are billed by the County and should zero out by year end. The Electric utility was on budget as a result of deferred accounting. Currently there was a \$2.8 million liability on the balance sheet reflecting the over collections in the Electric utility year to date. Operating expenses were about \$150,000 over budget, largely due to contractual payments.

The cash balance at the end of the month was \$22.4 million, an increase of \$3.4 million from the beginning of the year reflecting the positive operating results as well as the over collection in the Electric utility.

Regarding Water and Sewer, Mr. Markham asked if the wetter-than-average August was responsible for the change there. Mr. McFarland responded it was more timing differences as precipitation through August was close to normal and the first part of September was when the rains came.

Mr. Markham asked if property taxes trickled in and then spiked at the end of the month or came in at a fairly steady pace. Mr. McFarland said after the bills were issued they came in at a fairly good level, but the bulk of the revenues were received in the last two weeks of September.

MOTION BY MR. ATHEY, SECONDED BY MR. MARKHAM: THAT THE AUGUST 2011 FINANCIAL REPORT BE RECEIVED.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

17. 5. RECOMMENDATIONS ON CONTRACTS & BIDS:

A. Recommendation to Complete Lime Silo Delivery System Modifications at the Newark Water Treatment Plant

26:52

Ms. Houck reviewed her memo dated 9/19/11 wherein she recommended the upgrade of the City's lime transmission system at the Water Treatment Plant. The project's major cost related to the purchase of components and parts to

make up the retrofit. For this reason the purchase of Schick components and start-up assistance from their technician were sole-source purchases. Funds were available from the Capital project totaling \$29,096.

MOTION BY MR. CLIFTON, SECONDED BY MR. MARKHAM: TO AUTHORIZE THE PURCHASE OF SCHICK USA SYSTEM COMPONENTS AND THE CONTRACTING OF A SCHICK USA TECHNICIAN TO UPGRADE THE NEWARK WATER TREATMENT PLANT LIME SILO DELIVERY SYSTEM AT A TOTAL COST OF \$29,096.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

18. 6. ORDINANCES FOR SECOND READING & PUBLIC HEARING:

A. Bill 11-19 - An Ordinance Amending Chapter 20, Motor Vehicles and Traffic, Code of the City of Newark, Delaware, Schedule X, Parking Meter Zones, By Adding Municipal Lot #6

27:53

Ms. Fogg read Bill 11-19 by title only.

MOTION BY MR. TUTTLE, SECONDED BY MR. ATHEY: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL 11-19.

Mr. Funk said this new lot was located behind Barnes & Noble.

The Chair opened the discussion to the public. There being no comments forthcoming, the discussion was returned to the table.

Mr. Funk was asked if customers would pay at the same rate charged in a regular parking lot of \$1.00/hour. Mr. Lopata confirmed it would be at the meter rate. Mr. Sonnenberg added that all City parking lots would utilize the same signage as Lot #6 which featured a new logo and was more visible.

Question on the Motion was called.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

(ORDINANCE NO. 11-16)

19. 6-B. BILL 11-20 - AN ORDINANCE AMENDING CHAPTER 20, MOTOR VEHICLES AND TRAFFIC, CODE OF THE CITY OF NEWARK, DELAWARE, BY BRINGING THE CODE INTO COMPLIANCE WITH AMENDMENTS TO STATE DUI LAW REGARDING SECOND OFFENSE DUI'S

30:01

Ms. Fogg read Bill 11-20 by title only.

MOTION BY MR. CLIFTON, SECONDED BY MR. ATHEY: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL 11-20.

Mr. Funk confirmed this bill was to make the Code consistent with the State law.

The Chair opened the discussion to the public. There being no comments forthcoming, the discussion was returned to the table.

Question on the Motion was called.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

(ORDINANCE NO. 11-17)

- 20. 6-C. BILL 11-16 – AN ORDINANCE AMENDING THE ZONING MAP OF THE CITY OF NEWARK, DELAWARE, BY REZONING FROM AC (ADULT COMMUNITY) TO RR (ROW AND TOWNHOUSE) A 6.14 ACRE PARCEL OF LAND AND FROM AC (ADULT COMMUNITY) TO RD (SINGLE FAMILY, SEMI-DETACHED) A 8.45 ACRE PARCEL OF LAND LOCATED ON THE WEST SIDE OF CASHO MILL ROAD, SOUTH OF THE CSX RAILROAD RIGHT-OF-WAY AND EAST OF THE CHRISTINA CREEK (THE WILSON FARM)**
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30:47

Ms. Fogg read Bill 11-16 by title only.

(Note: The public hearing for Bill 11-16 and for the re-subdivision (Item 7-A) for this property was held under Item #18.)

MOTION BY MR. CLIFTON, SECONDED BY MR. MARKHAM: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL 11-16.

Jeff Lang, property developer, was accompanied by Joe Charma, Engineer, Chris Locke, and Greg Lingo of Cornell Builders (partner on the project). He reiterated the fact that the subdivision originally approved for this site was an 86-adult condominium subdivision but unfortunately the market conditions have not allowed him to build that project. He would now like to build 18-single-family dwellings and 63 townhouses at the site, thereby requiring a rezoning of the property and re-subdivision. Mr. Lang was confident the proposal would be successful in today's market.

Mr. Clifton commented that there was a deed restriction of no more than two unrelated tenants noted in the resolution and questioned whether it was also included in the agreement. He was assured that the restriction was included in both the agreement and the resolution and the deed restrictions would be recorded with New Castle County Recorder of Deeds.

Mr. Athey asked if there would be a left turn from Casho Mill Road to Elkton Road when the construction on Elkton Road was completed and was told that was correct.

The Chair opened the discussion to the public. There being no comments forthcoming, the discussion was returned to the table.

Mr. Athey questioned whether there would be more traffic on Casho Mill Road backed up to the underpass with the addition of this development. He also questioned if a traffic analysis was done for this project. Mr. Lopata said that an analysis was done by DelDOT. He acknowledged there would be more traffic than what was there now and reminded Council that they had previously approved a subdivision for this site. Mr. Athey noted that there was a theory that an age-restricted community would have a lesser traffic impact (or lesser peak traffic) because retired people don't get up and go to work every day. However, he was satisfied since an analysis was completed by DelDOT.

Mr. Markham pointed out that this would be a residential community and Mr. Funk added that with the addition of Bloom there would be a lot of families moving to the area from California looking for new homes. Mr. Markham asked if they should be looking at certain facades to which Mr. Funk pointed out that

Council should not get involved with regulating facades in residential communities.

Mr. Markham asked if the developer would consider putting in meters that could be read remotely from one location. He was advised that the meters used would be read remotely by a drive-by. The City did not have the infrastructure to read meters from a central location.

Mr. Clifton compared this request to the recent rezoning Council approved for Twin Lakes which has proven to be quite successful. He thought the rezoning for this site made sense and he agreed completely with the deed restriction that would encourage owner-occupancy and families. He did not believe the number of homes would have a negative impact and thought it was a win-win situation for everyone. Therefore, he planned on supporting the rezoning and the re-subdivision.

Mr. Athey said he has never been very comfortable with allowing a developer to come back after a development has been approved and in the past he has voted against situations of that type. However, he supported the rezoning in this case noting the current housing market, and he did not feel approving the rezoning set any precedent. With BRAC and Bloom creating the need for a decent housing stock and a developer with a great track record of providing that, he would support the rezoning and the re-subdivision.

Mr. Morehead pointed out that the original subdivision was approved before he was on Council. He saw the rezoning and the project as positive other than the traffic that would be generated and would therefore support the rezoning and the re-subdivision.

Mr. Markham said he would support the rezoning and the re-subdivision. He was happy to see single-family homes and though there was a need for this type of housing with BRAC and Bloom coming to the area.

Mr. Tuttle pointed out that this site was in his district. He was pleased to see the new project come forward since the site has been sitting vacant and the original project was approved four years ago. He was happy to see a plan for new construction for single-family homes which would be an enhancement to the area. It was an appropriate rezoning. In terms of the traffic, since this project would be on the right side of the underpass and since most folks would come out of the development and go to Elkton Road to go to work and turn in to go home before they got to the underpass, it would not burden the underpass as much as if it was on the other side of the tracks. He concluded by saying he would support the rezoning and the re-subdivision.

Mr. Temko thought the rezoning conformed to the City's Comprehensive Plan and would not have a negative impact. He thought the townhouses had a nice architectural diversity in terms of their façade. He concluded by saying he planned to support the rezoning and the re-subdivision.

Mr. Funk thought it was a win-win situation for the City. He thought the proposed project would succeed especially with the new development that would be occurring at the Chrysler site that would result in families looking for new homes and perhaps eventually biking to work.

Mr. Funk questioned whether the City should consider in the future abandoning the AC rule in the Code requiring everyone to be over the age of 55. He claimed there were many people not happy that the City of Newark was the only place in the State of Delaware that had that restriction. He claimed that did not follow the Federal law.

Mr. Clifton said from his experience with Fountainview, and the fact that Council had to grandfather a few units that were sold to people under the age of

55 in Fountainview, he supported the 100% 55 or older age requirement. He referred to a Supreme Court case in 1996 that allowed state, county and municipal governments to reduce or eliminate the 20% (under 55) that Mr. Funk referred to. He believed if a developer could sell 80% of its units to people over 55, they should be able to sell 100% of the units to that age group.

There were no further comments.

Question on the Motion was called.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

(ORDINANCE NO. 11-18)

21. 7. PLANNING COMMISSION/DEPARTMENT RECOMMENDATIONS:

- A.** Request of Wilson Farm Associates, LCC for Re-Subdivision Approval for the Land Located on the West Side of Casho Mill Road, South of the CSX Railroad Right-of-way and East of the Christina Creek, To Replace the Previously Approved 86-Adult Condominium Subdivision Plan with a Fee Simple Single Family and Townhouse Development Consisting of 18 Single-Family Dwellings and 63 Townhouses to be Known as the Wilson Farm ***(Resolution and Agreement Presented) - See Items 6-C***

(Note: The public hearing for Bill 11-16 and the re-subdivision for this property was held under Item #18.)

MOTION BY MR. TUTTLE, SECONDED BY MR. MARKHAM: THAT THE RESOLUTION AND AGREEMENT BE APPROVED AS PRESENTED.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

(RESOLUTION NO. 11- K)

22. 8. ITEMS SUBMITTED FOR PUBLISHED AGENDA

- A.** Council Members:
1. Discussion re Apartment Density in BB Zoning

53:29

The purpose of this discussion was to determine an appropriate density in BB zoning. This was discussed at the August Workshop, but Council felt another discussion was needed. The Planning Commission would be considering a proposed amendment at a future meeting and Council wanted to suggest a reduced density for the Commission to consider.

Mr. Clifton said when reducing the density was discussed at the Council workshop it was suggested making it compatible to another zoning classification – reducing 145 units per acre to 16 units per acre. He felt that recently approved developments downtown seemed to be so dense, had a negative impact on parking, and the 145 units per acre only encouraged more density in the downtown area. He understood the density should be downtown but felt the City has hit a point where some developments were too dense. The current density, he believed, encouraged a type of unit that may not be convertible or attractive to something other than a student population downtown. He understood there was a potential for some developments downtown that could sustain a larger density as you get to the periphery of Main Street. He reiterated that what was built downtown needed to be compatible to something other than students.

Mr. Temko thought most of the dense projects that have been approved downtown were not by right approved projects; rather Council had some discretion over the approval process. He did not believe any project had come close to the 145 units per acre that was permitted. Many of his friends who are young professionals live in the redevelopment areas of downtown Wilmington and they are high density projects. Therefore, he did not equate density with meaning student projects.

Mr. Markham saw no reason to have a density of 145 units per acre, and he was not ready to reduce the density to 16. He has heard that graduate students don't like the same type of housing as undergraduate students, but he wasn't sure housing for graduate students would be the same as what a single-family home would provide or for a couple who wanted a condo. If there was any change, he thought it should be structured to expand the different kinds of housing and not the mega projects that were packing students in downtown. He was conflicted with putting the students downtown and creating a parking issue, but having the students downtown was a built in population for the businesses. He would like to find a balance where they were encouraging different types of buildings downtown without making too drastic of a change.

Mr. Tuttle referred to the fact that there are other college towns that don't look at density in terms of dwelling units – rather they look at it in terms of bedrooms. If the City were to limit downtown development to 16 units per acre, they would all be four-bedroom units because that would be the only thing economically feasible to developers. He pointed out that something other than four-bedroom units was needed because there were graduate students and others who would like to live in a one or two bedroom unit downtown. He suggested looking at a different way of how the City tracked density downtown.

Mr. Funk interjected that ultimately if a development got converted into condominiums the two bedroom units would be what people would want to buy, not the four bedroom unit. He had hoped staff would come back with some suggestions on how to modify the density and thought that was why this item was back on the agenda.

Mr. Morehead said he asked for this item to be placed on the agenda because he heard staff was proposing 16 units per acre to the Planning Commission. Mr. Lopata interjected that what he heard at the Council Workshop was 16 units and that was where the discussion would begin with the Planning Commission. Mr. Lopata said they could certainly discuss addressing the number of bedrooms per unit.

Mr. Morehead said he did not support counting the units because the rental rules were extremely different from the single family rules.

Mr. Athey said he has always struggled with the fact that the number of parking spaces was based on per unit and he never liked that logic. He agreed that if there was going to be high density to have it downtown but then there was always the parking issue. A developer shared with him after the August Workshop if the City started taking away density, they could start seeing lesser quality projects. He liked that there was quality development and if they started tinkering with the density that may result in unintended consequences. He asked if the City could regulate a moratorium on four bedroom apartments and attack that problem and not just look at the density with the hope that it resulted in the solution they were looking for.

Mr. Lopata said he will look into the number of bedrooms and sizes, and perhaps regulate just by total occupancy or by requiring a certain number of units to be one bedroom, etc. He thought there were various ways to regulate this but warned Council they were somewhat in uncharted waters. The Zoning Code says if you have a unit you are required "x" number of parking spaces; if you have a restaurant, the parking is based on the number of seats, etc. He was

happy to explore the ideas that were brought up this evening and take them to the Planning Commission and then back to Council.

Mr. Athey encouraged staff to look at other ideas before making any change to the density. Mr. Funk agreed and added that he thought parking should be based on square footage, not on units.

Mr. Temko asked for clarification as to where the number of 16 units came from, and Mr. Lopata explained that at the Council Workshop he said 16 units were the same for garden apartments and it would make the two equal. Mr. Lopata added that he took two messages from the Council Workshop from the Council Members who articulated. One, there was a need to reduce the density downtown substantially; and two, there was concern about the proliferation of apartments in general. He noted, however, that was not articulated by every member of Council so he was glad to have this discussion. Now he understood Council wanted him to look at how the City calculated density downtown. He urged Council not to try and do that city-wide and to stay with just BB zoning.

The Chair opened the discussion to the public.

Jeff Lang, developer, said that he basically looks at the economics of how a project works. He noted that he has 200 apartments with three one-bedroom apartments and there was a need for more one-bedroom apartments and he has a lot of people looking for them downtown. Those people ultimately move to Christina Mills or to Wilmington. Smaller units should require less parking and he would support that kind of change.

Mr. Clifton thought a 30 one-bedroom project versus 12 three-bedroom projects should not require the same number of parking spaces so he encouraged looking at the parking and perhaps density bonuses for certain types of projects. Mr. Lang added that you could have a lower density based on the type of units.

Mr. Lopata cautioned Council about changing the parking requirements since they lead to parking waivers and parking waivers generated revenue to help fund parking projects downtown. He would prefer looking at the off-street parking requirement in another context. He reminded Council that they just raised the parking waiver fees.

Mr. Clifton pointed out that the proposed More parking deck was \$3.4 million and asked where has the parking waiver fees been used. Mr. Lopata said the money was used for Parking Lot #5.

Mr. Athey thought they all agreed there was weakness in the way they were accounting for parking, but if that was how they were funding parking improvements, maybe they should be looking at how they fund the parking improvements. Mr. Lopata thought that was a subject for another day.

Chris Locke, developer, suggested forming an adhoc committee that included local developers to review the best way to come up with a solution. Mr. Lopata said he planned to talk to the local developers and he would be happy to work with everybody who was interested, but he did not think an adhoc committee was needed.

There were no further comments.

23. 9. SPECIAL DEPARTMENTAL REPORTS:

A. Special Reports from Manager & Staff:

- 1. Recommendation to Adopt an Investment Policy Statement for the City's Retiree Health and Life Insurance Trust**

1:19

MOTION BY MR. ATHEY, SECONDED BY MR. CLIFTON: TO ADOPT THE INVESTMENT POLICY STATEMENT FOR THE CITY'S RETIREE HEALTH AND LIFE INSURANCE TRUST AS RECOMMENDED IN MR. ZUSAG'S MEMO DATED AUGUST 24, 2011.

Mr. Zusag said during the past year when an actuary was hired to do a bi-annual evaluation of the City's retiree health insurance plan it became obvious that it was necessary to reallocate investments. Currently they were invested in some extremely safe investment vehicles which return less than 1% annually. The actuary advised that the City's contribution would have to be much higher in order to provide the necessary funding for the plan unless those funds were reallocated into different assets. This was discussed with Glenn Harris, the City's financial advisor from Russell Investment Group and it was decided to adopt the same investment policy statement and asset allocation for the retiree health insurance plan used for the retirement pension plan.

Council was being asked to adopt the investment policy statement for the retiree health insurance program that was identical to that used for the pension plan.

Mr. Markham asked how often the funds were being reviewed based on market conditions. Also, since the amount that Russell would manage was increasing, he questioned whether this would get to a threshold where the City might get a higher discount on the fees.

In regard to Mr. Markham's question about asset allocation in the current environment, Mr. Harris said the pension plan and the OPEB plan should be considered as long-term investment vehicles. Also, Russell was looking at the investments on a daily basis and had an added layer of diversification so even though funds were being used for the pension plan, they had another level of diversification where a number of money managers were used.

Regarding the City's fees, Mr. Harris said Russell has always monitored fees and some of the discussions over time were how to manage the pension plan to reduce costs when possible. They have explored some opportunities and considered some indexing on large cap equities and that was done several months ago which dropped fees on average 75 basis points down to 10 which freed up fees to invest other asset classes. In recognition of adding or contributing monies to Russell to fund the OPEB program, that does not mean they are not willing to negotiate on fees.

In response to Mr. Clifton's question about real estate investments, Mr. Harris said the fund the City invested in at an 8% allocation had roughly 2,000 underlying properties spread out across the U.S., and money was allocated to some of the largest actively managed private real estate firms that manage these types of portfolios.

Question on the Motion was called.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

24. 9-A-2. RECOMMENDATION TO REVISE THE INVESTMENT POLICY STATEMENT FOR THE CITY'S PENSION PLAN

1:21

Mr. Zusag reported that one of the indexes by which the performance of the bond funds was measured was updated, and this was a minor technical change.

MOTION BY MR. TUTTLE, SECONDED BY MR. CLIFTON: THAT THE AMENDED INVESTMENT POLICY STATEMENT FOR THE PENSION PLAN BE ADOPTED AS RECOMMENDED IN MR. ZUSAG'S MEMO DATED AUGUST 4, 2011.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

25. 9-B. REQUEST FOR EXECUTIVE SESSION RE LABOR NEGOTIATIONS

1:30

Council entered into Executive Session at 8:30 p.m. and returned to the table at 8:45 p.m.

MOTION BY MR. CLIFTON, SECONDED BY MR. MOREHEAD: THAT COUNCIL APPROVE THE TENTATIVE CONTRACT AS PRESENTED BY AFSCME.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

Aye – Athey, Clifton, Funk, Markham, Morehead, Temko, Tuttle.
Nay – 0.

26. Meeting adjourned at 8:46 pm.

Patricia M. Fogg, CMC
City Secretary

/av