CITY OF NEWARK
DELAWARE

SPECIAL COUNCIL MEETING MINUTES

December 15, 2014

Those present at 6:00 p.m.:

Presiding:	Mayor Polly Sierer District 1, Mark Morehead 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 Finance Director Lou Vitola IT Manager Josh Brechbuehl Parks & Recreation Director Charlie Emerson Parks & Recreation Superintendent Joe Spadafino Planning & Development Director Maureen Feeney Roser Planning & Development Planner Ricky Nietubicz Chief Paul Tiernan, NPD M. Cpl. Greg D'Elia, NPD Captain Kevin Feeney, NPD Lt. William Hargrove, NPD Public Works & Water Resources Director Tom Coleman Purchasing Administrator Cenise Wright

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1. The special Council meeting began at 6:00 p.m. with a moment of silent meditation and the Pledge of Allegiance.

2. MOTION BY MS. HADDEN, SECONDED BY MR. MARKHAM: TO ADD ITEM 7A, EMERGENCY PURCHASE RECOMMENDATION IN ASSOCIATION WITH GRANT REQUIREMENTS FOR DNREC UNIVERSAL RECYCLING GRANT FOR THE PURCHASE OF DUAL TRASH AND RECYCLING SOLAR COMPACTORS, AND REMOVE ITEM 10B, APPROVAL OF COUNCIL MEETING MINUTES – NOVEMBER 24, 2014 FROM THE AGENDA.

MOTION PASSED UNANIMOUSLY. VOTE: 7 TO 0.

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

3. 1. <u>ITEMS NOT ON PUBLISHED AGENDA</u>:
A. Public

01:48

Chris Hamilton, District 4, would like to see revenue projections for a parking garage prior to approval and construction and questioned the need for a garage.

4. Nancy Willing, Barksdale Estates, agreed with Mr. Hamilton's comments, asked for other options to be considered for the new police rifles, and opposes both the removal of the referendum process for incurring debt and the formation of a new department for economic development & communications.

5. Helga Huntley, District 1, distributed a handout to Council, which she reviewed, regarding the revenue and expenses within the budget and her concern about balancing the budget with savings, new debt and underfunding asset depreciation. She asked Council to prioritize expenses and consider spending less.

6. Anne Maring, District 1, concerned that Inform Me text message was not sent about meetings when there is a new check box for the meeting and agreed with Ms. Huntley's comments.

7. 1-B. ELECTED OFFICIALS: None

8. 1-C. UNIVERSITY
(1) Administration – None

9. 1-C-2. STUDENT BODY REPRESENTATIVE: None

10. 1-D. LOBBYIST: None

11. 1-E. CITY MANAGER
17:49

Ms. Houck noted in response to Ms. Maring's comments that the InformMe meeting notifications were intended to start in January as the registration process is ongoing.

12. 1-F. COUNCIL MEMBERS
18:08

Mr. Morehead

- Thanked corporate donor for new furniture donated, including Council dais chairs.
- Expressed sympathy for recent victims in Sydney and of a fire in District 1.

Mr. Ruckle

- Attended the 100th birthday of Ruth Holler at Main Towers.

Mr. Markham

- Followed up on concerns regarding the Newark Shopping Center and saw a lack of sidewalks and open areas in some trenches. Saigon Restaurant also appeared to be leaving and there was concern that the new owners were supposed to be retaining existing tenants. Mr. Markham asked for follow up on both issues by staff.

Mr. Chapman: None

Mr. Gifford:

- Thanked residents who attended the meeting.
- Asked if the police had seen an increase in thefts recently. Chief Tiernan stated that there had not been any more thefts than usual.

Ms. Hadden

- Expressed sympathy for the fire victims on South Fawn Drive.

Ms. Sierer: None

13. 2. ITEMS NOT FINISHED AT PREVIOUS MEETING:
A. Approval of 2015 General Operating Budget and Setting the 2015 Property Tax Rate ***(Postponed from November 24, 2014 Meeting by Request of Council; Public Hearing Held November 24, 2014)***

25:47

Ms. Houck gave a recap of the budget process thus far, including the meeting schedule, the creation of Budget Central and engagement with Council. Staff is prepared to respond to questions.

Mr. Vitola thanked staff for attending and gave an overview of the amendment process for the budget. Amendments can be categorized into three categories: CIP projects that are expected to be met with grants and other sources (long term implications, but does not impact 2015 surplus or cash balance), CIP projects being met with reserves (impacts 2015 cash balance, but not 2015 surplus), and CIP projects being funded with 2015 current resources (impacts 2015 cash balance and surplus).

Mr. Markham requested confirmation regarding the new positions in the budget, including two Deputy Chiefs for the police and the Deputy Director of Planning. Mr. Haines confirmed that the Deputy Director of Planning is new as of July 1, 2015 and the two Deputy Chiefs are new. Mr. Markham asked if there were any other positions. Mr. Haines

stated that due to the custodial conversion, there are part time employees added, a full time position was moved from Parks to Maintenance, and a handful of additional part time employees were added. Mr. Markham asked specifically for brand new positions, which Mr. Haines confirmed those three were new. Mr. Markham stated that Council does have the right to make budget changes throughout the year.

Mr. Markham asked what the $60,000 for Community Groups in the Legislative Department budget is for and if those groups could potentially be helped from the Electric Fund instead of the General Fund. Mr. Vitola noted that Aetna and Newark Ambulance had their own line items and that the Community Groups line was Revenue Sharing funds, so there were no other groups receiving subvention that could be helped from the Electric Fund instead.

Mr. Gifford asked if the budget and CIP were being considered together or separately. Ms. Sierer stated that the budget, property tax rate and CIP needed to be voted on separately and she recommended considering them separately.

Mr. Ruckle asked why the parking enforcement officers moved from NPD to Parking in the budget. Mr. Haines stated that there had been discussion throughout 2014 and that they were being moved as part of the overall parking restructuring being considered. Mr. Ruckle was concerned that they would receive less respect if they were not wearing uniforms and asked what they would be wearing. Mr. Haines stated that the City is looking nationally at what officers are doing and wearing and looking at a rebranding due to lower enforcement needs with the smart parking meters and possibly more targeted enforcement. Mr. Ruckle asked if they would have radios and other equipment. Mr. Haines stated that the City is engaged with CWA to make sure they have everything they need. Mr. Ruckle disagreed with the move and thinks they should be under the Police Department. Mr. Haines stated that there was concern that parking enforcement officers were being contacted by members of the public for issues they were not trained to deal with since they are not sworn police officers. Lt. Hargrove stated that the police did not have a stance on the proposal.

Mr. Morehead stated that targeted enforcement was not part of the agreement Council had made during the smart parking meter discussion. Mr. Vitola stated that there was not instant notification to the officers to start the enforcement process. Ms. Feeney Roser stated that the technology was available but that officers were not being deployed that way and that a grace period is on the meter itself. Ms. Houck stated that staff would like to create more an ambassador feel with PEO's instead of having complaints about officers waiting for meters to expire.

Mr. Morehead spoke regarding why he did not vote for the 2014 budget and expressed concern regarding the City spending more than it takes in and feels it is unfair to ask for a tax increase without greater cuts in spending. He praised the administration's efficiency improvements, but felt that the City cannot afford the current budget proposal and the CIP seems to be the obvious place to cut. Ms. Houck felt comparing two years of actual to two years of budget was problematic, but that staff budgets conservatively and some of the money being spent from reserves was approved for projects that did not get finished with the understanding that Council still wanted them finished. Mr. Vitola stated that the bonded indebtedness of the City has gone down every year since 2001 and will continue to do so since the City pays off debt aggressively. There is no history of the City excessively financing projects or operating expenses with debt. The City historically has been very responsible with debt. The idea that the City can incur debt going forward is based on the fact that the City cannot go from only fixing what is broken to doing more maintenance without additional funds. The idea is to divert some of the surplus for funding the CIP to paying debt service on additional bonds to be able to use the money to accomplish more projects. The City is not stripping the cash reserves. Mr. Vitola reviewed the past cash balances, surplus and revenue and that projected expectations have been exceeded every year which built up the reserves. However, some of those reserves have been set aside for other projects and is now set to be spent on those projects. Mr. Vitola also pointed out that any project above $25,000 would come before Council and any debt incurred would come before either Council or Council and the voting public. Mr. Morehead felt that the current path is unsustainable.

Mr. Gifford stated he would like to see more than one year of projections for the budget so Council can see where the City is going. He also asked for a summary sheet of budget changes to be included in future years. The number for contractual services is going up, but the capital budget numbers are not decreasing. He would like to see notations when an increase in one area is offset by decreases in another area due to changing the way the City does something. He would also like to see cuts in spending.

Mr. Gifford asked about the Deputy Director of Planning position and if it would be considered again by Council at a later date. Mr. Markham suggested that if a position was not wanted by Council, it should be removed at budget time. Mr. Haines stated that the Deputy Director of Planning position does not exist by ordinance at this time, so it will come back to Council eventually.

Mr. Markham asked if the amount of overtime in the Water Fund was more than the cost of a new employee and if an additional employee would be a better option. Mr. Coleman stated that number covers a lot of people, so it would be hard to hire one person to cover the job. The largest share of that overtime is for water plant operators of which there are four currently. The water plant needs to be staffed 24 hours a day, so there is built in overtime for those positions. Mr. Markham stated that it was not an unforeseen expense. Mr. Coleman stated that there could be an additional person, but doing it this way provides more flexibility to ramp up or down as needed than it would with another person. There is a cross-training effort underway to get more staffing for the water plant. Mr. Markham suggested a part-time person, which Mr. Coleman stated would be difficult since it is a technical skilled position that is shift work.

Mr. Chapman stated that he sees the vision the Finance Director is bringing and the shift the administration is bringing over the last couple of years. His vision is that future Councils and citizens will not have to have conversations about neglected capital improvements, that City services will be at the same level and that the administration is trying to achieve that. He believes the City is in a period of time where there is a short term pain for long term gain scenario with large upfront expenses to catch up on what was skipped in the past and seeking opportunities to reduce future expenses by spending more now, but not yet realizing those reductions. He believes that there is a need to prioritize, but that there is year over year improvement and that staff has been responsive to Council's direction and request. He would like to see the budget process start earlier so Council can be better informed and make the process easier.

Mr. Haines responded to Mr. Markham's earlier question stating that approximately $98,000 of the Water Department's overtime is attributable to the water plant operator. That would translate to roughly a $63,000 salaried employee. However, there is concern that one person would not be able to cover all of that time, but could drastically reduce it, because that one person could not be the one shift relief person for four people, comparing it to the Dispatch situation. The situation will be reviewed to see if there are any potential solutions.

Mr. Morehead stated that he recognized that there are new people, that progress is being made and that the City is turning the ship, but expressed a need for caution.

Ms. Sierer opened the floor for line item amendments.

MOTION BY MR. MARKHAM, SECONDED BY MR. GIFFORD: TO FUND ONE DEPUTY CHIEF OF POLICE INSTEAD OF TWO.

Mr. Chapman asked Mr. Haines to summarize the proposal and if one position would satisfy the need. Mr. Haines reviewed the process of developing the succession planning efforts, the current structure of the Police Department, the development of a successor to the Chief within a three year window, the replacement of the current Captain positions with the Deputy Chief positions in the management structure of the department, and the eventual plan of having a Chief, two Deputy Chiefs and a Captain for a plus one of the total number of positions. Two individuals would be promoted as part of a competitive process to the Deputy Chief positions and both would supervise the administrative and operations sides for 18 months each to see if they could manage the entire department and show their respective decision making to show that they have the skill set, decision making ability and the drive to be the next Chief. There has been discussion to say when one is promoted to Chief, will there still be a need for two Deputy

Chiefs and that will be reviewed during future transition periods. This also creates a three member management team instead of the existing one. Discussions were ongoing with the FOP and the FOP is in support.

Mr. Ruckle asked if anyone from the FOP would like to speak. MCpl. D'Elia stated that the FOP is in support of the proposal and that the proposal does not work with only one Deputy Chief. The FOP has reviewed everything and is willing to lose one of the Captain positions in their bargaining unit because they believe in this proposal.

Mr. Markham asked if two officers were promoted to Deputy Chiefs, is a Captain position being eliminated. Mr. Haines stated that only one Captain position would be filled and only one Captain position is funded in the budget. Mr. Markham had trouble supporting a new position that is administrative instead of putting "boots on the street." Mr. Haines stated that through the DEA Task Force, there would be a supplement using seizure monies to get two more "boots on the street" and that the administration is trying to add officers for the street as well.

Mr. Morehead asked for clarification on the proposed structure. Ms. Houck stated that the two Deputy Chiefs would not be members of the FOP, where the Captains currently are. Mr. Morehead asked if there was one Deputy Chief, would two Captains then be needed. Mr. Haines stated that he would need clarity from Mr. Markham if the intent of the motion would then be to fund the existing Captain positions. Mr. Markham stated his motion did not address the Captain position.

Ms. Hadden asked if the FOP voted on this plan. MCpl D'Elia stated that there is a Memorandum of Understanding between the City and the union that includes two Deputy Chiefs. Ms. Hadden asked if the City would be in breach of contract if they didn't follow through. Mr. Haines stated that the City would not be in breach of contract as it is not a binding document, but it is part of the partnership with the Union in creating the new position. Ms. Hadden stated that if it allows for greater promotional opportunities, she supported the new positions.

Mr. Chapman asked for clarification that the restructuring is potentially no more than a three year commitment and may not necessarily be long term. Mr. Haines stated that this is a three year plan and it would be reassessed after that time. Mr. Chapman stated that there is a benefit to the department to have supervision outside of the union and a benefit to having development from within. Mr. Haines stated agreement with the commitment to developing leadership from within the department.

Seeing no other comments from Council, Ms. Sierer called the question on the motion.

MOTION FAILED. VOTE: 2 to 5.

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

Mr. Gifford asked for clarification regarding why the Deputy Director of Planning & Development was being proposed. Mr. Haines stated that it was looking at three year succession planning and that there was not currently a plan for that department. Slides have been added to Budget Central to show what the Planning & Development Department would look like if it was restructured with the proposed Economic Development and Communication Department. There is currently no second person in charge of the Department and successor for the future, which is why the Deputy Director position is proposed. Mr. Gifford stated that with the issues of the General Fund, he wants to be cautious in creating new positions and would be willing to revisit this proposal next year.

MOTION BY MR. GIFFORD, SECONDED BY MR. MOREHEAD: TO REMOVE THE DEPUTY DIRECTOR POSITION FOR PLANNING AND DEVELOPMENT FROM THE BUDGET.

Mr. Markham asked who fills the Director position when Ms. Feeney Roser is not available. Mr. Haines stated that Michael Fortner fills the position for the most part. Ms. Feeney Roser stated that while Mr. Fortner is the person relied on to fill the position, the department is unique in that there is a lead person in charge of each section of the

department. Mr. Markham stated that even though there is not a deputy position, there was somebody to fill that role at this point in time.

Mr. Gifford felt that there was backup for the Director in the department. Ms. Sierer stated that backup is different from succession planning. Mr. Gifford reiterated that he would like to reconsider the proposal next year.

Mr. Morehead stated that the department is about to undergo a tremendous amount of change. While there are slides on budget central, Council doesn't know they are there and suggested doing it differently next year to indicate date of change. He did not have a clear view of what the plan is.

Ms. Hadden asked if the position would come to Council in the form of an ordinance in the future, which Mr. Haines confirmed. Mr. Morehead felt that when items in the budget came to Council later, staff pointed out that it had been approved in the budget previously, so he felt now was the time to take out budget items.

Mr. Markham stated that he would like to see a fiscal note with positions like this in the future. He noted that the majority of the General Fund issues were with personnel and that is where the most change is seen.

Mr. Chapman asked about the salary for the position and it was clarified that the salary in the budget was for a half of year. Mr. Morehead suggested noting like items in the budget in future years.

Question on the Motion was called

MOTION PASSED: VOTE: 4 to 3.

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

Mr. Morehead spoke about the insourcing of facilities maintenance and noted a head count of one supervisor and six part-time workers addressing this in the Code Enforcement Department and questioned the cost of insourcing versus the cost of the janitorial contract and wanted a discussion at the Council level about whether or not to outsource generally.

Mr. Gifford asked what the contract rate was for janitorial service. Mr. Vitola stated that the 2014 contract rate was about $70,500 with an expectation of a minimum of $74,000 for 2015. The cost of insourcing was mostly offset and there was a hope for higher quality service and greater control. Ms. Houck stated that the City has struggled with custodial services for many years and that this also included building maintenance, as well as janitorial services, which alleviated strain on the Parks Department staff. Mr. Vitola stated that the difference was only approximately $9,000 more to insource. Mr. Morehead stated he would defer additional discussion at this point.

Mr. Gifford asked what the public relations line item in the Electric Department was used for. Mr. Vitola explained that bucket trucks and lifts are used for hanging banners if staff has the time and will contract the work out if they do not, so that line is for banner hanging throughout the City, which was broken out from the Electric Contractual Services line for the first time this year. Ms. Houck indicated that 2014 was the first year that it was recognized that separate contracting of the work was needed due to the Electric Department workload.

Mr. Morehead asked what the accounts for solar rebate and notional solar costs were. Mr. Vitola stated that lines show the avoided wholesale costs and the SREC sales as a revenue source to be able to set aside for the Green Energy Fund for Newark specific projects and would not be comingled with the State Green Energy Funds.

Mr. Gifford asked about the projections for the Insurance Fund. Mr. Vitola stated that there is no real way of forecasting those, but staff plans for the worst and hopes for the best. Mr. Gifford asked if the numbers were based on items staff knows are in the pipeline or if it just a general number budgeted. Mr. Haines stated that he tries to make Finance aware if he knows of any potential claims and that some are nearly two years in development since employees have two years to file a claim and other times there may

be cases where there is ongoing medical treatment being paid for. If an employee is injured, their pay is not taken from the General Fund any longer, but moves to the Insurance Fund. There have been historic lows in these claims, but there is a case coming that may be an isolated high. Mr. Vitola stated that the City is also self insured for worker's compensation, which would be $500,000-$600,000 in annual premiums, so the City is taking on the risk instead of having to pay those premiums.

Mr. Gifford asked about the vehicle allowance line in the Administration budget, noting that it was projected to be zero for 2014, but budgeted for $6,000 for 2015 and asked if it was needed. Mr. Vitola stated it was a legacy number for the City Manager vehicle allowance, which the current City Manager does not receive and that it could be removed. Ms. Houck stated that she thought it was an error.

MOTION BY MR. GIFFORD, SECONDED BY MR. CHAPMAN: TO REMOVE $6,000.00 FROM THE VEHICLE ALLOWANCE LINE IN THE ADMINISTRATIVE DEPARTMENT.

VOTE: 7 to 0.

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

Mr. Morehead asked what happens when a department goes over budget. Mr. Vitola stated that staff tries to find an offset in the budget, continue to operate and approve requisitions, and use Contingency line items that are in each department in the budget. Everyone tries to come in at or under budget, so staff has asked that instead of budgeting in line items for overages, budget what is needed and have a contingency line to cover overages, which produces more accurate lines. Mr. Morehead felt that the unused contingency funds were not advisable in light of the proposed tax increases and would like to see a reduction in the Contingency funds. Mr. Vitola stated that some move would be appropriate.

MOTION BY MR. MOREHEAD, SECONDED BY MR. GIFFORD: THAT LINE ITEM 9099 BE A TOTAL OF $50,000 FOR THE OPERATING BUDGET FOR 2015.

Mr. Markham asked if the contingency is all in one location, who would departments come to. Mr. Vitola stated that there would be a reduction across all departments, not a single account. Mr. Markham asked if the City came near the $50,000 this year. Ms. Houck stated that they did. Mr. Vitola stated that he could get an updated report to Council on the total used.

Mr. Ruckle asked for the actual contingency funds number used last year. Ms. Houck stated that this was the first year that the City had contingency funds budgeted. Mr. Vitola stated that 2014 numbers could be provided.

Question on the Motion was called.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

MOTION BY MR. CHAPMAN, SECONDED BY MR. MOREHEAD: TO REDUCE MANAGEMENT SALARY INCREASE FROM 3% TO 1.5%.

Mr. Morehead asked for information on the various types of increases that management is eligible to receive. Mr. Haines stated that there are opportunities for merit increases if an employee is still developing, however, if an employee has reached the top of the scale, there is no further growth for a merit increase available unless the scale is raised higher. If an employee is still developing, there is typically a 4% increase per year with a positive review. However, in the ordinance, if an employee has done exceedingly well, there can be up to a 6% increase, while if an employee has not done well, there can be up to a 2% decrease. If someone is capped out at the top, they can receive a one-time 2% performance reward with a positive review. Mr. Morehead asked if the one-time reward could be done each year. Mr. Haines confirmed it could, but that it would not be

added to base pay and would not be pensionable. Mr. Morehead asked if the scale was moved, would employees get the increase and the one-time performance award. Mr. Haines stated that historically that had not been done. If employees are not capped out, they would not be eligible to receive the performance award, but a 4% step is budgeted for those employees upon their performance review. Mr. Morehead asked if employees were also eligible for longevity pay, which Mr. Haines confirmed that they were after ten years of service, with increases at 15 and 20 years and is included as part of the employees' base rate.

Mr. Gifford asked if the scale were to move, would employees get the increase and the one-time performance award. Mr. Haines stated that the employee would get the growth in the scale, but not the 2% performance reward in that year. If the scale did not move in subsequent years, the employee would then be eligible for the 2% performance award.

Mr. Markham asked if there would be anyone below the lower end of the scale if the scale was moved and, if so, what happens. Mr. Haines stated that anyone below the minimum would have to be brought up to the minimum. Mr. Markham expressed concern that if there was a really bad review, an increase could still be provided. Mr. Haines stated that typically an employee in that situation would be on a Performance Improvement Plan and increases would be held in abeyance until the Plan was completed, but the minimum would have to be met. Mr. Markham asked why the minimum should be increased then which would force the issue. Mr. Haines stated that there are no members of management early enough on the scale that would cause that issue. Mr. Markham asked why the City would want to move the lower end of the scale. Mr. Haines stated that it helps the City with recruitment to keep competitive salaries and encourages internal candidates to seek promotion. If there is a performance issue, the administration needs to do its part through the review process to ensure issues are resolved and merit increases are earned.

Mr. Morehead stated that the last time Council was told increases would be merit based, but everybody got it and asked if there were any management members on a Performance Review Plan. Mr. Haines stated that there are some members who are part of the progressive discipline process, but none are currently on a Performance Improvement Plan in management. Mr. Morehead expressed concern that reviews should not be treated as rubber stamps. Mr. Haines stated that it has been a goal of this administration to fairly evaluate performance and provide goals for improvements and to provide documentation of any issues if disciplinary action needs to be taken later. The challenge to the management team has been not to rubber stamp and to provide details. Ms. Houck added that the performance evaluation structure has recently changed due to management feedback and that the City is in the first year of the new structure.

Ms. Bensley stated that procedurally the amendment should be made under item 4-A with a subsequent budget amendment outlining any changes made in 4-A at a future meeting. Mr. Chapman withdrew his amendment.

Mr. Morehead asked why there is $3,000 budgeted for the electricity bill for the closed transfer station. Mr. Coleman stated per DNREC the City is still in the process of closing the transfer station and the final closure plan will be submitted to DNREC within the next week. By law, everything has to be removed to have complete closure to meet DNREC standards and the City has through the spring to finalize the closure.

Mr. Morehead asked about the transfer of IT from the Administration budget to its own section and asked about the increase in personnel service costs for IT. Mr. Markham pointed out where some of the increases were found.

Mr. Gifford asked for an explanation of the partial reversal of non-cash expenditures and if this is a one time item. Mr. Vitola stated that it had been done once before, but it may not have been given the same clarity as it was here. Mr. Gifford asked when that becomes appropriate, why it is appropriate and does it help the City in some way. Mr. Vitola pointed out the equipment depreciation line of $1.672 million. Depreciation is a non-cash expense and the City needs to balance a cash budget. In the past, that non-cash expense has been made a cash expense by reserving/encumbering those funds to provide for future equipment replacement. Typically, the level of equipment replacement is close to the depreciation number. When vehicles and equipment are

purchased, they are bought with reserve account funds, not current funds. Currently, there is about $3.8 million in depreciation reserve funds. Typically, the City would spend $1.6 million and reserve the equivalent depreciation at $1.6 million, leaving $3.8 million in the reserve. This year, staff took a harder look at the vehicles per Council and the public to determine which vehicles need to be replaced and looking for those that have greater wear. However, if the City is only spending $171,500 on vehicle replacement, does the entire $1.6 million need to be funded? The City instead only funded $500,000, leaving $1.1 million to use towards balancing the budget. That amount would still build the reserve to $4.1 million. The City would still be at a similar ending point if the entire vehicle replacement schedule had been funded and the entire depreciation line was funded. Mr. Gifford asked why staff feels comfortable with doing that. Mr. Vitola stated there would be a ripple effect but there would be another year to assess and refine operations to see if vehicles really needed to be replaced or not.

Mr. Morehead asked in the budget was already in a deficit of $6.88 million. Mr. Vitola stated that was only true if all projects were completed and if there was no funding from any other sources. Mr. Morehead asked if the equipment replacement was from some larger sum of money that had been set aside, which Mr. Vitola confirmed was $3.8 million, but would increase to $4.1 million in this budget. Mr. Morehead asked if the money was set aside why the vehicle replacements were not being done. Mr. Vitola stated that the City could do that, but the City would not be able to do that and replenish the account. He is not comfortable with recommending anything that would not balance the budget and/or grow the reserves. The surpluses are also spread across different funds so every dollar is not the same. Mr. Morehead asked what additional vehicles could be replaced. Mr. Vitola stated that staff would need to review that and could bring a recommendation back to Council in January. Mr. Morehead stated that he could not see the entire picture.

Ms. Sierer reviewed the amendments made thus far: removing the Deputy Director position from Planning & Development, removing the $6,000 vehicle allowance from Administration, and reducing the overall contingency budget from $130,000 to $50,000.

MOTION BY MR. MARKHAM, SECONDED BY MR. RUCKLE: TO APPROVE THE 2015 GENERAL OPERATING BUDGET WITH THE 3 AMENDMENTS.

Mr. Morehead asked if the budget vote is to approve the other revenue sources and the partial reversal numbers. Mr. Vitola stated that it was approving the revenue outside of the proposed tax and water rate increases, the operating expenditures and debt service with other items later on the agenda.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

14. Ms. Sierer opened the floor to discussion on setting the 2015 property tax rate.

Mr. Markham indicated that he would not be supporting the property tax rate increase since he felt the assessments were 31 years out of date and there are discrepancies regarding who pays the taxes. The property owners in his district would see a significant increase.

Ms. Hadden stated that she submitted a poll over the last month to 172 e-mail addresses for residents in her district. She asked a question regarding the proposed tax rate and out of 90 respondents, 79% indicated they were in favor of the tax increase. That was not the direction Ms. Hadden thought that she would go with this, but she was glad to see the rationale that respondents had for the increase being passed as reflected in their comments. Because of the results of the poll, Ms. Hadden indicated she would support the tax increase.

Mr. Morehead has heard from District 1 residents that taxes are amazingly low. However, he felt this was by design. Because the University owns such a large portion of the City, there was no way that operations can be funded on taxes alone. He was a proponent of routine small increases, but felt that spending needed to be cut more. While Newark is not taxed heavily and received a high level of services, since the tax increase is such a small amount of money, he is not inclined to support it.

Mr. Chapman stated that there has been a conversation for several years regarding routine tax increases around the amount of the CPI. He felt that Councilman Morehead's summary was true, but the thought that a 1.5% rate increase this year and that it is only a small impact needed to be put into the perspective of the cumulative impact that it has in the future. The 1.5% that was not passed last year would have been appreciated this year and this year's increase would be appreciated in 10 years. He believed that perspective put the City in similar positions with water and sewer infrastructure with cutting it this year and dealing with consequences later. The political environment in the City last year was extremely contentious, which has subsided some this year, and he knew that he was looking for something to balance the bad news with the water rate increase. Looking across the districts, District 5 feels the most impact by average. However, in conversations with District 5 residents, they expressed support and an understanding of the need to keep up with expenses. Everyone knows that property tax revenue cannot singlehandedly support the City's services, but he was not a proponent of making that position worse.

MOTION BY MR. CHAPMAN, SECONDED BY MR. RUCKLE: TO APPROVE A TAX RATE OF $0.7065 FOR 2015.

MOTION PASSED. VOTE: 4 to 3

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

15. 2-B. APPROVAL OF 2015-2019 CAPITAL IMPROVEMENT PROGRAM (POSTPONED FROM NOVEMBER 24, 2014 MEETING BY REQUEST OF COUNCIL; PUBLIC HEARING HELD NOVEMBER 24, 2014)

02:49:08

Ms. Houck stated that staff had been responding to Council questions, but were here to respond to any additional inquiries.

Ms. Hadden requested that a reference to The Data Center be removed and asked if there was any revenue from TDC calculated into the budget that should be removed. Mr. Vitola stated there was not. Ms. Hadden asked if the LED street light project would be installed by the City or by an outside contractor. Mr. Vitelli stated that City staff would install the lights to save money. Ms. Hadden asked that when the parking garage comes forward as a project that it be considered for referendum by the public.

MOTION BY MR. MOREHEAD, SECONDED BY MR. CHAPMAN: TO REMOVE PROJECTS RATED 4 AND 5 IN THE FUNDING PRIORITIES DOCUMENT FROM 2015 TO 2016.

Mr. Gifford stated that it may be better to go individually as some may be removed entirely. Ms. Sierer stated she would like to go line by line. Mr. Morehead withdrew his motion.

E1402 – 12KV Extension

Mr. Vitelli stated that this was a project to cross the railroad tracks with a line from the West Main substation and tie into the lines on South Main. The current line goes down Hillside Road, Cleveland Avenue, and North College Avenue tying in that way. If the lines just cross the railroad, all of those 4000v lines can be eliminated and just change the transforms. It would involve putting three poles in, taking the wires down and hooking the transformers to the upper circuit.

Ms. Houck stated that a brief recess would allow for the priorities document to be distributed to Council so all members would be looking at the same document. Mr. Vitola indicated that he was printing a list of the 4 and 5 priorities to be distributed to Council. It was agreed by Council to continue discussion.

Mr. Morehead asked when this project was expected to be done. Mr. Vitelli stated he planned to do it next year with in house crews.

Mr. Gifford stated that he felt this project could be retained for this year. There was consensus by Council to keep the project in the 2015 CIP year.

W1501 – Source Water Monitoring/Reservoir Upgrades

Mr. Coleman stated that since the prioritization was done, there were problems with the reservoir draining and that the water at the bottom of the reservoir was very poor quality. When the water temperature gets around 39°F, the maximum density for water, wind can blow across the surface and turn the whole reservoir over, which pushes the bottom water to the top making the water unusable at the treatment plant. Last year, the entire volume of the reservoir ended up being drained over the winter in three separate cycles to turn the water back over to get it fixed with the intention of trying to find out what was the cause and how the City would address it this year. Staff started modifying the pump cycling throughout the year switching to the reservoir, so one week out of every month, the City drew from the reservoir to help cycle the water and determine if it was a water age issue. Three weeks ago, the same issue happened again. There is a high chlorine demand, which is not good. Since the prioritization was done, the reservoir upgrades portion of the project has elevated to the point where the department is actively looking at equipment to address the reservoir issue. If something were to be cut from this, Mr. Coleman would look at cutting the source water monitoring portion of the project, but would definitely want to keep the reservoir upgrades portion.

Mr. Morehead asked what the breakdown was. Mr. Coleman estimated that the source water monitoring portion was in the $80,000 to $100,000 range and the reservoir mixing would be around $50,000. A specific technology has not been settled on yet, but equipment has been purchased to upgrade the mixer to run 24 hours/day. It is currently a sun up to sun down unit, but the department is looking to squeeze more out of that unit and look to purchase either a second unit or an air bubbler type unit.

Mr. Morehead asked if other reservoirs experienced the same issues. Mr. Coleman stated that the City's reservoir is somewhat unique in that it is pump up, not flow through so there is much less turnover, which is what they had been trying to simulate through drawing off the water. The other unique quality is the depth at 50+ feet deep. The existing mixer is what a lot of other people have used. The initial design included the pump in the tower that circulates water with the thought that would be enough, but it is not. The solution is to either add more mixers or add aeration. The technology is there and the department has reached out to the University to see if the City can get some grad students to model the water to give a better idea of what would be needed to properly mix it so the City doesn't overdo or underdo it with the next round.

Mr. Markham asked what the value of 340 million gallons of water was when it was drained. Mr. Coleman stated that it is not treated, so it is essentially just the pumping costs and the electrical cost. Mr. Markham asked if water had to be purchased elsewhere when the reservoir was drained. Mr. Coleman stated that it did not unless the water in the reservoir was such that the City can't use it and also cannot use the creek water at a long enough duration that water would have to be purchased at $2.994/1,000 gallons, which is the other option being reviewed and is not an ideal situation. Mr. Markham asked if the water drawn down could be used, but after a certain point, it could not be processed, which Mr. Coleman confirmed.

Ms. Hadden asked why the blue green algae growth was harmful. Mr. Coleman said that it is a cyanotoxin and that this summer Toledo had to shut down their water intake and truck in bottled water for the entire city due to this toxin. If the reservoir does get blue green algae from time to time, it is treated with copper sulfate, which is contributing to the water quality issue since it sinks to the bottom and reacts with iron filings creating hydrogen sulfide. The City is looking at alternatives to using the copper sulfate and anything that can be done to improve the issue. The thought was if the City can look at the source water monitoring and stop pumping the nutrients up, it will react less in the water. When the algae dies, it sinks to the bottom of the reservoir, sucking up all the oxygen and creating an anoxic zone. Ms. Hadden stated that from her experience, algae blooms of all kinds are not good for animals or people. Mr. Coleman stated it was toxic.

Mr. Markham asked whose intake received the drained water from the reservoir. Mr. Coleman stated it goes to United Water's intake. Mr. Markham noted that there was an agreement for the City to stop pumping out of the creek after a certain amount so United Water would be able to service their customers.

Mr. Morehead stated that the need for some of these funds seemed to be urgent and asked if Mr. Coleman could live with $40,000. Mr. Coleman stated that he was not confident he could accomplish what was needed with $40,000 and that an additional mixer would get the City to around $50,000. Mr. Morehead asked if it would be okay to push the additional $100,000 to 2016 to allow for more time to figure out a solution to the issues, which Mr. Coleman agreed.

MOTION BY MR. MOREHEAD, SECONDED BY MR. GIFFORD: TO CHANGE W1501 FOR 2015 TO $50,000.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

W1403 – Storm Water Improvements

Mr. Morehead stated that his thought was to review this item once the plan for the proposed stormwater utility is presented to Council.

Ms. Hadden asked if any of the projects listed were already in the works. Mr. Coleman stated that the only project in the works was a separate capital item, but asked Mr. Vitola if the stormwater utility funds became available, would the projects have to be amended back into the budget at a later time in order to be started. Mr. Vitola stated they would have to be amended back in. Ms. Hadden was concerned because there were two Kells Avenue projects listed that she felt really needed to be done.

Mr. Chapman noted that none of the projects listed are being pursued until after the GIS mapping is received, which staff noted was imminent. Mr. Coleman stated that once the data was received, the necessary analytics needed to be completed to calculate impervious surface, so there will be some processing time before the City has the numbers to plug into the ordinance and present the ordinance to Council with plans for a June or July implementation. Mr. Vitola confirmed that goal and noted that removal of this project would have no impact on the budget since completion depended on passage of the stormwater utility. If the project is removed or moved to 2016, it has no impact on the budget since any of the projects would have to come to Council first with a recommendation for approval prior to being started.

Mr. Chapman asked Mr. Morehead to confirm that he wanted to completely remove the project from the budget, which Mr. Morehead confirmed. Mr. Chapman wanted it kept in to be shown as a future priority for the City over the next five years, but would consider moving the actual funding item from 2015. Mr. Morehead stated that would suit and that he wanted to be careful to move things, not eliminate them.

Mr. Morehead wanted to see prioritization focused on overall and historical flooding areas instead of just areas that were affected by the major storms of the last year.

MOTION BY MR. MOREHEAD, SECONDED BY MS. HADDEN: TO DELAY THE FUNDING FOR W1403 AND REMOVE IT FROM 2015 AND PUT IT IN 2016.

MOTION PASSED. VOTE: 6 TO 1.

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

H1503 – Newark Transportation Plan Implementation

Mr. Gifford stated that the Council and the public have supported the Newark Transportation Plan and that he felt it was important to leave the project in the budget in light of recent traffic accidents. Ms. Sierer concurred with Mr. Gifford.

Mr. Morehead was curious as to why Dallam Road was included. Mr. Coleman stated that he thought it was to put bike lanes on Dallam Road, but would need to confirm. Mr. Morehead thought Dallam was a misprint since it was a residential street. Discussion ensued regarding Dallam Road. Ms. Sierer felt it was important to fund plans that were previously approved by Council. Mr. Coleman stated that he would clarify, but that $20,000 would not cover all five potential projects listed. Ms. Houck stated that staff can commit to coming back to Council with how the $20,000 would be spent.

Mr. Gifford asked for clarification on the reason for the $20,000 as the budget number. Mr. Coleman stated it was to give staff time to do any necessary engineering and perhaps do a smaller, striping only project initially.

H1302 – Country Club Drive Traffic Calming

MOTION BY MR. CHAPMAN, SECONDED BY MR. MOREHEAD: TO REMOVE STREETS PROJECT H1302, COUNTRY CLUB DRIVE TRAFFIC CALMING, FOR $50,000 FROM THE CIP.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

Mr. Coleman stated that the traffic study results showed there was no change in speed with or without the traffic calming measure.

M1101 – Maintenance Yard Master Plan/Salt Shed Replacement

Mr. Gifford was concerned about salt shed since it was in the yard and wanted to know how long the one there would last. Mr. Coleman stated that the existing salt shed was over 30 years old. Mr. Gifford suggested postponing the new salt shed, but leaving money in the budget for repairs for this year. Mr. Coleman stated that there are two items as part of the project: the old warehouse and the salt shed. The salt shed is a three sided building where the left wall has started separating from the back. Some temporary reinforcement has already been done to the back a few years ago and a similar reinforcing structure design has been done in house for the left side so the roof does not collapse. It has not been condemned by the Building Department, but if it were to get worse, it probably would be. The salt shed situation is pretty dire, especially since salt cannot be exposed to rainfall. The plan is to look at the entire site to see where a properly sized salt shed could be located. If that is where the old warehouse is located, the old warehouse, which is in exceedingly poor condition, would have to come down. Roof patches costing $10,000-$11,000 were completed to get the City through until next year because the rafters were going to fall in otherwise. The project would have to be staged to provide coverage for equipment. If there is an incident, it would be difficult to react if there is not a plan.

Mr. Morehead asked how much the plan portion would be. Mr. Coleman stated the warehouse replacement cost was estimated at $120,000 for a warehouse of the same size, the salt shed would be around $60,000 and the master plan would be around $20,000-$30,000 depending how much existing survey information can be reused. The reinforcing design for the salt shed will be installed in house in the near term.

Ms. Sierer asked if Mr. Coleman anticipated all of this being done in 2015. Mr. Coleman stated that it would depend on how soon a master plan is on board, but that construction would probably roll in to 2016.

Mr. Markham stated he is in favor of doing the project and is concerned that in the case of a heavy snow, the salt shed roof would collapse, leaving no salt. Mr. Coleman stated the likelihood of that is fairly low.

Mr. Gifford suggested that this project should have had a higher prioritization and asked if this was anticipated to be ready by the next snow season. Mr. Coleman stated that he thought there was a State contract for clear span buildings for this purpose that the City would look to use for it which would speed up the process.

Ms. Hadden asked if the proposed structure was the correct way to house the salt and if it would last. Mr. Coleman stated it was a very common way and that it would be a similar type of structure to what DelDOT uses.

Mr. Morehead asked if it would be the plan first, shed second and warehouse third. Mr. Coleman stated that the shed and the warehouse would have to simultaneous since the new shed will likely go where the warehouse is and other calculations would need to be done if other locations were considered. Mr. Morehead asked where the University stores their salt and if the City could use some space. Mr. Coleman stated that the storage facility is on New London Road and would not be large enough.

K1503 – Tree Inventory

Ms. Sierer thought it was important to keep this project in 2015 due to the impending arrival of the emerald ash bore. In order to effectively manage the City canopy, it is important to know what trees are part of it to be able to defend against this and other potential diseases. Mr. Emerson stated that the last time the inventory was done was 12 years ago and it is important to know what the City has in its forest canopy and what the City needs to do. The emerald ash bore is now in Maryland and southern Pennsylvania and moved from Michigan. There are some treatments that can be done, but it is expected to affect ash trees significantly and many will die. Part of the inventory is to identify that problem, but it is also so the City knows what species of tree there are in Newark so when working with developers, the City can diversify the canopy so a single blight does not kill a significant number of trees. There is a serious problem in the parks right now with bacterial leaf scorch affecting oak trees significantly at an alarming rate.

The inventory will also serve as an ecostudy to tell the City what it has, what the canopy impact is on stormwater, what the benefit is to the City and identify hazardous situations to the City. Mr. Emerson felt very strongly that this needed to be completed, especially in light of the emerald ash bore coming. The ash tree population is expected to be 2-5% of the entire canopy. When an ash tree fails, it becomes very brittle and needs to be attended to quickly to prevent damage. In subsequent years, additional money will be requested in the operating budget to treat or remove affected trees.

Mr. Morehead asked if this would only be an inventory of trees on City property. Mr. Emerson confirmed that, and said that his understanding was that the University will be doing its own inventory. In 2016, the City would like to do an aerial imagery of the tree canopy, which would be for the entire city and would involve public outreach to property owners who have ash trees and outreach to the University to pursue a partnership.

Mr. Markham asked if the City has checked with NASA on their LandSAT project because they have satellites they use to identify vegetation in different areas. Mr. Emerson stated that had not been reviewed. Mr. Markham offered to put Mr. Emerson in touch with the project.

Mr. Vitola stated that the vendors would be asked in the bid to make available a residential tree inventory, which would be advertised for public participation at cost to the residents. Mr. Morehead asked if the City was only looking for ash trees, which Mr. Vitola replied that the inventory would be to identify any trees the homeowner may have.

K1301 – Hard Surface Facility Improvements

Mr. Emerson stated that ten tennis courts at four locations have been identified that need repair. The courts are recolor coated, lines painted and cracks fixed every seven to nine years. Typically a court does not need to be resurfaced for 20 to 25 years if maintained regularly. The courts are used a lot and once cracks start, they do not stop without treatment. Some have been done in house, but there is not enough staff time to do the entire job in house. This needed to be done to keep the courts playable and prevent more severe damage.

Mr. Chapman supported keeping the courts in attractive, playable shape in order to keep them in good condition and in use for tennis activities, instead of falling into disrepair and having other, less desirable activities move in. In addition, keeping traffic in the parks makes for safer surrounding neighborhoods.

Mr. Morehead asked if there was any data as to which courts are used. Mr. Emerson stated that the department has no data, but can state that the courts are fairly well used through observation and that the City holds tennis classes at the courts.

Mr. Gifford asked about the costs budgeted for the out years. Mr. Emerson stated that the project is for all hard surfaces, so out years included trails, parking lots, basketball courts, street hockey courts, skateboard facilities, etc.

Mr. Morehead asked what was happening with the Handloff Skate Park. Mr. Emerson stated that the City knew there was going to be some encroachment on to the turf around the skateboard facility, but they did not want to construct anything until they saw those patterns. Now that the patterns are determined, pavers will be put in those areas so there will be no riding on soil to cause erosion.

Mr. Gifford asked how much it cost to resurface an entire court at the end of its life. Mr. Emerson confirmed it was about $15,000 per court, but could be as much as $40,000 to $50,000 to do a total court.

V1404 – Municipal Lot #1 Parking Garage (1)

Mr. Gifford proposed moving both the funds for 2015 and 2016 out a year to allow for more time to show the need for a garage. Mr. Markham, Ms. Sierer and Ms. Hadden agreed with Mr. Gifford's suggestion.

MOTION BY MR. GIFFORD, SECONDED BY MR. MARKHAM: TO PUSH OUT BOTH THE 2015 AND 2016 FUNDING FOR V1404 BY ONE YEAR.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

V1403 – Site Preparation for Lot #1 Parking Garage

Mr. Morehead asked if it would make sense to push this out as well. Ms. Houck stated that staff felt it should stay in. Ms. Feeney Roser stated that there have been significant investments in this project already, including a payment of $175,000 to the University for the value of the two homes being moved as part of this project. Whether or not the garage goes ahead, the City could pick up 50 new parking spaces in the busiest lot at a relatively small 2015 investment of about $9,800 so there would be a return on the investment. The University is poised to move out of those two buildings so they will be vacated. Those 50 parking spaces would also be considered when deciding whether a new garage is needed.

Mr. Morehead asked when the University was moving. Ms. Feeney Roser stated that they were planning for the end of January, which is also why the tree on the property is coming down.

Mr. Gifford asked if the $140,000 from reserves was already approved and used previously. Mr. Vitola stated that the money was approved, but not used. Mr. Morehead stated that only $9,800 was from current funds.

Mr. Morehead asked if the $140,000 included taking the buildings down, which Ms. Feeney Roser confirmed that demolition would be $60,000 and the site prep and paving of the lot would be about $85,000.

V1001 – Parking Lot Surface Maintenance

Ms. Sierer asked if this was approved in prior years. Ms. Feeney Roser confirmed and stated that lot should have been reconstructed during 2014 on the normal 10 year maintenance plan. It was delayed because much of the lot was already improved as part of the Kate's Place project, so Public Works & Water Resources looked at it again. The only thing that needs to be done is the main drive area and that a relatively small investment this year could push off lot reconstruction until 2019. There is also an opportunity to do restriping which could pick up a few extra spaces with some dumpster consolidation. It will not fail this year if Council moves the project out.

MOTION BY MR. MOREHEAD, SECONDED BY MR. GIFFORD: TO MOVE PROJECT V1001 TO 2016.

MOTION FAILED. VOTE: 2 to 5.

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

I1504 – Harris Cityview Cashiering

Mr. Brechbuehl explained that the Cityview system is used for many departments, but primarily Code Enforcement and property management. Several years ago, there was a security audit where it was found that people were being sent between departments to make payments, which is concerning. The City would like to utilize the Cityview cashiering module to take payments within the system to further improve the segregation of duties. There is also a strong believe that by allowing batch payments within the system, the process would improve internally for staff and there would be less wait time for customers.

Mr. Morehead asked if this would include rental permits being paid for in Code Enforcement instead of Finance, which Mr. Brechbuehl confirmed.

Ms. Houck reminded Council that segregation of duties comes up in the City's audit and that the City has been working hard to get that off the audit. This would help facilitate that. Mr. Morehead thought that was an issue because Newark is a smaller city, which Ms. Houck said had been stated, but that the City is hopeful that this coming year it may come off of the audit with changes that have been made. Mr. Brechbuehl stated that the City is also in the midst of a PCI compliance audit related to credit card security, which this will affect by having fewer fingers touch credit cards.

W0807 – Arbour Park Booster Station Improvements

Mr. Gifford asked if the comments stating that the number should be $324,000 instead of $398,374 were accurate and, if so, could the number be changed. Mr. Vitola stated that the item could be adjusted in the final copy of budget once it is ensured to be accurate.

MEQSF – Equipment Replacement Program

Mr. Gifford stated that the comments that there is a vehicle listed as working, but wanting to be replaced. Mr. Vitola reviewed all of the vehicle purchases that are scheduled for 2015. Mr. Gifford and Ms. Hadden indicated that they would like to keep that truck another year.

Mr. Chapman asked for clarification on the priority rankings, which Mr. Vitola provided. Mr. Markham reminded Council that all vehicle purchases would come before Council with more detailed justifications.

Mr. Emerson stated that the vehicle in question has been a hand-me-down vehicle for years and is not conducive for snow removal, which all Parks & Recreation trucks need to be able to do to maximize vehicles. The garage deemed it to be a high priority replacement, as did Mr. Emerson as it does not fulfill the needs for department operations.

Mr. Gifford asked for the history of the vehicle, which Mr. Emerson provided.

Mr. Gifford asked about the line item for a dump truck at $35,000. Mr. Coleman stated that this was the truck used by all of the mechanics to get to other trucks when they are broken down. Currently, they use a 2001 Dodge Ram van, which will be transferred to Building Maintenance since it is enclosed and give the mechanics a service body truck so they can put all of their tools on the side of the truck so they can get to the truck with what they need to work on the broken down vehicles.

Ms. Sierer reviewed the amendments made thus far: to reduce W1501 to $50,000 from $150,000, to move W1403 funds from 2015 to 2016, remove H1302 and move V1404 out one year for 2015 and 2016.

MOTION BY MR. MARKHAM, SECONDED BY MS. HADDEN: TO APPROVE THE 2015-2019 CAPITAL IMPROVEMENT PROGRAM AS AMENDED.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

16. 2-C. 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% (POSTPONED FROM NOVEMBER 24, 2014 MEETING BY REQUEST OF COUNCIL)

04:11:58

Ms. Bensley read Bill 14-25 by title only.

MOTION BY MR. GIFFORD, SECONDED BY MR. RUCKLE: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL NO. 14-25.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

Mr. Vitola stated that the $2 million in 2015 capital projects scheduled for the Water Fund cannot be met without the proposed water rate increase. Despite the rate increase and the increased volume being registered from the smart meters, the revenue streams have been pledged to the Water Fund and the transfers from the Water Fund to the General Fund are going down. The additional funds from the increased water volume measurements are going to the debt service for the smart meters. This will be the second year in a row that the transfer from the Water Fund to the General Fund has decreased. There are revenue increases in the Parking Fund that help offset this, otherwise, the 7.2% rate increase would not be sufficient to meet that level of transfer and surplus in the Water Fund of $73,000.

The recommendation from November 24th stands to strike Amendment 2 and address the hydrant fee at a separate time. A bill will be on the agenda for second reading related to the hydrant fee on January 12th. It is recommended to pass Amendment 1 with the 7.2% increase for all rate payers.

Ms. Hadden reviewed the poll results from her district regarding the water rate increase question. Out of 90 respondents, 80% stated that they supported the 2015 water rate increase, foregoing future water rate increases until a new study can be completed. Three also commented that they would be satisfied with a 2016 increase as well.

Mr. Morehead stated that a lot has changed since the Black & Veatch study was done and wanted to see the existing study updated. He would be willing to fund the study being updated, but did not support the rate increase.

Mr. Chapman stated that the costs inside the Water Department are mostly for infrastructure maintenance. There are times where studies offer unnecessary delay and there is reason to say that the City needs the rate increase this year. Mr. Chapman expressed nervousness at not keeping up with the infrastructure needs. While the City could not transfer money to the General Fund from the Water Fund, that would be problematic. Mr. Chapman felt that not having the increase would take money away from the department that is not hypothetical.

Mr. Morehead thought the study was questionable and the increase should wait until that time.

Ms. Houck stated that the City has not kept up with all of the increases recommended in the Black & Veatch study and that this 7.2% increase is needed. The outcome of the study will not likely suggest that this was not necessary and should make next year's decision easier. The margin has gone down due to the greater need in the utility, which Mr. Vitola confirmed.

Mr. Vitola added that the study is valid in determining what revenue increases are needed in the five year term. What is missing is how to levy it, which is what will be provided in an updated study. The City needs at least a minimum 7.2% increase. The capital projects in the Water Fund would have to go down if the increase is not passed.

Mr. Markham asked if there is a different cost of delivery associated for low volume versus high volume customers. Mr. Coleman stated that for infrastructure an industrial customer costs less to serve than a residential customer, but for fire service big buildings are more expensive to serve due to larger pipes needed. Mr. Markham is generally in agreement to wait for a study. He referenced the electric study which pointed out the subsidy of smaller customers by larger customers, and was concerned about a similar outcome.

Mr. Coleman stated that there are 19 projects rated at a 1, 2 or 3 and that the need for the money is real. Any reduction on the rate increase will cause a painful reassessment of those projects. It is likely that a new study will shift more of the burden to residential customers, which will make future rate increases even higher.

Public Comment:

Helga Huntley, District 1, suggested City staff prepare a list of corrections to budget before adoption, agreed with the water rate study being redone, felt there was plenty of money in the Water Fund if the City does not transfer it to General Fund, and requested a rate increase be decreased closer to the inflation rate.

John Morgan, District 1, pointed out that the water rate has increased by four times since 2001 and would like residents to have a clear understanding of where extra money is going and thought a breakdown would be helpful.

Chris Hamilton, District 4, felt Ms. Hadden's poll was not accurate and that people were against the increase.

Seeing no other comments, the discussion was brought back to the table.

MOTION BY MR. CHAPMAN, SECONDED BY MR. RUCKLE: TO APPROVE BILL 14-25 AS PRESENTED.

The motion was withdrawn by Mr. Chapman.

MOTION BY MR. CHAPMAN, SECONDED BY MR. MOREHEAD: TO REMOVE THE SECOND AMENDMENT OF BILL 14-25.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

MOTION BY MR. CHAPMAN, SECONDED BY MR. RUCKLE: TO APPROVE BILL NO. 14-25 AS AMENDED.

MOTION PASSED. VOTE: 4 to 3

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

Mr. Chapman commented that to have 80 residents respond to anything is significant and applauded Ms. Hadden on her efforts.

17. 3. <u>SPECIAL DEPARTMENTAL REPORTS</u>:

A. Special Reports from Manager & Staff: None

18. 4. <u>ORDINANCES FOR SECOND READING & PUBLIC HEARING</u>:

A. 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

04:37:13

Ms. Bensley read Bill 14-29 by title only.

MOTION BY MR. MARKHAM, SECONDED BY MR. CHAPMAN: THAT THIS BE THE SECOND READING AND PUBLIC HEARING OF BILL NO. 14-29.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

Ms. Houck stated that last year there was research on the increases between management and the unions which showed that management had not received increases at the same rates. The 2014 recommendation was 5%, which was reduced to 3% by Council. The 2015 recommendation is 3%, which staff feels is warranted and necessary and would like it to be supported.

Mr. Haines commented that this is the management team's negotiation table and there had been talk of looking at CPI as a benchmark. As of today, that sat at 1.69%. 3% represented a $77,000 expenditure in the budget for 2015. CPI would be 1.7%. Mr. Haines would advocate for a 2% increase if there needs to be a reduction and that management does not codify all of the work done on a timesheet. When it comes to specific events and meetings, the City has tried to crack down and be judicious with coding from an overtime or comp time standpoint. Salary compression previously has been discussed. A 2% increase would be a $51,000 expenditure in the budget.

Mr. Chapman felt management should lead by example for future negotiations with unions to hold down personnel costs since that is the highest cost to the City's budget.

Mr. Morehead agreed with Mr. Chapman and felt management members worked for the benefit of the citizens, not for the money.

Mr. Haines understood that payroll is the biggest cost and that 60% of costs are personnel. This is 10-20% lower than other municipal peers. Analysis requested by Council would be done, but there are two more years of approved union increases. Management has led for many of the compensation changes in the past. The comparison to the private sector would be to reward individuals who come under budget, but that structure is not set up. There are professionals who can go to the private sector and make $10,000 to $20,000 more. There is a balance between loving and being vested in the community and having careers.

Mr. Ruckle commented that if employees exceed expectations, they should be rewarded and that management is entitled to a raise.

Mr. Gifford asked for clarification on the ordinance, which Mr. Haines offered clarification on the merit increase possibilities outlined earlier in the budget hearing.

Public Comment:

Helga Huntley, District 1, felt that salary ranges should be adjusted by small increments such inflation, that individual increases should be based on merit and that overall thought should be given to the amount budgeted for management salaries.

Chris Hamilton, District 4, felt that this only affected a small percentage of management members who were at the maximum of their pay scale.

Seeing no other comments, the discussion was brought back to the table.

Ms. Houck clarified that the 2% performance bonus was rare and was not guaranteed. Everyone who would get the increase is not at the top of their scale with a good review.

Mr. Morehead clarified that earlier it was stated that developing staff members within their pay scales typically get a 4% increase with a good review. Mr. Haines stated that was the case and could not exceed 6% by Code. 10% of the workforce is management and some are over 30 years tenured. Ms. Houck asked how long it takes an employee to get through their 4% increases to the maximum of the pay scale. Mr. Haines stated it was on average a five year window.

MOTION BY MR. MOREHEAD: TO INCREASE THE GRADE 1.5%.

MOTION FAILED DUE TO LACK OF A SECOND.

Mr. Chapman asked if employees were better off with the 1.5% increase or the 2% performance bonus. Mr. Haines stated that the 1.5% increase would be pensionable and part of the base wage so there is value to that over the one-time bonus and that the one-time bonus has been rarely used.

MOTION BY MR. CHAPMAN, SECONDED BY MR. GIFFORD: TO APPROVE A THRESHOLD INCREASE OF 1.5%.

MOTION PASSED. VOTE: 4 TO 3.

Aye: Chapman, Gifford, Morehead, Sierer.
No: Hadden, Markham, Ruckle.

MOTION BY MR. MOREHEAD, SECONDED BY MR. GIFFORD: TO APPROVE BILL 14-29 AS AMENDED.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

19. MOTION BY MR. MARKHAM, SECONDED BY MR. GIFFORD: TO CONTINUE THE MEETING.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

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

20. 5. RECOMMENDATIONS FROM THE PLANNING COMMISSION AND/OR PLANNING & DEVELOPMENT DEPARTMENT: None

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

22. 6-B. Others: None

23. 7. RECOMMENDATIONS ON CONTRACTS & BIDS:
A. Emergency Purchase Recommendation in Association with Grant Requirements for DNREC Universal Recycling Grant for the purchase of Dual Trash and Recycling Solar Compactors

05:06:06

Mr. Coleman stated that the assumption that there was no match last week was incorrect. The grant only covers one half of the cost of the recycling portion of the unit, which translated to 25% of the unit as a whole. Therefore, with Council's previous action to purchase nine units, the entire cost would not have been covered due to the match requirement. Therefore, staff is bringing the request back to ask Council to approve everything or approve nothing since it does not make sense unless it is rolled out all the way to achieve the efficiency gains projected. With additional research on weights, it was found that the 100lb can was an anomaly and with once a week collection, the trash typically weighs between 60 and 70lbs and the recycling weighs between 20 and 30lbs. The average if all 30 cans were purchased is expected to be 40lbs for trash and 27lbs for recycling.

Ms. Sierer asked if there was any concern about the weight. Mr. Coleman said not at this time and that yard waste cans are a maximum of 40lbs and are often heavier and the staff handles those well. It is not ideal, but the department will look at potential mechanical solutions to help with the process.

Mr. Ruckle was concerned about the weight of load and would like twice a week collection. Mr. Coleman stated that was already planned as part of the efficiency numbers presented.

Mr. Gifford asked if they always would require a truck that does hand dumping. Mr. Coleman stated that one or two trucks could be kept that are side loading instead of top loading or they could be emptied using a pickup truck.

Mr. Gifford asked if there were currently any trash cans on South Main Street, which Mr. Coleman stated there were not. Mr. Gifford asked why the City is choosing to expand that service. Mr. Coleman stated that there would only be five cans added total and that most of the littering problems are around Jake's and the bus stops. Mr. Gifford stated he is against expanding service to areas where there is not a problem. Mr. Coleman stated that 22 new cans would be needed to fully replace cans on Main Street and still achieve the operational savings.

Public Comment:

John Morgan, District 1, was glad that thought has been given to the weight of the cans and would like to see a mechanical lift placed on the truck.

Seeing no other comments, the discussion was brought back to the table.

Mr. Morehead asked how the can comes out of the container. Mr. Coleman stated that a dolly would be needed along with something to grab the container off the dolly to lift it into the truck, which could be problematic on the south side of the street due to the positioning of the arm on the right hand side of the truck unless a rear loading truck was used. This could be accomplished with larger wheels.

Mr. Morehead asked about the cost breakdown, which Mr. Coleman reviewed.

MOTION BY MR. GIFFORD, SECONDED BY HADDEN: TO AMEND THE RECOMMENDATION TO CHANGE THE 27 COMPACTORS TO 22 AND CHANGE THE NUMBER OF INSERTS FROM 30 TO 25.

Mr. Gifford asked for clarification on the message panels, which was provided by Mr. Coleman, Ms. Houck and Ms. Wright.

Question on the motion was called.

MOTION PASSED UNANIMOUSLY. VOTE: 7 TO 0.

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

MOTION BY MR. CHAPMAN, SECONDED BY MR. GIFFORD: TO APPROVE ITEM 7A AS AMENDED.

MOTION PASSED. VOTE: 6 TO 1.

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

24. 8. FINANCIAL STATEMENT: None

25. 9. APPOINTMENTS TO BOARDS, COMMITTEES AND COMMISSIONS: None

26. 10. APPROVAL OF CONSENT AGENDA:

A. Approval of Special Council Meeting Minutes – November 3, 2014

C. ***First Reading* – Bill 14-32** – An Ordinance Amending Chapter 27, Subdivisions and Chapter 32, Zoning, Code of the City of Newark, Delaware, and Creating a New Chapter 14A, Floodplains, to Adopt Flood Hazard Maps, Designate a Floodplain Administrator, Adopt Administrative Procedures, Coordinate With the Building Code, and to Adopt Criteria for Development in Flood Hazard Areas – ***Second Reading* – January 12, 2015**

05:20:21

Ms. Bensley read the Consent Agenda as amended.

MOTION BY MR. CHAPMAN, SECONDED BY MS. HADDEN: TO APPROVE THE CONSENT AGENDA.

MOTION PASSED UNANIMOUSLY. VOTE: 7 TO 0.

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

27. Meeting adjourned at 11:18 p.m.

Renee K. Bensley
Director of Legislative Services
City Secretary