

**CITY OF NEWARK
DELAWARE**

COUNCIL MEETING MINUTES

October 8, 2012

Those present at 7:00 pm:

Presiding: Mayor Vance A. Funk, III
District 1, Mark Morehead
District 3, Doug Tuttle
District 4, David J. Athey
District 5, Luke Chapman
District 6, A. Stuart Markham

Absent: District 2, Jerry Clifton

Staff Members: City Manager Carol Houck
City Secretary Patricia Fogg
City Solicitor Bruce Herron
Finance Director Robert Uyttebroek
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. ATHEY, SECONDED BY MR. MARKHAM: THAT ITEM 2-F, FIRST READING – BILL 12-34 – AN ORDINANCE AMENDING CHAPTER 2, ADMINISTRATION, CODE OF THE CITY OF NEWARK, DELAWARE, BY AMENDING THE MANAGEMENT ASSIGNMENTS TO YEARLY SALARY PLAN – SECOND READING – OCTOBER 22, 2012, BE ADDED TO THE CONSENT AGENDA.

MOTION PASSED UNANIMOUSLY: VOTE: 6 to 0.

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

3. **1. ITEMS NOT ON PUBLISHED AGENDA**
 - A. Public – None .

4. **1-B. UNIVERSITY**

00:44

1. Administration – On behalf of the University of Delaware, Mr. Brainard extended congratulations to Ms. Houck on her new position as City Manager. Mr. Brainard will be reporting on student-related activities planned for busy weekends. For example, on homecoming weekend there was a new planning group working out of the Alumni Office on activities for students to help cut down on some of the street traffic and party hopping. In addition there would be increased police presence on campus.

5. **1-B-2. STUDENT BODY REPRESENTATIVE**

02:21

Jessica Graham, an MA student in Urban Affairs and Public Policy from the School of Public Policy and Administration at the University, introduced herself as the new student representative to Council.

6. 1-C. COUNCIL MEMBERS

03:06

Mr. Morehead

- Mr. Morehead commended the Newark Police Department for their professionalism and patience in working with an elderly neighbor during an emergency call.

7. Mr. Markham

- Mr. Markham thanked Parks and Recreation for organizing a cleanup at Karpinski Park.

- Mr. Markham reported that according to DEMEC funding for solar was not available from AMP and Delaware Tech was interested in participating in the City's project.

- Mr. Markham suggested hosting a dinner with members of the Legislature since there would be new representation for the City following this year's election. Ms. Fogg was requested to coordinate the event sometime in early February.

- Mr. Markham congratulated Mr. Funk on a great Taste of Newark.

8. Mr. Athey

- Mr. Athey thanked staff for assisting with an issue regarding the no parking - special permit parking district authorized on Sunset Road in August. He hoped the special permit parking district procedures would be revisited for clarification.

9. Mr. Tuttle

- Mr. Tuttle noted that Ms. Houck and Ms. Fogg offered to assist in the recruitment process for hiring a new City Secretary. He thought both offers should be accepted and liked the suggestion of having some overlap in the position.

10. Mr. Funk

- Mr. Funk asked everybody to say a prayer for Father Szupper from the Newman Center.

11. 2. APPROVAL OF CONSENT AGENDA

12:41

- A.** Approval of Regular Council Meeting Minutes – September 24, 2012
- B.** Approval of Special Council Meeting Minutes – October 1, 2012
- C.** Receipt of Alderman's Report – October 4, 2012
- D.** First Reading – Bill 12-33- An Ordinance Amending Chapter 11, Finance, Code of the City of Newark, Delaware, By Establishing an Application Fee for Electric Service Effective January 1, 2013 – Second Reading October 22, 2012
- E.** Setting Date for Public Hearing of 2013 General Operating Budget – November 12, 2012
- F.** First Reading – Bill 12-34 – An Ordinance Amending Chapter 2, Administration, Code of the City of Newark, Delaware, By Amending the Management Assignments to Yearly Salary Plan - Second Reading – October 22, 2012

Ms. Fogg read the Consent Agenda in its entirety.

Mr. Athey asked that item 2-A, Approval of 9/24/12 Regular Council Meeting Minutes, be removed from the agenda. In the discussion of Item 6-B, Bill 12-30 (Adopting 2012 Edition of the ICC) on page 7, third paragraph, first sentence regarding sprinklers, “Mr. Athey thought Council should have a discussion within the *next* calendar year about the requirement for sprinklers with a 50% renovation” – Mr. Athey asked that “*next*” be eliminated as it was his intent for Council to discuss this matter within the year.

MOTION BY MR. ATHEY, SECONDED BY MR. MARKHAM: THAT THE MINUTES BE APPROVED AS AMENDED.

MOTION PASSED UNANIMOUSLY: VOTE: 6 to 0.

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

MOTION BY MR. ATHEY, SECONDED BY MR. TUTTLE: THAT THE CONSENT AGENDA BE APPROVED AS AMENDED.

MOTION PASSED UNANIMOUSLY: VOTE: 6 to 0.

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

12. **3. ITEMS NOT FINISHED AT PREVIOUS MEETING:**

A. **Review and Adoption of the 2013-2017 Capital Budget**

15:22

(NOTE: THE PUBLIC HEARING WAS HELD ON 8/13/12 AND THE CAPITAL BUDGET WAS TABLED ON 8/27/12.)

MOTION BY MR. MARKHAM, SECONDED BY MR. ATHEY: THAT THE REVIEW AND ADOPTION OF THE 2013-2017 CAPITAL BUDGET BE LIFTED FROM THE TABLE.

MOTION PASSED UNANIMOUSLY: VOTE: 6 to 0.

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

Ms. Houck said changes to the CIP included ideas that were shared for next year’s deficit and reminded Council that it was a planning tool for finalizing the Operating Budget.

MOTION BY MR. MARKHAM, SECONDED BY MR. ATHEY: THAT THE 2013-2017 CAPITAL BUDGET BE APPROVED.

MOTION PASSED UNANIMOUSLY: VOTE: 6 to 0.

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

13. **4. FINANCIAL STATEMENT:** None

14. **5. RECOMMENDATIONS ON CONTRACTS & BIDS:** None

15. **6. ORDINANCES FOR SECOND READING & PUBLIC HEARING:**
A. **Bill 12-28 – An Ordinance to Amend the Amended Pension Plan for Certain Employees**

17:25

Ms. Fogg read Bill 12-28 by title only.

MOTION BY MR. ATHEY, SECONDED BY MR. MARKHAM: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL 12-28.

Mr. Zusag reported this would be a new defined contribution plan for management employees hired after January 1, 2012 (currently this involved two employees). The ordinance would also exclude employees hired after January 1, 2012 from participation in the defined benefit pension plan, so there were two actions required by Council. The City was projected to pay \$2.6 million in 2013 toward the defined benefit pension plan. Under the defined contribution plan, the City's contribution would be fixed as a percent of the salary of management employees. While it was not anticipated this would have an immediate impact on costs, as more employees retired under the defined benefit plan and were replaced by new employees under the defined contribution plan, this would help reduce pension costs for the management group. Eventually it was hoped this pension plan would serve as a template for new non-management employees.

Mr. Funk thanked Mr. Zusag for his efforts and said this change in plans was a long time coming. He did not think the City could introduce this type of plan to the unions unless it was first implemented for management employees.

Mr. Markham asked for an explanation about the revision for the Chief of Police and Roylene Hunter. Mr. Zusag explained if a new Police Chief was hired from outside the NPD, he would come under this plan. However, a police officer promoted to Chief from within the NPD would remain in the defined benefit plan. In regard to Ms. Hunter, Mr. Zusag she was retired for a long period of time, and the language existed in the plan.

Mr. Markham had concerns regarding recruitment since Newark would now have a different plan than other cities in the state. Mr. Zusag said in regard to management employees, the positive aspect was that assets of the plan were portable with the employee. If an employee decided to terminate employment and work elsewhere, they could take the money from the plan with them and roll it over into a 401K through another employer. The defined benefit plan, however, was limited to a refund of contributions. Ms. Houck added that sometimes the lack of portability might cause employees to remain in jobs where they did not want to be and that was not in the best interest of the City or the employee.

The Chair opened the discussion to the public.

Sherry Hoffman, a Newark resident, asked about the defined contribution plan date being made retroactive to 2012 instead of starting in 2013. She asked if it was a problem that two employees were hired under a different plan. Ms. Houck responded that the employees were hired with the understanding that they would participate in the revised plan.

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

Question on the Motion for was called.

MOTION PASSED UNANIMOUSLY: VOTE: 6 to 0.

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

Nay – 0.

Absent – Clifton.

(ORDINANCE NO. 12-27)

16. 6-A-1. RESOLUTION 12-___: ESTABLISHMENT OF A 401A PENSION PLAN FOR MANAGEMENT EMPLOYEES HIRED AFTER JANUARY 1, 2012

MOTION BY MR. MARKHAM, SECONDED BY MR. ATHEY: THAT THE RESOLUTION BE APPROVED AS PRESENTED.

MOTION PASSED UNANIMOUSLY: VOTE: 6 to 0.

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

Nay – 0.

Absent – Clifton.

(RESOLUTION NO. 12-R)

17. 6-B. BILL 12-29 - AN ORDINANCE AMENDING CHAPTER 2, ADMINISTRATION, CODE OF THE CITY OF NEWARK, DELAWARE, TO AMEND THE ELIGIBILITY REQUIREMENTS FOR HEALTH INSURANCE COVERAGE FOR RETIRED MANAGEMENT EMPLOYEES AND THEIR SPOUSES

26:51

Ms. Fogg read Bill 12-29 by title only.

MOTION BY MR. MARKHAM, SECONDED BY MR. ATHEY: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL 12-29.

Mr. Zusag reported this amendment would replace the defined benefit approach for retiree health insurance. Currently, employees of at least 55 years of age with 25 years of service were eligible for a subsidy for their retirement health insurance for life. The subsidy was a fixed dollar amount for the length of the employees' life. This change was a defined contribution approach where the City would contribute a fixed amount starting at \$35 for bi-weekly pay periods, and the employee would contribute 1% of salary on a pre-tax basis. The \$35 contribution had an escalator where it increased by 1½% a year indefinitely which meant the \$35 bi-weekly amount would now amount to a \$910 annual contribution by the City. Assuming the higher date and the length of service and a certain investment return on the money and assuming a certain inflation rate for premiums, this would provide a retiree with enough money for health insurance until age 93 assuming a retirement age of 65. The City's contribution was a fixed amount as opposed to the current plan where the City funded the retiree health insurance program by about \$1.5 million this year for all employees. The change would drive down costs for this benefit in the long run.

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: 6 to 0.

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

Nay – 0.

Absent – Clifton.

(ORDINANCE NO. 12-28)

18. 6-B-1. RESOLUTION 12-__ : ADOPTION OF THE VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN FOR MANAGEMENT EMPLOYEES HIRED AFTER JANUARY 1, 2012

MOTION BY MR. MARKHAM, SECONDED BY MR. ATHEY: THAT THE RESOLUTION BE APPROVED AS PRESENTED.

Mr. Zusag summarized 6-B-1 and 6-B-2 and explained that under the current retiree health savings plan for management employees, employees contributed 1% of their pay – this was mandatory for all management employees. (There was no City contribution to the plan.) The resolution restricted this to management employees hired before January 1, 2012 (Item 6-B-1). Employees hired after January 1, 2012 (Item 6-B-2) would be in the new retirement health saving plan where they contributed 1% and there would be a City match. In response to Mr. Funk’s question about where the 1% came from, Mr. Zusag said it was recommended by ICMA. ICMA provided a model for predicting how long the money would last – the model predicted the money would last an employee to over 92 years of age.

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: 6 to 0.

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

(RESOLUTION NO. 12-S)

19. 6-B-2. RESOLUTION 12-__ : AMENDMENT TO THE VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS) PLAN

(NOTE: SEE DISCUSSION UNDER #18.)

MOTION BY MR. MARKHAM, SECONDED BY MR. ATHEY: THAT THE RESOLUTION BE APPROVED AS PRESENTED.

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: 6 to 0.

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

(RESOLUTION NO. 12-T)

20. 7. PLANNING COMMISSION/DEPARTMENT RECOMMENDATIONS:
None

21. 8. ITEMS SUBMITTED FOR PUBLISHED AGENDA:
A. Council Members: None

22. 8-B OTHERS: None

23. **9. SPECIAL DEPARTMENTAL REPORTS:**
A. Special Reports from Manager & Staff: None
24. **Meeting adjourned at 7:32 p.m.**

Patricia M. Fogg, CMC
City Secretary

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