

**CITY OF NEWARK  
DELAWARE**

**COUNCIL MEETING MINUTES**

**November 24, 2014**

Those present at 6:30 p.m.:

Presiding: Mayor Polly Sierer  
District 1, Mark Morehead (arrived at 7:00 p.m.)  
District 2, Todd Ruckle  
District 3, Rob Gifford  
District 4, Margrit Hadden  
District 5, Luke Chapman  
District 6, A. Stuart Markham

Staff Members: City Manager Carol Houck  
City Secretary Renee Bensley  
City Solicitor Bruce Herron  
Deputy City Manager Andrew Haines  
Electric Director Rick Vitelli  
Finance Director Lou Vitola  
IT Manager Josh Brechbuehl  
Parks & Recreation Director Charlie Emerson  
Parks & Recreation Supervisor Joe Spadafino  
Planning & Development Director Maureen Feeney Roser  
Planning & Development Planner Ricky Nietubicz  
Chief Paul Tiernan, NPD  
Master Corporal Greg D'Elia, NPD  
Lt. Kevin Feeney, NPD  
Lt. William Hargrove, NPD  
Public Works & Water Resources Director Tom Coleman  
Barbara Wilkers, Clerk of the Court  
Jim Smith, Accountant  
Wilma Garriz, Deputy Finance Director  
Cenise Wright, Purchasing Administrator

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**EXECUTIVE SESSION**

- A. Executive Session pursuant to 29 *Del. C.* §10004 (b)(4) for the purpose of a strategy session involving legal advice or opinion from an attorney-at-law with respect to potential litigation (SEC – Municipalities Continuing Disclosure Cooperation Initiative)

Council entered into Executive Session at 6:30 p.m. and returned to the table at 6:58 p.m. Ms. Sierer announced that Council concluded its Executive Session and there was no action necessary at this time.

1. The regular Council meeting began at 7:00 p.m. with a moment of silent meditation and the Pledge of Allegiance.

2. **PUBLIC HEARING FOR 2015 GENERAL OPERATING BUDGET AND 2015-2019 CAPITAL IMPROVEMENT PLAN**

**02:07**

Ms. Houck introduced the 2015 General Operating Budget and 2015-2019 Capital Improvement Plan. The budget hearing was about services and the ability or interest to continue to provide them at current levels – well-rounded services or projects that meet the needs and the quality of life desired by the community.

Details on expenses for next year show that total personnel costs would increase 2.6% or \$685,000. This was a result of increases of \$1.3 million in personnel costs that

are offset by personnel savings of \$632,000. Materials and supplies increased by 11.8% or \$277,000. The vehicle maintenance budget was increased in association with the decision to delay replacement as a result of the revenue forecast. This figure also accounted for increases for uniforms, postage, IT and the necessary purchase of salt and sand more in line with the past winter's needs. Contractual services also saw an increase of \$941,000 or 15% in association with costs from outside service providers such as that required by IT as the operation matures and better addresses needs, the continued GIS efforts and the additional requirement to pay merchant fees to support use of credit cards at the Smart parking meters.

Mr. Haines presented the 2015 Budget Highlights. In 2015 wages represented an increase of approximately \$1.3 million over 2014 expenditures. Included were the 2014-2016 collective bargaining agreements that were ratified in January and March 2014. The value of contractual increases represented about 45% of the \$1.3 million. A management pay increase of 3% was proposed. At the last meeting the ordinance was discussed adopting and creating a Deputy Chief position in the Police Department with two management employees budgeted (in addition to the Chief) effective 1/1/15. Succession planning was underway from the executive senior leadership of the Police Department to the officers to insure having appropriate staff in queue at the Academy

Succession planning was discussed for the Planning Department with the goal of having a Deputy Director on board for July 2015.

There was a proposal to create an Economic Development and Communication Department to realign many existing Planning & Development operations into a new department. Expectations for the director of the department would be to provide professional guidance on the City's communication. The financial effort to effectuate the proposed department is budget neutral in 2015. With the City expenditures for staff and the Greater Newark initiative, along with a commitment from UD in 2015 and 2016 (for \$75,000 per year), the proposal can be accomplished.

The critical service level 911 was discussed at the workshop. It was essential to ensure when a caller dialed 911 that there was appropriate staffing in the center. This proposal included 12 dispatchers in 2015 and insured the City's intent to make sure there were two dispatchers on at a given time who were able to provide services at an uninterrupted capacity to the community.

In 2014 and into 2015 an insourcing of building maintenance was done by consolidation efforts which was not a financial reduction but enhanced the ability to provide consistent coverage.

Even with the \$1.3 million increase in wages and salaries there was a reduction in overall burdened expenditures. There was a commitment to overfunding the annual required contribution (ARC) with an adjustment of approximately \$30,000 - \$40,000 in the ARC for the pension on an annual basis and then a commitment by the City to stay overfunded by \$100,000. At the last pension report looking at 2015 to analyze the run-out period for the OPEB (other post employee benefits). The health plan was now closed for all four employee sectors. In 2015 the run-out number would be analyzed and with that there was a reduction in 2015 on the City's OPEB contribution because it was no longer an open plan.

#### CPI vs. Labor Increases

Mr. Haines noted that during the workshop staff was requested to broaden the range to ten years going back to 2005. The area of Philadelphia, Wilmington and Atlantic City were used as a benchmark for each year for consistency in providing the baseline. In 2005 there was a baseline of 100 and this slide did not have the data points. A catch-up line was specifically requested showing the 3% management pay increase proposed for 2015.

#### 2015 Revenue Budget at a Glance

Ms. Houck explained the revenues were summarized here and included the recommended 1.5% tax increase, the water rate increase of 7.2% for in City and out of

City water customers, a full year of improved revenues associated with three initiatives – Smart utility meter project, Court security fees and the Smart parking meters that were more recently installed. A consolidated surplus was being forecast of \$316,000 but not all of the surplus was readily available as \$138,000 must stay within the Electric fund and \$68,000 must remain in the law enforcement fund.

#### 2015 Budget Highlights – Tax Increase

Ms. Houck explained that a 1.5% tax increase was recommended, the same as in 2014. However, the recommendation was not enacted so going into 2015 without the 2014 request in place put the City \$84,000 behind if incremental taxes was the plan. Staff was given direction in the past that incremental tax increases were desired vs. years of no increases followed by large hits. A 1.5% tax increase will raise the average tax bill by \$.61/month or \$7.32/year for residents and bring in \$42,000 of new General Fund revenues in 2015. The continued incremental tax increase plan would be of assistance in weaning the City from its overreliance of utility fund transfers to the General Fund (\$11.7 million in 2015). If an incremental tax increase schedule had been adopted from 1993 until 2010 the tax rate would be the same as recommended but an additional \$8.6 million in revenue would have been collected. Additional opportunities for reducing expenses will continue to be explored.

#### Tax vs Inflation

Mr. Vitola said this report was also updated since the workshop – the chart showed the CPI changes over time since 1986 and the increases in the tax rate over time. From 1993 forward the tax increases eventually intersected the CPI and met the CPI increases by 2010 and then tracked closely since. From 1986 (the first year the County's 1983 assessment was used) the CPI did not quite track in recent years. The rate increase was required to be a stable, regular increment as costs increase over time. The underlying data was standardized from VLS as requested and was put back on an apples to apples comparison.

#### Tax Comparables

The cities used in the comparison were all in northern New Castle County. Last year Dover was added since they were similar in size and scope of operations to Newark. However since they are in Kent County and adopt their own assessment the tax rate had to be adjusted. They had a much lower stated rate and a much higher assessed value because they reassessed in 2010. Middletown (southern New Castle County) adopts the assessment and its \$.30 per hundred was on an apples-to-apples comparison with Newark. The timing of the other cities' assessments varied from 2006 through 2012 and were also on an apples-to-apples comparison.

#### Water Rates

Ms. Houck explained the water rate increase as recommended was 7.2% in accordance with the 2011 rate study commencing January 2015. The impact of the increase was \$2.42/month for the average customer inside the City and \$2.00/month for the average customer outside the City. The increase would provide \$555,000 to support operations, an equivalent of a 9.7% tax increase. This did not include an increase to a transfer to the General Fund as the funds were necessary to support the infrastructure expenditures and needed maintenance. It was now recommended to commence with an update to the 2011 rate study that would allow for the results of the Smart Meter project measurement and verification as well as to include cost of service evaluations for both in City and out of City customers. This should occur before the end of 2015 and the updated study outcome should guide future rate decisions. In addition staff recommended the elimination of the increase to the fire hydrant fee for out of town water customers which would be considered this evening.

#### Water Rates in New Castle County

Mr. Vitola showed the average of all the rates including inside the City current rates and after a 7.2% increase and outside the City rates and outside the City rates after a 7.2% increase and after adjusting the hydrant fee to zero. The City's rates were still a bargain according to Jerry Kaufmann whose students review water rates in New Castle County. After the increase the City would leapfrog New Castle, but he noted they were contemplating a rate increase. The City's rates were still far below the private utilities and

passed the reasonable test when compared to the other cities. Service levels were not compromised by the City's low rates.

Mr. Vitola reported no changes were anticipated to the electric rate structure and sewer rates were stable with no change anticipated in 2015 unless the County increased the flow rate for treatment which was a pass through back to sewer customers. County officials did not anticipate an increase. The City's flow rate would be reviewed later in 2015 in conjunction with the 2016 budget process.

Regarding the parking meter revenue, the City found a way to deliver a service that people and business owners wanted in the City by keeping the rate the same while at the same time generating a significant amount of incremental revenue which was not being supplied in whole by rate payers or tax payers. It was known that not all in-town residents were feeding the meters and this was, in part, why the water and sewer transfers to the General Fund in this budget year were down and the transfer in from the parking fund was higher to offset those decreases. That allowed the City to put more money into the water and sewer infrastructure which was a problem in the past.

#### Stormwater Utility

Mr. Coleman reported this was changed to a more equitable fee structure based on feedback received at various town hall meetings. The fee structure was based on actual impervious cover and residential homes would be separated into tiers based on quartiles for impervious cover. Commercial properties would be billed on actual impervious cover. The calculations would be based off data supplied by the State of Delaware and actual fees could not be calculated until the City's impervious cover was known. Five percent of the money brought in would be held aside for a grant in education program that would pay for stormwater education and engineering services, rain barrel giveaways, rain gardens, etc. Implementation was targeted for early to mid-2015 with the thought being the first bill would go out with the tax bills. It was important to note this was budget neutral for 2015. The proposed budget was not dependent on this – it was totally separate and the most critical projects were being handled separate from the stormwater utility in the actual budget.

#### Comprehensive Tax and Utility Comparison

Mr. Vitola stated that this comparison was first shown last year at the financial workshop. It was revised for this year and not many of the rates changed. He planned to incorporate other cities into future charts. Even with a tax increase, the water rate increase and a stormwater fee (average of \$4-\$7), Newark was still comparable to its peers and a value in northern New Castle County.

#### Efficiency Initiatives Since 2012

Ms. Houck reported the Public Works and Water Resources consolidation was on track to save an estimate of \$1.2 million through 2015. The Smart Meter project was generating more than the promised operation and maintenance savings. The \$300,000 of avoided salaries and benefits alone in 2015 was higher than the original cash flow model which called for savings of \$288,000. While the salary and benefit savings were already achieved, the revenue improvement from the metering project would be fully quantified in August 2015 when the official year one measurement and verification would occur with the guaranteed energy performance contract with Honeywell. The September 2013 through September 2014 gallons of water delivered showed that 2014 was 130 million gallons higher. This was a signal that the old water meters were delivering low readings and equated to approximately \$580,000 in lost revenues. If the volume increase held for the remainder of the year the incremental revenue would exceed what was projected in the initial Smart Meter recommendation and analysis and the project would more than pay for itself. The prospect of a successful outcome was why an update to the 2011 water rate study was being recommended following the August project conclusion.

Additionally the transfer station elimination allowed the City to avoid \$285,000 in 2013 as well as the avoidance of additional transfer station equipment replacement costs. The City changed how the reuse and recycling collection was managed from homes by no longer hauling it to the Wilmington landfill but to Townsend resulting in equipment and permitting savings of approximately \$70,000/year. Other notable improvements from the

merged department included street sweeping changes and leaf and holiday tree collection changes that saved 600 hours of overtime in 2013. There was better coordination of water main and street rehabs with one department having overall responsibility for both.

The changes achieved for the management pension plan save \$500,000. Other post-employment benefits save \$800,000 across the board in partnership with the unions and management staff. That equated to \$1.3 million in 2015. Healthcare through the Delaware Valley Health Insurance Trust would save another \$136,000 in 2015, again, in partnership with employees.

Ms. Houck stressed that if these changes were not made the budget recommendations and Council's decision would be much harder.

### 2015 Budget Summary

Mr. Vitola explained the highest level summary of the budget was included on page 8 of the manager's message. A column was added to show where the City would be if the efficiency initiatives that started in 2012 and continued through 2014 and 2015 were not in place. The unappropriated surplus of \$316,000 reverts to a deficit of \$1.2 million and the tip in scales in that direction would make this conversation very different.

### Revenues by Type

Mr. Vitola stated this pie chart showed the sources of the City's funding. He pointed out the utility contributions were 61.9% - this was after taking measures to reduce utility transfers (the Governor's MOU reduced electric transfers and water and sewer transfers are down this year from 2014 yet utility contributions are still 61.9%). The City reports utility contributions in the budget – there are utility revenues and then the costs of the utilities themselves – the underlying electricity and the cost of the County flow – before the reservoir it was the cost of the bulk water from United. The City reports the utility gross margin as though it were a top line revenue. That number was only \$28 million of the \$45 million; however, when taking the gross utility revenues of \$66 million as a function of the City's total gross revenue of \$83 million, utility revenues as a function of the total are closer to 80% of the City's revenue contributions. Property taxes were just an eighth, 12.5% of the City's revenue and even though strides were being made in parking meter revenue, that was still a small slice of the pie.

### Expenditures by Function

Mr. Vitola reported the largest portion was personnel services, and not all of that could be directly controlled. There are union negotiations every three years and a certain number of employees are needed to carry out the services. There is no way to slash the spending without a corresponding cut in services. The capital program was just 11.3% of the spending by function.

### Expenditures by Department

Mr. Vitola used the example of the Police Department as a required essential service in the community and makes up 25% of the spending. Tax collections were just 12.5%. One department was spending more than the entire City's tax revenue. Measures were being taken this year and going forward to help wean the City off of utility transfers.

### General Fund

Ms. Houck said this fund supported operations that do not fall into the enterprise fund category for Newark utility or parking. In itself it does not raise revenue such as refuse collection, snow removal and parks maintenance. Focusing again on the projected general fund revenue and expenses. She predicted \$13.2 million in revenues and \$24.9 million in expenses for 2015. The General Fund deficit will be corrected with \$11.7 million transferred from utilities. General Fund revenues were made up of property taxes, transfer taxes, franchise fees, permits, licenses and grants. Ms. Houck pointed out the cost to provide some general fund operations such as the Police Department was \$11.8 million. Greater details was provided at the Financial Workshop about the fact that the General Fund revenues relied heavily on transfers from the utility and parking fund and have for many years. The City's ability to meet the shortfall with utilities has been key to Newark's financial viability, credit rating and low cost of living. She cited the need for self-sufficiency of the General Fund with an emphasis on working towards incremental tax increases,

working smarter and economic development. Although budgets were balanced, there has been a cost from the over-reliance on utilities – funds that may have been used for infrastructure such as stormwater – were not readily available.

#### General Fund Insolvency

Mr. Vitola reviewed the graph which showed General Fund revenue from 2004 – 2013 and General Fund expenditures as well as the annual General Fund deficit. Utility transfers were in to overcome that deficit but the cumulative deficit over time exceeded \$100 million over ten years, a huge number that could not be ignored.

#### Actual and Projected Cash Balances

Mr. Vitola pointed out the huge spike early on that was related to the cash proceeds that were generated from the issuance of the bonds used to build the reservoir – that gets back to normal when the cash was spent to build the reservoir. After that there were subsidized spiking wholesale power costs of about \$6 million over the course of several years in the mid-2000's, then the recession, the low was reached in 2009 and then there was rebuilding. The level has now been reached somewhat within target levels. Some of the cash that was built in the late 2000's was generated by unexpected surpluses that resulted from not finishing projects. Thus, that cash was sitting encumbered to be used, not that staff wanted to draw down reserves, but that is the nature of some of the cash increases seen leading up to the peak. It appears that 2015 will end slightly below target but there was time to work back towards a number within the financial policy guidelines.

#### 2014 Accomplishments

Ms. Houck detailed several improvements made this year with added value components.

- The Smart utility metering project drastically improved and modernized the system while providing efficiencies and greater accuracy.
- The completion of the Cherry Hill Manor service road through a partnership with the property owners which allowed refuse and recycling to be collected efficiently and in the fashion intended when the homes were built.
- The completion of the Curtis Mill Park which began with certification as a brownfield which opened the door for Brownfield remediation funds of up to \$1 million. Over the course of many years Newark has collected nearly \$900,000 to date to bring this site back to life.
- The installation of Smart parking meters that accept credit cards appear to make the downtown more friendly as there is a decline in parking tickets and revenue from parking has increased.
- The Voice Over Internet Protocol phone system replacement once completed will provide data that will help staff make more educated decisions regarding personnel deployment and provide statistics that can help the City provide better customer service.
- IT infrastructure projects – Great progress was made in this area in one year as the decision was made to finally embrace technology

Mr. Coleman, Public Works and Water Resources Director, presented an overview of the projects.

- Annual Street Program - \$1 million in 2015
- Water Main Replacement – up to \$1 million from \$700,000 this year would get about a mile of water main
- Sanitary Sewer Study and Repairs – sewer main relining
- Paper Mill Road – culvert replacement

Mr. Coleman then reviewed a chart highlighting the yearly weighted average street conditions for the roads in the City. Around 2010-2011 the curve started to pick up with approximately \$2 million/year spent which resulted in changing the tide on the dropping paving conditions. This year \$1 million would be spent, last year \$1 million was spent and in 2016 \$1.3 million was budgeted. The goal was to get up to around \$1.8 million which he felt was long-term sustainable in 2015 dollars. In order to move the curve upward, more would need to be spent.

Mr. Coleman reported that following the last budget meeting a summary sheet was created showing the inventory for each piece of infrastructure, the expected service life, the cost to replace per mile (in thousands). Replacement per year is what should be replaced per year based on the expected service life times inventory. The cost per year is what should be spent to replace or rehab the infrastructure in accordance with the expected service life – and that amount is \$5.2 million per year. The 2015 budget is \$3.6 million and 2016 as currently budgeted would be \$4.4 million leaving a \$1.6 million funding gap in 2015 and \$850,000 in 2016.

Mr. Coleman a storm sewer map. The pipe being considered for replacement was the one that floods out Paper Mill Road in heavy rains and causes it to close. The plan was to remove the culvert and remove the park access that goes from Paper Mill Road to the park on the south side of Old Paper Mill Road, daylight the stream and completely remove the constriction. Engineering work has begun on that project.

Mr. Vitelli, Electric Director, reported an outside consultant was hired in 2012 to obtain load information for the STAR Campus to make sure the City could serve the site. The consultant came up with a 55 megawatt load and recommend putting a substation on site. At this time there was insufficient capacity to feed the entire site. The study was updated in 2014 and the new number was 61 MVA for full build-out. There were approximately 6 megawatts of capacity to feed the former Chrysler administration building and some buildings in the back that still exist. The location of the STAR Campus is far from the Kershaw substation on Paper Mill Road and the capacity is inadequate. The University has agreed to contribute three acres to the site for the new substation and will install all the conduits and manholes for both the distribution on site and for the substation feeds coming out of the site. The plan would be to provide two underground feeders to the STAR Campus. Bloom would also be fed from that substation and five existing substations on the southern part of the City from the substation. The \$8.9 million cost included \$300,000 for engineering in 2015 and approval takes two years to obtain from Delmarva Power and Light to tie into the 138,000 volt system and also PJM. When the site is constructed there will be several benefits to the City –to feed the STAR Campus and improve the liability at the southern part of the City because exposure to the elements will be lessened. The four existing feeders that feed the substations now will be free to be used for future expansion and there was a program in the future Capital Budget to do auto transfer so if a circuit goes out from Kershaw substation or the STAR Campus it would automatically transfer so there would only be a power outage of approximately 15 – 20 seconds for those four circuits. Also at this time the City is fed from one site (Kershaw substation) and there is no second source or second point of delivery in the event of a problem. This would provide the second point of delivery and would be capable of feeding the entire City from this site. Construction was planned for 2017.

Mr. Vitola, Finance Director, discussed the lot #1 parking garage which was in the 2015-2019 CIP spread between years 2015 and 2016. It was in last year's approved CIP document for the same two years. The garage was still in the preliminary stages of the review so there was not much substance to discuss other than the financing and the thought process that went into it when crafting the budget. The project cost was \$14.1 million and that number was conservative and laden with contingencies and other unknowns because it was not that far along in the process. The first \$5.5 million of the project was in 2015, the balance was in 2016 and the gross spending was offset in the form of "other financing sources" in the budget because it was not known how the garage would be financed. It would be some combination or any one of the following: 1) a bond referendum to issue general obligation debt to finance the construction; 2) a capital lease which would allow for some financing term very similar to the Smart water and electric meter project; 3) a public-private partnership whereby some third party invests in the construction of the garage and leases the spaces only back to the City and perhaps some retail for a small parking office or satellite police office. Regardless of the mechanism used to fund the parking garage, it would be something that would have to come back and be approved by Council so not only the project itself would come back on the floor but the financing mechanism would come back on the floor. Mr. Vitola reported the City was still in negotiations for the underlying property.

Mr. Emerson, Parks & Recreation Director, reported on hard surface repairs at the parks including tennis courts, basketball courts, parking lots, hard surface trails such as the Hall and Pomeroy trails, skateboard facilities and street hockey facilities. This project would include 10 tennis courts at four different parks locations.

Mr. Coleman reviewed vehicle replacements for 2015 and said quite a few were deferred out of that budget. This year there were only four vehicles left, one police patrol vehicle, one maintenance vehicle – the van used by City mechanics to respond to and service vehicles when they go down in the field, etc. – and two Parks vehicles – a Dodge Caravan used to shuttle children and a dump truck 1433 that is in poor shape.

Mr. Coleman worked on the LED street lights project with the Conservation Advisory Commission and Chair Tom Fruehstorfer. The municipal electric usage as a whole was looked at – City buildings and facilities use approximately 8,000 megawatt hours per year and 2,400 megawatt hours of which 30% is for street lights. This project would pay itself off without any external funding sources within 8.5 years conservatively. The LED lights have a service life of 20 years. The bulbs themselves would save \$55,000 a year in electric alone. There is additional maintenance savings because the current lights need to be replaced every five years and the new bulbs would be replaced every 20 years. The project would save 600 megawatt hours per year while McKees solar park generates 270 megawatt hours per year. The LED bulbs would be purchased in bulk through DEMEC and would probably come in at a lower price. The lights would reduce the City's carbon footprint by 600,000 lbs. per year, the equivalent of planting and keeping alive forever 12,500 trees. The light produced by the bulbs was of a better color temperature, had better rendering quality at night.

Mr. Vitola reviewed the 2015-19 CIP Program totals with the total comprehensive CIP Program for 2015 totaling \$16.5 million. A lot of that amount was attributable to the parking garage and other larger items that are planned to be financed. The slide did not show the net amount required to be met with 2015 current resources which is just about \$5.1 million. There was \$2.5 million worth of projects that were pushed into some of the out years which could be seen in the totals for 2016-2017 of \$24.9 million and \$23.2 million in those out years. Large projects such as the substation were filling in those numbers and would be addressed as the dates approach.

Mr. Vitola provided details of the gross Capital expenditures by department – in the gross larger number of the \$16.4 million, parking was inflated because of the parking garage. Half of the funds were dedicated to Public Works and Water Resources projects for these infrastructure-driven departments. Electric had about a tenth of the projects and other projects were spread to IT, Parks and Recreation and Police.

In the CIP funding sources Mr. Vitola noted about \$5 million or 31% of the \$16.4 million was being met with current 2015 resources or 2015 revenues. There was about 18% in reserves and other sources of funding were identified for other projects such as on behalf of financing through the City's electric wholesaler or a public/private partnership or referendum debt, etc.

In regard to CIP prioritization, Mr. Vitola said this was a strong recommendation from the Financial Workshop. Staff was asked to take all of the projects being planned for 2015 whether they were being met with reserves or cash or some combination of the two and rank them by a priority level. Priority levels 6, 7 and 8 represent the first cuts done in the administrative budget hearings. Department Directors were asked to identify the priority of the items that are in the CIP using 1 (highest level of priority by default because the project is underway and needs to be finished and 2 (equally high priority level based on a critical need to remediate service level, avoid service interruption or remediate a failing item or service). Priority level 3 (medium high) was taking a calculated risk to defer a project but it could be done. Medium – a need and not a want, but no significant risk in deferring to an out year. Medium low – a need and not a want but it could be delayed and evaluated for 2016. The department directors went through the projects and the visual showed the priority levels by department.

In conclusion, Ms. Houck stated this budget balanced the City moving forward while taking stock of operations and planning towards future success. The recommended budget for year 2015 called for an incremental tax increase of 1.5%, or \$0.61/month for the average resident, a 7.2% water rate increase for both in-City and out-of-City customers and no increase to hydrant fees for out-of-town water customers but an update of the 2011 water rate study in 2015. Personnel related increases included that which was associated with union contracts and previously supported by Council – a recommended 3% increase for management personnel, succession planning for both the Police and Planning & Development Departments and the creation of a new department of Economic Development and Communication with no new monies. The recommendation for the 2015 budget also included the benefit of an estimated \$3 million in savings since 2012, a demonstrated effort to work smarter, a demonstrated commitment from the three unions to work with management to find ways to reduce costs, taxes that compare well to neighboring communities, ingredients for high quality life, continued advance planning training by the departments, but most of all a continuation of existing high quality service levels. Ms. Houck stated her promise to intend to continue to look for ways to work smarter.

**Council Comments:**

**01:15:45**

Mr. Chapman requested that the Country Club Drive traffic calming be removed from the priority list provided for the 2015 CIP plan year (page 2) for \$50,000. Mr. Vitola said that item was in the CIP binder on page 69 in addition to page 2 of the priority list.

Mr. Markham asked the condition status of the substation that was at the STAR Campus from Chrysler. Mr. Vitelli reported the substation was gone – part of it was DP&L and part was owned by UD.

Mr. Markham referenced the water rate study and asked about waiting to get a new rate study that showed the rate changes based on current usage. Ms. Houck thought we should move forward – timing and the significant infrastructure already identified. She reported in 2013 the water rate increase was postponed and last year the water rate increase went into effect in January so staff's request was to put it into effect in January 2015, study it at the end of the SMART meter project MV and also have the update to the study include cost of service in and out of town and next year be able to address some projects for the water utility.

Mr. Markham pointed out one item recommended in the electric rate study was a connection fee because as the rates were driven higher, conservation was being encouraged. When the next study is conducted he wanted to know how that compares.

Mr. Markham asked whether any information was available on PILOT. Ms. Houck reported the feedback from last year from the legislature was that they understood the City's issues and wanted to support PILOT but it did not make it out of committee because of the State's financial issues. Mr. Markham thought Wilmington should be convinced this was fair to do.

Mr. Chapman asked the clear purpose of the next water rate study. Mr. Vitola explained it would be to see if there were different needs and costs to the City to serve different types of customers – residential vs. commercial. Further, taking the study back to 2011 the need was identified in order to be able to meet the City's debt service, operating expenses and capital needs and include a 20% transfer to the General fund, that an increase of about 50% was required in 2011. That increase was spread over five years and now in the fourth of five years of the plan Mr. Vitola thought it was time for another study to include the SMART meters. In response to Mr. Chapman's question about the scope of the rate study Mr. Coleman said it would look at diversification of fees (including a connection fee), fees for fire service and the charge for providing water. Mr. Chapman stated that regarding rates and the 2011 study, the City was still underfunded compared to the infrastructure repair and upkeep maintenance needs because of being so far behind for so long. He noted that the increased capture of flow from the SMART meters provided about the same amount of revenue in a single year as a 7.2% rate increase and presumed that would be ongoing. He asked if the fourth or the fifth

previously planned 7.2% increase could be satisfied to meet the original 53%. Mr. Vitola replied it could not because the SMART meter project was a \$12 million project that was financed with a capital lease over a 15 year term which increased the costs by X. That project was made budget neutral with staff reductions, efficiencies and the additional flow rate from the accurate water meters. The water meter infrastructure was dilapidated so it was under-registering. The SMART meters provided a way to rehab the infrastructure in a budget neutral way so the volume increase and the incremental debt service had to be taken away which net each other out, putting the City on the same level playing field with the 2011 Black & Veatch rate study. We have not quite kept pace with the study because there was a delay in rates, there was a reduction in the increase in one of the years (2013) and the study did a reasonably good job of projecting where we would be but it is never perfect, expenses are higher than the expenses were thought to be, more capital projects need to be done than were originally contemplated. The 7.2% water rate increase part of the recommendation was what was needed to fund the \$1.9 million in water projects that are in the 2015 CIP. More money was staying in water and less was coming to the General fund. It was not an issue of balancing the budget on the water rate increase, it was putting money where it belonged in the water rate infrastructure.

Mr. Chapman referenced slide 21 (2015 Projected Revenues) and one of the bullet points was permits and licensing at \$1.9 million – he asked if this was inclusive of the idea discussed at the workshop to bring those fees in line with the costs being incurred by the City. Mr. Vitola said no, this assumed the existing baseline level of building and other permits and business licenses. Mr. Chapman asked where the process stood about knowing what additional increases would be necessary and what that would do to the budget. According to Mr. Coleman Public Works put together a list of existing fees and proposed fees capturing most of the services provided by the City. An ordinance will be prepared and brought to Council to implement those fees along with the cost benefit. Mr. Chapman suggested reviewing the proposed changes with the Planning Commission before bringing them to Council. Mr. Gifford asked if there was any estimate of the impact – Mr. Coleman said it was very preliminary but thought it would be in the low six figures.

Mr. Chapman referred to slide 29 (STAR Campus substation) and asked Mr. Vitelli if Council approval was needed to move forward in 2015 to have that up and running and fully tied in by 2017. Mr. Vitelli said there was a two-year process with Delmarva Power who had to look at their system when load was added to the transmission system based on Federal requirements. The engineering design would take at least a year.

Ms. Sierer asked if any data from the previous water rate study could be used. Ms. Houck thought an update would be beneficial and there was an opportunity to take some of the information and build upon it since there were some areas that were not looked at.

Mr. Markham raised questions about the Munis HR billing work order software for \$139,000 (Capital budget, page 124). Mr. Brechbuehl said the current version was up to date – the issue was the addition of about a dozen new modules needing licenses with an increased number of users.

Mr. Markham clarified the addition of two new IT employees. Mr. Brechbuehl confirmed they were moved from other departments where they were already filling an IT role.

Ms. Hadden referred to slide 11 (water rate increase) and asked for clarification about the second bullet. Mr. Vitola said instead of putting forth an ordinance for a rate increase late in 2015 for January 2016 an RFP or an update to the study would be put forth to see where the City should be in 2016, 2017 and beyond.

Mr. Gifford asked whether the water rate study included any stormwater projects and whether the study was done prior to consolidating departments. Ms. Houck responded it was before the consolidation and did not include any stormwater.

Mr. Gifford felt uneasy about the “other financing sources” and asked the likelihood in percentages that City residents would pay for the substation and the parking garage (which was rated a priority 5). Mr. Vitola said the probability that City residents and/or

some other rate payers would be required to pay for the projects was 100% and continued with an explanation about debt service and various types of financing. Mr. Gifford asked how projects were prioritized where the City would incur debt vs. using pay as you go financing. He thought the payback numbers should be available first before putting a large project on a budget. Mr. Vitola explained it would not be smart to have this project that was being worked on for a number of years and not have it on the CIP because the final cost and type of financing were not known. Council's approval of the CIP budget in no way obligated the City to construct a parking garage. Mr. Gifford noted that it still continued the process. Ms. Houck added the parking garage project was where it was now because there was a desire to move forward.

Mr. Gifford asked how the City could achieve General Fund self-sufficiency. Ms. Houck said it was a goal and felt the scale should be leveled so the General Fund pays for itself. Efficiencies would help improving the tax base, PILOT, economic development – the budget needs to be considered in all different directions. Mr. Gifford understood it could be a goal but said it was a really long term goal. Ms. Houck shared that the national average for transfers from utility funds to General Funds was between 5% and 8% and Newark is at 20%.

Mr. Gifford asked how the cash position could be achieved in the out years. Mr. Vitola said at some point it will be a question of how much gets cut and what cuts regenerate savings every year and where there could be diversification to increase revenues. At some point it will have to be rates and taxes that drive the generation of surplus.

Mr. Gifford referred to the substation and asked how much Newark was willing to spend to build another one. He questioned whether it made sense to build all the capacity now which seemed a large price to pay for a small benefit. Mr. Vitelli said the ultimate proposal (\$5 million) could be built – the problem was there could be some big customers in there in a short amount of time and then Newark would not have the capacity to supply them. He thought one point of delivery was not good for a City this size. The Kershaw substation was built in 1983 and the equipment was getting older and requiring more maintenance. A pared down substation would cover just the STAR Campus. Mr. Gifford supported the work in the budget this year to get the substation moving forward but wanted to make sure not to overbuild.

Regarding the risk Mr. Vitola said these types of utilities were more critical than traffic, parking, etc.

Mr. Ruckle asked if main line into the substation went out how long it would take to get it back up. Mr. Vitelli explained there were two lines into the substation and three transformers. Since the third transformer was added in 2008-2009, two transformers went down at the same time. Without the third one there would have been an extended power outage.

Mr. Gifford asked if the LED street lights included every street in the City. Mr. Vitelli said it included main roads only.

Mr. Ruckle asked if the LED lights had to be done all at once. Mr. Vitola said the contract was being let by DEMEC in 2015 and the idea was to get the purchase scale by doing the lights at the same time in all nine DEMEC cities. Mr. Vitola reported the City's total cost was \$581,000 and would be financed through a loan from the Delaware Sustainable Energy Utility. Newark would meet the cost of the debt service with green energy funds.

Mr. Ruckle referred to Mr. Vitola's comments at the last meeting where he reported a \$330,000 shortfall was the reason for rate increases in water and taxes. Mr. Vitola explained the tax increase in July 2015 and water rate increase in January 2015 totaled close to \$600,000. There were different surplus amounts by fund – a small general fund surplus, a water fund surplus (he recommended it stays in water), an electric fund surplus that per the MOU with the Governor had to stay in the electric fund, so cutting an electric project would not necessarily help achieve a higher surplus.

Mr. Ruckle suggested offering classes to residents on how to conserve water and electric to help offset cost increases and thanked staff for their work on the budget.

Mr. Haines outlined plans for the creation of the Department of Economic Development and Communications. Under the Charter the creation of departments was at Council's discretion and Proposal A realigned existing resources and operations. A Wilmington firm was engaged as a consultant regarding media operations after the departure of the former community affairs officer. That, in line with some changes with the County Chamber, a holistic assessment was done for the downtown, in the outer parts of the City and the greater Newark area.

The general consensus was that DNP and Parking had a close alignment and should stay together. Looked at how to do a better job with communications. The Director of Economic Development and Communications as a lead professional standards that would be able to advise not only staff what to say and how to say it and how to edit the materials. The creation of this department would allow for the Director to tackle that benchmarking in the industry standards and help shape the City's voice as well as do the piece that the Chamber was doing. This was year three of the arrangement with the Greater Newark Economic Development Partnership with the Chamber and that was in connection with UD and the City. There was a draft job description created for the director position and a merger of different job descriptions, so the expenses for the Greater Newark Economic Development Partnership, the existing staff members for Community Affairs and existing half funding for the staff member doing DNP (the other piece was funded through the Community Development Block Grant funds, so mathematically the person was divided up in that lump sum of money created the Director and two positions and the use of interns for this. The media piece was constantly being updated. Funding sources – City had it for the greater Newark piece, the UD's funding piece for the Greater Newark piece, the Community Affairs position and a half of that DNP Planner – so that was where the funding sources were aligned.

The cross assessment of staff connected the DNP with Parking and it was an economic development tool – how it was utilized and commentary here was it could also be better marketed and promoted. There would be better alignment with the economic development tool and also the communication piece would be to align the parking operations in this department. This was presented by staff for Proposal A.

Mr. Haines stated that Mr. Chapman relayed concern that the departmental duties may be a little overloaded at the director spot asking if they can be an expert from the communications piece which was a large task challenge provided to the staff as to how it could be done better. Broke out element with new revenue for economic development. Public relations person focus just on downtown or maybe on other pieces of it shape what and how we are saying.

Mr. Haines felt these proposals would help operations moving forward. Looking into 2015 budget and what can be done with our resources

Ms. Sierer asked Mr. Haines if he anticipated needing revenue for the entire expense of the fourth person, to which Mr. Haines said yes, it was viewed as 100% new additional.

Mr. Morehead referenced the electric study done by the engineering firm which reported the growth in the City was not in the downtown area and yet the City was focused on the DNP for its economic future. Mr. Haines said the intent was to continue the initiatives with the greater economic development piece that the Chamber was doing for Newark in looking beyond downtown. Mr. Chapman felt there was a need to focus on economic development outside of the Main Street downtown area. His concern with the original proposal was that good public relations and communications does not have a direct revenue tied to it and part of the funding for this role was coming from temporary sources (\$75,000/year for the next two years from UD). To keep the money coming in to fund jobs the focus of the director's position would be in the economic development role which takes away from the need to do a much better job of public relations and communications. The breaking out of somebody's full-time role for economic

development, especially in areas outside the Main Street and downtown area makes sense because that role takes you offsite and offline frequently. The division and additional cost made sense to Mr. Chapman for the long-term as well as short-term success. The existing role under the Planning Department takes \$26,000 from the DNP to fund that and by adding another economic development associate with two times the budget seems more attention was being allocated to everything else. Mr. Morehead's other concern is not the proposal but the fallout about what does the rest of the Planning Department look like after this – Council did not have that information. Mr. Morehead felt the City could use a very high level communications expert and a very high level economic development expert if Council felt that was the answer. Mr. Chapman asked about the references within the budget for the proposed department. Mr. Haines stated that due to the timing of the budget submission versus the proposal submission, there was not the synergy to be able to produce it all together. Department profiles would be updated to reflect the new department and related changes in other departments. Mr. Chapman suggested that the discussion of a new department should continue with its own time at a later meeting.

Mr. Morehead asked what the water rate study rough cost would be. Mr. Vitola estimated \$40,000-\$50,000. Mr. Morehead asked if the substation financing would be through DEMEC. Mr. Vitola stated that DEMEC is an available option for financing and that the amount of credit the City would need would be available to DEMEC. Mr. Morehead supports the study related to the STAR Campus substation but expressed concern about building the STAR Campus substation as currently planned due to the build out schedule for the STAR Campus presented by UD. Mr. Morehead asked about the costs of feeding the STAR Campus from the Kershaw substation. Mr. Vitelli stated that the costs of the two feeds from Kershaw were for underground feeds and that the four circuits could be fed from those two feeds. He took the worst case loads on the existing feeders and determined that the City could feed past the first circuit and go to the next one farther north, which would need additional poles and wiring to pick up the East Main Street substation. Mr. Morehead thanked Mr. Vitelli for his work in improving the City's electric reliability.

Mr. Morehead asked about the McKees payback versus the LED street light project. Mr. Vitola stated that the reason the McKees payback was shorter due to the availability of Green Energy Funds, SREC sales and avoided costs to help finance the project. The LED street light payback is over 8.5 years only counting the cost in General Fund dollars. However, Green Energy collections can also be used for this project to pay the debt service and recoup the General Fund dollars.

Mr. Morehead asked if there was a City policy on ROIs. Mr. Vitola said there was no policy on figures, however, he is a strong proponent of using Net Present Value as a measure since every dollar has a cost to it and any project with a Net Present Value of greater than zero is worth undertaking. Mr. Morehead stated that he would like to see a clearer line of what has to be done considering the limited resources of the City. He recommended using the baseline infrastructure numbers given by Mr. Coleman earlier in the presentation to fund improvements and was concerned that those baseline numbers were not being completely funded.

Mr. Morehead asked if additional data showing a parking garage is necessary would be brought to Council before a vote on that project. Ms. Houck expected that there may be some information from CCI through the Smart Safe Cities initiative in the new year, but absent that, it would have to be something that the City would have to undertake on its own. Mr. Morehead stated that without that data, he is concerned about budgeting funds for the garage over other infrastructure improvements.

Mr. Morehead felt Newark's challenges were unique due to the amount of untaxed property and that the City's reliance on utility funds should be viewed accordingly instead of being compared to national averages. He requested information on comparable cities' utility revenue transfers, which Mr. Vitola stated he would gather. Mr. Morehead felt that utility revenues were a smart way to have non-taxed entities contribute to the budget. Mr. Vitola stated that the concern is that the State may decide to alter the City's ability to transfer utility revenues in the future, which would put the City's General Fund revenues

at risk, so an incremental shift towards having the General Fund revenues become more independent was recommended. Mr. Morehead understood the concern, but questioned seeking additional State funding if the City is worried about revenue being taken away.

Mr. Morehead asked if the CIP documents on the website matched the documents that Council had. Mr. Vitola confirmed they were the same.

Mr. Morehead felt that the City should routinely budget for sewer costs from the County increasing yearly so there were no surprises in July. Mr. Vitola stated that the City has not done that in the past as increases do not affect the transfer margins, but that sewer revenues and costs are included in the budget for transparency. Ms. Houck indicated that at times the City does know about increases in advance, so that information is relayed if it is known.

Mr. Markham asked what was the estimate being used to project the average tax and water cost increases. Mr. Vitola used \$75,000 average assessed value for taxes, and 167 gallons per day for water costs.

Mr. Gifford asked where the Newark Senior Center and other organizations utility credits are reflected in the budget. Mr. Vitola stated that could be specifically broken out in a budget amendment, but that it is currently only reflected as a decrease in utility revenue. Mr. Gifford asked how many groups have free utilities. Mr. Vitola stated it was the three Aetna substations and the Senior Center.

Mr. Gifford asked how often the City does salary benchmarking and what is the process. Mr. Haines stated that from a unionization standpoint, it is part of the contract negotiations. From the management team perspective, there has not been a holistic assessment done and that is a goal to accomplish in 2015 organization wide. As different positions come up organically, individual positions have been evaluated, but a global view needs to be taken. Mr. Gifford asked what other groups would be compared. Mr. Haines stated that private sector and public sector organizations would be reviewed.

Mr. Morehead commented that while he had been supportive of incremental tax increases in the past due to inflation, but felt that expense increases were exceeding inflation and that the City should be spending less.

#### **Public Comments:**

**02:53:36**

State Representative Ed Osienski, 24<sup>th</sup> District, commended staff on their budget presentation, indicated Newark legislators' support for PILOT funding for the City, commented on the water rates for both in-City and out-of-City residents. Rep. Osienski supported the recommendation to not increase the hydrant rate and to redo the water rate study to evaluate rates for City and non-City residents.

Catherine Ciferni, District 2, questioned slide 23 regarding the reserves and the settlement in the reservoir lawsuit and 2014 legal fees not being reflected on the slide and asked how legal fees were being quantified. She requested a study on the returns for the smart parking meters and for the garage during times UD is not in session. She questioned the public-private partnership process for the parking garage. She asked if the economic development position was being funded with CDBG money, which it was not, and questioned the need for a parking garage in relationship to economic development.

John Morgan, District 1, does not mind an increase of \$7/year in taxes if it was really necessary. He felt the parking garage would increase traffic issues and if built, should be built on the outskirts of the City instead of the middle of downtown. He also felt that a stormwater utility should exclude roof surface in residential areas.

Amy Roe, District 4, felt a new department of economic development and communications was inappropriate in relation to the City's mission. She felt the increase in the budget to \$45 million since 2009 is staggering. She supported the LED street light project. She also felt that the transportation plan should be completed before the parking

garage was considered and that the cart was being put before the horse. She disagreed with e-mailing back and forth between Council and staff as the public does not have this and that the public hearing should be re-noticed after e-mails and documents are posted on the website. She also disagreed with the recommendation from a communications firm to start a department of economic development and communications.

Brett Zingarelli, District 4, disagreed with the 1.5% property tax increase and felt the City should spend less.

Anne Maring, District 1, disagreed with the proposed weapons for police officers. She did not think that economic development and communication should be in the same department and that any employee regarding communication should report to Council. She felt that there needed to be clearer analytics to go with both City projects and development decisions. She asked for greater accountability and transparency.

Jeff Lawrence, District 3, disagreed with tax and fee increases, the LED lightbulb project, the parking garage project and asked the City reach out to UD for help funding the new substation.

Helga Huntley, District 1, disagreed with the proposal to change the referendum requirement for incurring debt, did not understand how the economic development and communications department was budget neutral, disagreed with the combining of economic development and communications, did not see the need or benefit of a parking garage to the citizens and disagreed with the proposed weapons for police officers.

Bonnie Meredith, District 3, felt there should be a reprioritization of spending and a wider margin to increase the budget surplus and reserves. She suggested that the LED light project, parking garage, STAR Campus substation, and proposed police weapons be delayed or cancelled.

Eric Boye, greater Newark, discussed income disparity regarding median household income in Delaware versus the salaries of employees in the City.

James Brown, District 2, was asked to speak during open public comment later in the meeting as his comments were unrelated to the budget.

John Wessels, District 2, supported the LED lights project at this time due to the special price being obtained through DEMEC and encouraged residents to consider the difference in light output.

Tom Uffner, District 1, did not support the parking garage project or the LED street lights project.

The floor was closed to public comment and the discussion brought to the table.

Mr. Chapman was concerned about projects not being completed within their budget year. He would also like to see the budget discussion started earlier in the year. He felt that the funding budgeted in the out years of the CIP was not sustainable. He recognized that public safety is a significant portion of expenditures, but did not plan to support the rifle purchase and requested that personnel costs for all departments be reviewed.

Mr. Gifford asked how the City was doing regarding completion of 2014 spending on capital projects. Mr. Vitola stated that was partially addressed in a previous slide, but that more information could be gathered and posted to Budget Central. Mr. Gifford commented on Ms. Meredith's parking garage comments. Mr. Gifford asked how many Council members would have to approve the charter change regarding issuing debt. Mr. Herron stated that it would only take four Council members to recommend the change to the General Assembly. Mr. Gifford asked if the City has talked to UD further about financing the substation. Mr. Vitelli stated that the intent is to go back to ask for additional assistance from UD for the substation.

Ms. Hadden asked for a representative from the NPD explain the request for the rifles. Chief Tiernan stated that this is something that the NPD needs now due to recent shootings in the City. Lt. Hargrove stated that the rifles are replacement weapons for rifles currently at the end of their service life. The current weapons being replaced have become more expensive. When looking at what other police agencies are doing in Delaware, many are changing over to the AR-15 type semiautomatic weapons, which are publicly available. Several weapons are out of service and there are not enough to go around. The AR-15 has a different sighting system with capability to shoot at greater distances.

Mr. Chapman asked what type of rounds would be used in the new weapons. Lt. Hargrove stated that a 223 or a 5.56 round would be used. Lt. Hargrove stated that the weapon presented in the picture by Ms. Maring was similar to the weapon being purchased.

Ms. Hadden stated that she is hearing that there are not enough weapons to go around, decisions are being made as to who has a weapon and who does not during shifts and that police officers are entering hostile situations without weapons needed. Lt. Hargrove stated that the officers on the road are the first response for an active shooter situation and that waiting for a SWAT team can take almost an hour, which is too late.

Mr. Morehead asked if the City has a SWAT team, which Lt. Hargrove confirmed it does. Mr. Morehead asked why it takes an hour for them to assemble, which Lt. Hargrove indicated that all members of the SWAT team have other jobs and responsibilities and the SWAT team is considered a part-time commitment. In an active shooter situation, a bullet is being fired every seven seconds, so time is essential. Other departments also have part time SWAT teams, but all officers are trained to respond to the situation immediately.

Mr. Gifford asked if there are any other weapons that would fulfill the need, but that could be shared. Lt. Hargrove stated that shotguns had been used in the past, but that the ammunition has a greater possibility of overpenetrating or less range due to accuracy issues. MP5 ammunition is too similar to handgun ammunition and can cause confusion for the officer loading the weapon.

Mr. Chapman stated that his concerns are regarding the caliber of ammunition being used and asked for better education on the range of travel for the ammunition being proposed. He indicated that he wants the police to have the weapons needed, but wants more education on the proposal. Lt. Hargrove felt that the ammunition choice could solve a lot of those issues.

Ms. Sierer stated Mr. Zingarelli was out of order and asked him to leave the chamber.

Mr. Ruckle asked if anyone from the FOP would like to comment on the proposal. MCpl. Greg D'Elia, President of FOP Lodge #4, believed that there was some misinformation regarding the rifle being requested and believed that the weapons were another tool for officers. He expressed disappointment in comments from some Council members. Weapons need to be updated as they are antiquated and the proposed rifles are being used by offenders, which puts police at a disadvantage and puts them in jeopardy. The new rifles are needed to protect the public and the FOP will hold Council members accountable if members are not provided with the tools needed.

Mr. Morehead asked for clarification on the term "assault rifle," which MCpl. D'Elia stated that it is just a rifle and that other rifles that had been discussed were also semi-automatic. The current rifles shoot 9mm round and the 223 is a smaller diameter round. Mr. Morehead stated that more information about the comparison and types of ammunition would be helpful in future Council discussions.

Mr. Gifford expressed that Council wanted officers to have what they needed, but needed to be able to ask questions about proposals.

Mr. Morehead asked if the guns proposed were military surplus. Lt. Hargrove indicated that the weapons purchased would be new, not surplus.

Ms. Sierer indicated that Council needed to determine a path forward with the budget and that previous discussions had tentatively set a follow up meeting for Monday, December 15, 2015 at 6:00 p.m.

MOTION BY MR. MOREHEAD, SECONDED BY MS. HADDEN: THAT COUNCIL HAS ANOTHER MEETING RELATED TO THE BUDGET ON MONDAY, DECEMBER 15<sup>TH</sup> AT 6:00 P.M.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

Aye: Chapman, Hadden, Gifford, Markham, Morehead, Ruckle, Sierer.  
Nay: 0.

3. 1. **ITEMS NOT ON PUBLISHED AGENDA:**  
A. Public

**03:59:42**

James Brown, District 2, spoke on an issue regarding the height of his neighbor's fence and suggested that Newark adopt a height limit for fences within the City. Mr. Ruckle indicated that he had discussed the issue with Ms. Houck and that the incident was being reviewed. Mr. Brown also stated that he supported the NPD weapons request.

4. Catherine Ciferni, District 2, questioned the validity of meetings where open public comment does not occur, asked for additional clarity on agenda items being discussed regarding the budget and felt that several items should have their own discussion with public comment at future meetings. She felt public comment was important and that questions from Council were needed to relieve the burden from the public.

5. John Morgan, District 1, submitted a statement to Council regarding the definition of neighborhood (Comments attached.)

6. Amy Roe, District 4, would like public comment on the budget to be extended to the next meeting, expressed concern about the development of the UD West Campus in relationship to the existing definition of neighborhood and the composition of the Board of Adjustment, expressed concern about the budget impact of the new deputy chief positions in the NPD, and felt the November 10<sup>th</sup> meeting discussion was rock bottom.

7. Helga Huntley, District 1, thanked the NPD for the personal contact she received to her concern expressed at the last meeting.

8. Anne Solan, District 3, expressed concern about the development of West Campus and the impact on surrounding areas, thanked City staff for their work on the budget and thanked the FOP and NPD for their explanations regarding the proposed weapons purchase and she supports the purchase.

9. MOTION BY MR. CHAPMAN, SECONDED BY MR. MOREHEAD: THAT COUNCIL CONTINUE ITS MEETING PAST 11:00 P.M.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

Aye: Chapman, Hadden, Gifford, Markham, Morehead, Ruckle, Sierer.  
Nay: 0.

10. 1-B. **ELECTED OFFICIALS:** None

11. 1-C. **UNIVERSITY:** None

12. 1-C-2. **STUDENT BODY REPRESENTATIVE:** None

13. 1-D. **LOBBYIST:** None

14. 1-E. **CITY MANAGER:** None

15. 1-F. **COUNCIL MEMBERS**

**04:17:58**

**Mr. Chapman**

- Suggested that the City consider planting a tree to be decorated at the holidays.
- Traffic calming equipment on Country Club Drive was not successful and will be coming down.
- Corbit Street paving was behind schedule, but is slated for the week of December 1<sup>st</sup>.

16. **Mr. Gifford**

- Thanked residents for budget feedback

17. **Ms. Hadden:** None

18. **Mr. Markham**

- Expressed concern regarding the salting of roads if there is icing and requested Public Works consider salting hills to alleviate icing concerns.

19. **Mr. Morehead**

- Authorized any e-mail discussions of his with staff to be posted on the website.
- Concerned that prioritized CIP was not on the web under Budget Central prior to meeting.
- Urged removal of the dangerous traffic calming equipment on Country Club Drive.
- Concerned that while driving east on Delaware Avenue the crosswalk is well lighted, the crosswalks on Main Street are not. Mr. Chapman added that the crosswalk by Deer Park is not well lit. Staff will review the issue.

20. **Mr. Ruckle**

- Working on James Brown's fence issue and asked staff to continue looking into it.

21. **Ms. Sierer**

- Read a prepared statement thanking citizens for their involvement, but asked for a balance between constructive and non-constructive engagement and respect for Council and City staff. The Rules of Procedure and Rules of Decorum will be strictly enforced moving forward to promote a collaborative, not combative, environment in Council meetings.

22. 2. **ITEMS NOT FINISHED AT PREVIOUS MEETING:** None

23. 3. **SPECIAL DEPARTMENTAL REPORTS:**

A. Special Reports from Manager & Staff: None

24. 4. **ORDINANCES FOR SECOND READING & PUBLIC HEARING:**

A. **Bill 14-25** – An Ordinance Amending Chapter 30, Water, Code of the City of Newark, Delaware, By Increasing the Water Rates Effective January 1, 2015 By 7.2%

**04:32:01**

MOTION BY MR. CHAPMAN, SECONDED BY MR. RUCKLE: THAT THIS BE THE SECOND READING AND PUBLIC HEARING OF BILL NO. 14-25.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

Aye: Chapman, Gifford, Hadden, Markham, Morehead, Ruckle, Sierer.

Nay: 0.

Ms. Bensley read the title of Bill 14-25 in its entirety.

Mr. Vitola outlined the history of water rate increases in relationship to the Black and Veatch study. He recommended striking amendment 2, which increases the hydrant fee, and also consider scrapping year 5 of the rate increases in the study and complete a new water rate study in 2015.

Mr. Chapman referred to slide 27 regarding the water main replacement and sanitary sewer repairs and expressed concern regarding the funding shortfall for infrastructure repairs and forgoing the proposed 2016 increase since there is still a shortfall. He believes that the increases are short term pain for long term gain in funding minimum infrastructure needs requirements.

Mr. Morehead asked if the slide 27 chart included the 7.2% increase as part of the revenue. Mr. Vitola stated that the chart showed expense budgets and do not address revenue at all. Mr. Coleman stated that more data is needed to support project prioritization, which is a goal for 2015. Mr. Morehead asked if the 7.2% increased revenue would stay in the Water Department. Mr. Vitola stated that would be the goal.

### **Public Comments:**

Tom Uffner, District 1, asked how much the cost of providing water increased, how much the cost of repairs would be and how many more increases would be expected. Mr. Coleman stated that while he did not have exact numbers, he estimated that it was more than the 7.2% increase and that the scheduled 7.2% increase for 2016 is being cancelled in lieu of the updated study. Mr. Vitola stated that the increase in operating the Water Department has been nearly 50%.

Helga Huntley, District 1, commented on the assumptions made in the Black & Veatch Water Rate Study, potential adjustments that could be made, water revenue that is being transferred to the General Fund, confusion regarding savings from realignment of positions, disagreement with water conservation being the solution to higher bills and the belief that the bill should be discussed in relationship with the entire budget at a future meeting.

Amy Roe, District 4, would like more clarity on where the increased funds will be going, commented on the doubling of the water rate in seven years, believed that the Black & Veatch study was problematic and supported a new study.

John Morgan, District 1, asked for a clear justification for expenses for the delivery of water to the citizens and commented on the reservoir and conservation recommendations.

Jeff Lawrence, District 3, would like infrastructure to be improved with existing funds instead of increasing water rates.

Eric Boye, greater Newark, stated that a friend outside wanted to point out that he thought it was really a 14% increase when accounting for the increased readings from the new water meters and that there are additional cost-cutting measures that could be taken.

Catherine Ciferni, District 2, commented on the lack of growth projected and the resulting increases being put on the same group of residents.

There being no further public comment, the discussion returned to the table.

Mr. Gifford asked Council to consider postponing this ordinance for consideration with the budget.

Mr. Markham asked why this was on tonight's agenda. Ms. Bensley indicated that the second reading had been noticed for November 24<sup>th</sup> prior to financial workshop, so the ordinance had been kept on the evening's agenda. There was no reason it could not be postponed and advertised again.

MOTION BY MR. GIFFORD, SECONDED BY MR. MOREHEAD: THAT ITEM 4-A, BILL NO. 14-25, BE POSTPONED UNTIL DECEMBER 15<sup>TH</sup>.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

Aye: Chapman, Gifford, Hadden, Markham, Morehead, Ruckle, Sierer.  
Nay: 0.

- 25. 5. **RECOMMENDATIONS FROM THE PLANNING COMMISSION AND/OR PLANNING & DEVELOPMENT DEPARTMENT:** None
- 26. 6. **ITEMS SUBMITTED FOR PUBLISHED AGENDA**
  - A. **Council Members:** None
- 27. 6-B. **Others:** None
- 28. 7. **RECOMMENDATIONS ON CONTRACTS & BIDS:** None
- 29. 8. **FINANCIAL STATEMENT:** None
- 30. 9. **APPOINTMENTS TO BOARD, COMMITTEES AND COMMISSIONS:**  
None

31. 10. **APPROVAL OF CONSENT AGENDA**

**05:05:10**

- A. Approval of Special Council Meeting Minutes – October 20, 2014
- B. Approval of Council Meeting Minutes – October 27, 2014
- C. Receipt of Alderman’s Report – November 11, 2014
- D. ***First Reading – Bill 14-27*** – An Ordinance Amending Chapter 2, Administration, Code of the City of Newark, Delaware, By Creating a Pension Committee – ***Second Reading – December 8, 2014***
- E. ***First Reading – Bill 14-28*** – An Ordinance Amending the Amended Pension Plan For Employees of the City of Newark, Delaware, Regarding Enumerating the Duties of the Pension Committee – ***Second Reading – December 8, 2014***
- F. ***First Reading – Bill 14-29*** – An Ordinance Amending Chapter 2, Administration, Code of the City of Newark, Delaware, By Amending the Management Salary Plan and Position Titles in the Management Assignments to Yearly Salary Plan – ***Second Reading – December 15, 2014***
- G. ***First Reading – Bill 14-30*** – An Ordinance Annexing and Zoning to RS (Single Family Detached Residential) a 0.73 Acre Parcel of Land Located at 428 Paper Mill Road – ***Second Reading – January 12, 2015***

Ms. Bensley read the Consent Agenda.

MOTION BY MR. MARKHAM, SECONDED BY MS. HADDEN: TO APPROVE THE CONSENT AGENDA AS PRESENTED.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

Aye: Chapman, Gifford, Hadden, Markham, Morehead, Ruckle, Sierer.  
Nay: 0.

32. **Meeting adjourned at 12:04 a.m.**

Renee K. Bensley  
Director of Legislative Services  
City Secretary

## **Public Comments by John Morgan (District 1) at the Newark City Council Meeting on November 24, 2014**

As we all know, one of the crucial issues in the residents' appeal of the Planning Department's verification of the "accessory use" of The Data Centers' proposed 279 MW power plant was the meaning of the word "neighborhood", which was left undefined in our City's code, and hence, it was argued by the City's attorneys, must be given the meaning most favorable to the developer when the phrase "shall not impair the neighborhood" is considered. It was particularly disturbing to many residents to witness their tax dollars used to pay a pair of expensive attorneys to argue that a neighborhood need not include properties a few hundred feet away and does not extend beyond the artificial border of a zoning district. Fortunately for the residents of Arbour Park and Devon and Binns, who live within a few thousand feet of the proposed site of TDC's power plant, and hence would have suffered the effects of its continuous noise and air pollution, on July 10 of this year the University of Delaware terminated TDC's lease for its own set of reasons. One of the few benefits of this expensive episode was the exposure of a serious deficiency in our city's zoning ordinance, which should be corrected without further delay.

Since according to our City's code any amendment of our City's zoning ordinance must be considered by the Planning Commission before it can be considered and acted upon by Council, this process will have to consume at least a couple of months. To get this long-delayed ball rolling, I have formulated a definition of "neighborhood" which I believe is suitable for inclusion in our City's zoning ordinance, which I shall read now.

The "neighborhood" of a given property shall include each of the following:

- (i) Any other property within 300 feet of the given property.
- (ii) Any other property from which any current or proposed structure on the given property is visible or will be visible from ground level and/or from an existing habitable structure on the other property.
- (iii) Any other property on which noise from any current or proposed activity on the given property is audible or will be audible by a human being with normal hearing.
- (iv) Any other property on which odorous emissions from any current or proposed activity on the given property is detectible or will be detectible by a human being with a normal sense of smell.
- (v) Any other property on which harmful air pollution from any current or proposed activity on the given property is detectible or will be detectible by scientific measuring devices.

It should be obvious that a neighborhood should include all other properties within 300 feet of a given property, in conformity with the existing procedure for evaluating applications for special use permits in Section 32-78(a)(4) of our City's code. Moreover, in plain terms, I contend that if you can see it, or you can hear it, or you can smell it, or your health can be damaged by it, you're in its neighborhood.

I ask that Council transmit this proposed definition of "neighborhood" to the Planning Commission, with instructions that its consideration be a very high priority, so that its inclusion in our City's zoning ordinance can be considered by Council early in the new year.