

**CITY OF NEWARK
DELAWARE**

COUNCIL MEETING MINUTES

August 13, 2012

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, Luke Chapman
District 6, A. Stuart Markham

Staff Members: Interim City Manager Carol Houck
City Secretary Patricia Fogg
Deputy City Solicitor Paul Bilodeau
Electric Director Rick Vitelli
Finance Director Robert Uyttebroek
Police Chief Paul Tiernan
Public Works Director Rich Lapointe
System Support Specialist John Herring
Water & Wastewater Director Roy Simonson

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

2. **PRESENTATION OF PUBLIC HEARING OF 2013-2017 CAPITAL BUDGET**

00:41

Ms. Houck presented the 2013-2017 Capital Improvement Program. The program was presented to the Planning Commission and approved in June and consisted of the following expenditures:

Electric Fund	\$ 6,986,500
Water Fund	\$ 8,541,800
Sewer Fund	\$ 2,250,000
Public Works (General) Fund	\$13,294,000
Public Works (Maint.) Fund	\$ 278,000
Police Dept.	\$ 952,600
Parks & Recreation Dept.	\$ 5,014,000
Parking Fund	\$ 3,888,110
Other Departments	\$ 643,000
TOTAL	\$41,848,010

Ms. Houck believed in the near term the City should focus heavily on spending levels in relationship to stagnant or reduced revenues and on staffing and department make up. She stated that in the next five years there was a potential for turnover of all senior staff. She saw a need to focus on greater efficiencies for equipment, personnel, personnel deployment and provision of services.

Ms. Houck detailed the goals of the CIP which were to improve the City's physical framework.

The CIP Program Comparison for the General Fund departments (non-utility) showed an additional \$648,000 spent in 2012 primarily due to the replacement of some larger equipment. This would be funded with vehicle replacement funding, grants and donations and the balance from current resources.

The CIP Program Comparison for the Enterprise Fund departments (Utilities and Parking) showed 57.8% or \$2.4 million less spent in 2012 based on not moving forward with the parking deck project. Funding was through vehicle replacement as well as from current resources.

The Internal Service department comparison related to maintenance of or improvement to structures and shop vehicles. In 2013, \$17,000 more would be spent than in 2012. The comprehensive CIP for 2013 represented just under a 28% decrease from the 2012 program or \$6.8 million, largely due to the removal of the parking deck.

Funding sources for the overall 2013 CIP would come from vehicle replacement funds, grants and donations and current resources.

In the total 2013–2017 CIP (gross capital expenditures by department), Public Works was the biggest portion, driven by the streets program and equipment replacement. Public Works represented a little more than one third of the 2013 Capital program. Combined utilities made up the next largest portion and with Sewer added in, were about one third of the CIP. The third largest group was Parks & Recreation and represented funding needs of the Curtis Paper Mill project.

Significant projects for 2013:

- Annual street program - \$1.3 million
- Curtis Mill Park funding - \$802,000
- Water main reservation - \$500,000
- Water tank maintenance - \$450,000
- Fleet vehicle replacement funding included a bucket truck - \$210,000, one man packer - \$258,000, and swap loader - \$230,000
- Repairs to concrete tank on Paper Mill Road - \$227,500 of 2013 funds for the tank with reserves and prior year reserves of \$173,000 totaling \$400,000

Significant Initiatives for 2013:

- Former Chrysler site substation upgrades – initial work for progress expected at the UD STAR campus (more funding needed in 2014)
- Cherry Hill Manor Service Road – estimated at \$350,000 – a public/private effort with 50% cost share between homeowners and Newark; CSX committed to clean up the alley at the rear of the property and trim vegetation along the fence
- Tree pit replacement - \$100,000
- Building security improvements - \$45,000 to secure office areas for after-hour meetings
- Card access, key retrofit - \$105,000 – with administrative capabilities, controlled access and recordings of access – ID program was recently instituted and badges (with attached wafer) would open doors
- Vehicle GPS - \$30,000 would allow better understanding and utilization of the fleet

Significant Projects for 2014 – 2017:

- Former Chrysler substation upgrades
- New unit substation - \$1.7 million in 2015 will address anticipated increase to loads

- Scada and automatic switching multi-year project to add to all substations would solve problems sooner, reduce outage time and provided the opportunity for circuit switching
- Raceway improvement/dam replacement to insure getting the water needed to the plant for the reservoir
- Annual street program - \$1.3 million annually was anticipated from 2014 to 2017

Mr. Uyttebroek discussed the City's financial situation. The assumptions going forward into 2013 were carryovers from 2012. The Revenue Stabilization Adjustment instituted January 1, 2012 was a rebate of 1.33 cents per kWh to all customers. The City was on track to return \$5.3 million over the course of 2012 but only offset the rebate with an increase of just under \$200,000 in real property taxes.

In 2012 the City expected to pay out a litigation settlement of \$950,000 that was not budgeted. This would come from the fund balance and would be carried over into 2013. In association with that payout, rental permit income would be down \$140,000 in 2012 and \$218,000 in 2013.

The actuarial study was completed for the 2012 pension year, and the annual required contribution was \$130,000 over budget. In 2013 it would be around \$260,000 more than the current level.

The expenditure for legal services to address litigation was \$303,000 over budget and would be carried over to 2013.

Transfers from electric, water and sewer funds would be capped at 20% of gross earnings. Transfers from the electric fund were capped at the 2012 amount under the Memorandum of Understanding with the Governor. The amount transferred in 2012 would be the benchmark going into 2013. The City was required to reduce electric rates 10% by January 1, 2015. The current RSA reduced rates for consumption by 9.5% (10% rounded up), and the RSA would be carried into 2013 as well.

The annual retirement contribution would be increased by \$260,000. The City's share of employee health insurance was estimated to increase by \$250,000 or 8%. The legal services budget would be increased \$71,000 to match recent history and adequately fund it. Contract and labor agreements would increase wages and salaries in the General Fund departments by \$270,000, and the proposed CIP budget increased the transfer from the General Fund to the Capital Improvement Budget by \$642,000. The City would end 2013 with a \$44,000 surplus but that would not address the items mentioned with respect to the General Fund Operating Budget. Mr. Uyttebroek felt a Council workshop prior to putting the Operating Budget together was a better forum to address issues with the revenue streams.

Mr. Athey's concern was whether revenues would be available to fund the CIP. Last year there was an assumption of a 5% property tax increase every year and a projection of where the surplus or deficit would be at year end.

Mr. Athey questioned the statement on page 9 of the CIP – "Newark's General Fund revenues are currently supporting approximately 60% of the General Fund operations..." Based on the 2012 budget he saw **utilities** supporting it roughly 60% and thought utilities through the transfers were funding the operations. Mr. Uyttebroek believed the context in that statement was addressing the Capital Improvement Plan (just the CIP portion of it.) Mr. Athey responded that the \$13 million shown farther down in the table was purely the CIP because in going back to this year's budget, it was \$24 million. Basically they were taking the transfer from the utility funds, the proportion of it going to the CIP. Mr. Uyttebroek said we were not transferring \$24 million, we were transferring just under \$13 million and that would fund the General Fund from the

utilities. Mr. Athey asked then what was the \$24 million in this year's budget under utility revenue? He felt something was not adding up. Mr. Uyttebroek said it had always been around that \$13 million mark, but he would pull out the budget and respond to the question. Mr. Athey said obviously the CIP and the Operating Budget were intertwined, but he also understood there was some separation to it and to him this was not very clear.

Mr. Funk noted that the Capital Improvement Project indicated we do not believe Bloom would open next year despite their plans. Mr. Uyttebroek reported the substation was not required for the Bloom operation but was for further development of the STAR campus. Mr. Vitelli added that Bloom could be tied into the existing system at a cost of \$50,000-\$60,000.

Mr. Clifton referred to the water main from Windy Hills to Red Mill Road which was outside the City but was paid for from the Capital program versus water revenues. Mr. Uyttebroek said Enterprise funds would be used, so they would be funding their own CIP. Ms. Houck added the actual Capital project work would be funded by the actual water utility.

Mr. Clifton addressed the sewer budget project to investigate the condition of the sanitary sewer system and make recommendations. Over a five-year period this amounted to \$1.8 million and we were not getting any changes from it as it was a study. Mr. Simonson reported through the project the system was being cleaned, televised and inspected, identifying deficiencies within the system and then correcting them through the program. Improvements and deficiencies were being corrected in the program this summer and was an ongoing program. Ms. Houck He noted the description in the long form discussed the project in more detail.

Regarding the dam (the raceway), Mr. Markham said the description implied that construction would start in 2013, but there was no money allocated in 2013. Mr. Simonson said this was still in the study phase and with the money allocated to that project, construction could start in 2013 if the method of the accomplishment was identified.

Mr. Morehead referenced 17 Center Street in the Parking budget and asked if approval of the Capital budget approved the demolition of the structure at that location. Ms. Houck confirmed the City owned the house and said the demolition was already approved. She noted that Ms. Feeney Roser was working with a nearby homeowner who had some concerns about the entrance. Mr. Markham reminded Council they had a discussion about the entrance in the past and believed a design had to be brought back to Council for approval before the house could be demolished. Ms. Houck would check on the status.

The Chair opened the discussion to the public.

Renee Bensley, a Cherry Hill Manor resident, thanked Council for giving consideration to investing in their community. She said the condition of the alleyways was a continuing problem and welcomed a potential assessment to help invest in their community. With the City's assistance, she hoped for continue improvements to their neighborhood.

Ivan Nusic, a Newark resident, appreciated the presentations by Ms. Houck and Mr. Uyttebroek and asked if handouts could be made available to the public.

Robyn Harland, a Newark resident, reported on progress made since she took over as President of the Cherry Hill Manor Maintenance Association. Approximately \$3,000 was spent cleaning up the alleyways, and their maintenance budget was increasing from the collection of dues. A new landscaper was hired. CSX agreed in writing to clean up their right of way. A community day was held with activities for the children. Ms. Harland thanked

Council for their support and believed the environment of the community would change dramatically once the streets and alleyways were repaired. She also thanked Ms. Houck for addressing the police issue and felt the additional police presence made a big difference.

There being no further comments forthcoming, the discussion was returned to the table.

Mr. Athey was not comfortable voting on the five-year CIP without knowing what assumptions were built into it. He suggested scheduling this subject for the August 27 Council meeting, and Council members concurred.

3. 1. ITEMS NOT ON PUBLISHED AGENDA

A. Public – None

4. 1-B. UNIVERSITY

50:59

Nancy Chase, University of Delaware Director of Student Wellness and Health Promotion, provided an update about alcohol initiatives at the University of Delaware which would primarily be funded through a State of Delaware grant (the Strategic Prevention Framework State Incentive Grant.) The goal of the project was to create an infrastructure of prevention for alcohol abuse targeting young adults ages 14-25 that would last well beyond when the Federal funds expired. The state's number one priority was to reduce alcohol consumption in this population across the state by the time the grant project was done.

The University was specifically targeting their project efforts to reach first year students and student athletes.

Initiatives being put into place included: Community involvement; improving and taking over leadership for health promotion and prevention on campus; obtaining baseline data on general health and wellness of students; problem analysis and needs-based assessment; increasing data collection in areas not historically assessed and setting priorities based on what was discovered from the data.

Ms. Chase pointed out that community awareness and support was crucial. She hoped to partner with landlords and welcomed suggestions about how to reach the community with their message.

Mr. Clifton referred to the reduction in binge drinking that resulted from the Robert Wood Johnson grant and noted the binge drinking resumed after the grant expired. He hoped there would be benchmarks set to determine the success of this program. Ms. Chase said this was a results-driven initiative, and the State required an assessment team to work with any group receiving the grant funding.

Mr. Funk asked about the possibility of increasing the number of Friday classes and reinstating Saturday classes in an effort to reduce alcohol consumption. Ms. Chase said they knew that worked nationally, and there were Faculty Senate level discussions about eliminating or delaying Friday classes. However, she did not believe that idea went forward.

Mr. Athey asked where Ms. Chase saw this program at its conclusion in three years. She said it was the State's expectation that every community granted funds would find an applicable sustainability plan. Mr. Athey requested Ms. Chase to return with an annual update.

Mr. Markham followed up on Mr. Funk's comments and remembered labs and Saturday classes taught by graduate students rather than professors. He thought the Faculty Senate might more readily agree to such a plan.

Mr. Chapman liked the idea of annual (or more frequent) updates which would allow the City to become involved in offering community support.

Mr. Morehead asked Ms. Chase what type of involvement she envisioned from the landlord community. Ms. Chase hoped to meet with landlords to discuss the goal of helping them act as conduits of information to students who lived off campus so they would recognize the importance of acting as good neighbors.

5. **1-B-2. STUDENT BODY REPRESENTATIVE:** None

6. **1-C. COUNCIL MEMBERS**

1:33

Mr. Athey

- Mr. Athey thanked Ms. Houck for her efforts at Cherry Hill Manor in getting the cooperation of CSX to clean up the right of way.

7. **Mr. Morehead**

- Mr. Morehead acknowledged the work of the Parks Department in cleaning up the brush on Casho Mill Road.

8. **Mr. Markham**

- Mr. Markham recognized the resignation of Planning Commissioner Ralph Begleiter who put a great deal of effort into his position and would be missed by the City.

- Mr. Markham received a preliminary solar design which he had not yet fully reviewed.

- Mr. Markham thanked staff for their assistance at Shoppes at Louviers. Several major improvements included trash dumpsters which were moved further away from the residences and removal of a number of dead trees that would be replaced. In addition, work was started on the second entrance (closest to Schilling and Douglas) which would divert the heaviest traffic away from the residential neighbors.

9. **Mr. Funk**

- The dates of September 19 and 20 were agreed upon to continue the City Manager interview process, and October 1 was scheduled for a Council financial workshop.

10. **2. APPROVAL OF CONSENT AGENDA**

1:41

- A. Approval of Regular Council Meeting Minutes – July 23, 2012
- B. Receipt of Alderman’s Report – August 9, 2012
- C. Resignation of Ralph Begleiter from Planning Commission and Appointment of Bob Cronin to Fill Unexpired Term – Term to Expire September 2013.
- D. First Reading – Bill 12-23 - An Ordinance Amending Chapter 20, Motor Vehicles and Traffic, Code of the City of Newark, Delaware, By Prohibiting Parking At All Times on the North Side of Sunset Road, Between South College Avenue and Orchard Road – **Second Reading August 27, 2012**
- E. Receipt of Planning Commission Minutes - July 10, 2012

Ms. Fogg read the Consent Agenda in its entirety.

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

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

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

11. **3. ITEMS NOT FINISHED AT PREVIOUS MEETING:** None

12. **4. FINANCIAL STATEMENT: (Ending June 30, 2012)**

1:42

Mr. Uyttebroek presented the Financial Statement for the period ending June 30. He reported that \$2 million of the scheduled \$5.3 Revenue Stabilization Adjustment was returned to rate payers so far this year.

Mr. Markham thought it appeared the Capital Budget and some of the assumptions sounded like doom and gloom. In comparison, according to the Operating Budget, the City was on track for a \$2 million surplus. Mr. Uyttebroek said that was why he addressed the issue. When the RSA was established, there was an accounting change where deferred income of \$50 million was used throughout the year to smooth out rates. Consumption was tracking lower than expected for the first six months while July, August and September were the best revenue months. If budget goals were realized, there would be a \$2 million surplus in the Enterprise Funds.

Mr. Markham questioned the \$950,000 litigation amount which appeared to have been accounted for in the schedules. Mr. Uyttebroek said it was booked as a litigation settlement payable but was not yet expended. Mr. Markham asked if it was being taken directly from the cash account and was not reflected in the numbers showing the surplus. Mr. Uyttebroek stated it was on the balance sheet in the income statement. Ms. Houck added it was not reflected in the cash position. Mr. Funk said the second part of that was the legal fees. Mr. Markham thought the legal fees should be dropping and should not be anywhere near what was spent this year. Mr. Uyttebroek reported legal fees were \$303,000 over budget and his goal was to budget \$250,000 since this fund was historically underfunded.

Mr. Markham said Council talked about reducing landlord fees but also discussed ways to make up for some of the costs like connect and disconnect fees. It seemed the major connection time was coming within the next month, and nothing had been done about that plan. Mr. Morehead said in Middletown the actual deposit on connection was equivalent to what you would expect for a last month's bill. He believed it was \$150 upon connect and then another \$100 each for the next two months (an extra \$350 collected.) Mr. Markham thought the City should pursue something like this and Mr. Funk said it was brought up three months ago but nothing happened. Ms. Houck said that was the type of item they would discuss at the workshop. Mr. Uyttebroek explained the problem with that type of revenue generation was the City could only bring twenty cents over for every dollar raised in electric to support General Fund activities. At the Council workshop he would recommend something such as the property tax which was broader based.

Mr. Morehead asked for clarification about the \$5.3 million that created the RSA from the overcollection in 2011 that was going to carryover into 2013 at the same rate. In response to his question about where that \$5.3 million would come from, Mr. Uyttebroek replied it would come out of the City's electric resources.

MOTION BY MR. CLIFTON, SECONDED BY MR. TUTTLE: THAT THE FINANCIAL REPORT ENDING JUNE 30, 2012 BE RECEIVED.

MOTION PASSED UNANIMOUSLY: VOTE: 7 to 0.

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

13. **5. RECOMMENDATIONS ON CONTRACTS & BIDS:** None
14. **6. ORDINANCES FOR SECOND READING & PUBLIC HEARING:**
None
15. **7. PLANNING COMMISSION/DEPARTMENT RECOMMENDATIONS:**
None
16. **8. ITEMS SUBMITTED FOR PUBLISHED AGENDA:**
A. **Council Members:** None
17. **8-B OTHERS:** None
18. **9. SPECIAL DEPARTMENTAL REPORTS:**
A. **Special Reports from Manager & Staff:** None
19. **Meeting adjourned at 8:53 p.m.**

Patricia M. Fogg, CMC
City Secretary

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