CITY OF NEWARK
DELAWARE

COUNCIL MEETING MINUTES

October 3, 2016

Those present at 6:30 p.m.:

Presiding:	Mayor Polly Sierer District 3, Jen Wallace District 4, Margrit Hadden District 5, Luke Chapman District 6, A. Stuart Markham
Absent:	District 1, Mark Morehead District 2, Todd Ruckle
Staff Members:	Deputy City Manager Andrew Haines City Secretary Renee Bensley Code Enforcement Manager David Culver Communications Manager Kelly Bachman Electric Director Rick Vitelli Deputy Electric Director Sam Sneeringer Finance Director David Del Grande Deputy Finance Director Jill Hollander Accountant Jim Smith IT Manager Joshua Brechbuehl Assistant IT Manager Daina Montgomery NPD Chief Paul Tiernan NPD Deputy Chief Mark Farrall NPD Deputy Chief Kevin Feeney Parks & Recreation Director Joe Spadafino Recreation Supervisor Paula Ennis Planning & Development Director Maureen Feeney Roser Planner Tom Fruehstorfer Public Works & Water Resources Director Tom Coleman Public Works & Water Resources Deputy Director Tim Filasky Purchasing Administrator Cenise Wright

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1. Mayor Sierer called the financial workshop to order at 6:30 pm.

Andrew Haines, Deputy City Manager and David Del Grande, Finance Director presented on behalf the City. Mr. Haines stated the intent of the workshop was to elicit feedback from Council regarding draft budget. The goal was to highlight what would be discussed at the November 21, 2016 budget hearing.

He stated the process started in April with a management retreat to determine what the departments should be working towards, looking at their operating budgets, looking at their capital budgets and mapping out a timeline. This included a June/July timeline for the operating departments to submit to the budget team. The budget team includes the City Manager, the Deputy City Manager, Finance Director, accounting staff and individual departments.

Staff met for three consecutive days in July reviewing every department's operating requests as well as their capital requests. Since July, staff has been accessing what had been submitted, what staff believed were realistic expectations for the end of fiscal year 2016; what revenues looked like for 2017 and what they could deliver from a City service perspective. The following was reviewed: infrastructure, public safety, and financial policies regardless if they were in the general fund or an enterprise fund.

Mr. Del Grande stated before any rate action was considered, revenue was very important. Revenue had fallen flat and was slightly down right now; while expenses were increasing for 2016. The annual budget surplus was very narrow every year and it would be for the sixth consecutive year for 2016. With the margins narrow and pressure from both sides of the equation, it was getting tough to balance the budget.

He reported staff has gone back through the departments to trim expenses and severely cut or push out initiatives as much as could be done into the future years as possible. He stated he was being told that this was probably the most difficult year that the City had with putting together the departmental budget. While it was all difficult, these initiatives were not exactly frivolous, they were all with the intent of improving how the City serviced the community. There was a higher than expected property tax assessment growth for 2016 but they were anticipating nominal growth for 2017. Real estate sales had not been as strong for 2016 as they were for 2015 so staff was being a little conservative in 2017 numbers.

He stated the real estate transfer tax was always of concern. He stated the fear of losing RTT completely did not occur when the state passed its budget in June for their 2017 budget; however, this issue tended to surface every year in Dover and it was a realistic threat to the general fund year over year.

In addition, fine revenues and permit fee activity had not returned to what was expected as it was in 2013 and 2014. So the City was facing lower receipts in those two areas as well.

As stated before, expenses were climbing higher. Personnel expenses were increasing. In order to provide the level of service, expectations and progress that seemed to be desired, it was determined that staffing levels were not up to par. Certainly, union contracts and non-wage costs such as payroll taxes and benefits were part of the pressure, but staff also found technology and demand for quick responsiveness from residents and Council had many working in a frenzied state. This was not uncommon in local governments across the country, but comparing Newark staffing levels to the City of Dover, they were operating with approximately 100 less employees, full time, than Dover.

With regard to electric, as stated in 2016, natural gas prices remained depressed but transmission and capacity obligations were cutting into these savings. The anticipated over-collection for 2017 should still result in a rebate through the RSA in early 2017 on electric bills if Council desired to do so.

Mr. Haines stated with regard to the electric fund, one of the things staff was dealing with since 2012 was the Governor's MOU. This provided a cap of $10 million in the transfer from the electric fund to the general fund. This has expired. At the same time, staff recommended holding to this and was not looking to change that $10 million transfer from the electric fund to the general fund.

Staff believed with some prudent self-restraint, as the state renewable portfolio standards had been driving up electric costs, and as those RPS requirements continued to increase, the City must face the real dollar of what that had to be. The other issue with this was during the last three years and since the great recession, was the time where the City historically balanced the budget on the electric fund, had long been gone.

The City was a public utility model. Staff discussed this in depth the last two years. The City needed to find a good balance and diversification of revenues. Not changing the transfer of $10 million from the electric fund and higher, was staff’s effort to make sure the City was finding real solvency dollars for day to day expenses in the different funds.

Staff looked at each fund throughout the entire budget process, especially the enterprise funds which also include sewer, water and parking, to make sure they were not only meeting their operating expenses, but were meeting their fiscal policy to transfer to the general fund and working toward their capital expenditures. Those were the goals of each enterprise fund outside of the electric fund as well.

By doing that, staff also felt it was positioning the City to be better suited financially in the future. Diversification of revenues was discussed extensively over the last few years. As the City had a more educated community that continued to have conservation, the City could not continue to rely on the electric fund itself. Having diversification of the other funds was necessary but looking just to the electric fund could no longer be the City’s one source of opportunity.

Staff was not proposing increasing the transfer, but also not proposing any rate change for the electric department as well for 2017.

It should be noted later regarding all of the utility funds, staff was looking at having a flat rate standardized within the benchmarks. Many went to the DEMEC annual meeting. The City currently had a $10 per month flat rate charge. That was how utilities looked at funding and made sure the infrastructure to deliver the utility to homes was capably funded when there was fluctuation between conservation or supply and demand. Currently, Newark’s $10 was half of what DEMEC advised all DEMEC communities to have as the benchmark of $20. One of the items being considered with Council was creating a plan. A plan, should the City increase, or just conservative growth year over year of what that minimum delivery charge was to the consumer. One consideration was to increase $1 per year for the next 5 years, half of where DEMEC's goal was. Some communities talked about doing it now. That was not what was being discussed and staff wanted to have that as a dialogue with Council. They did not have a proposal right now of what that minimum delivery charge increase should be over the current $10.

When looking at the water department, one of the things staff had been working towards this year was the Black & Veatch Rate Study. This was also connected with the storm water discussion and Council has been apprised. Staff had hoped it was going to happen prior to today. However, on October 12 there would be a public meeting with Black & Veatch regarding the rate study. In addition to storm water, they would look at the water and sewer. This would be built in, but it should be noted there was a decline in 2016. It was a very wet spring. In addition, there was a lot of conservation; and no different than electric, there was conservation among the community and water and sewer had no minimum delivery charge. It was a utility charge that did not have a minimum. The City had its budget fluctuating with the supply and the demand and conservation. This created some challenges when referring to the delivery of the infrastructure for those utilities themselves.

One of the things noted with the rate study, was staff did not follow the prescribed rates at the time within Black & Veatch. There was a fiscal impact to that. The slide included in the presentation noted when there were different changes made by the City in addition to the over-top of the Black & Veatch rate study itself. Staff wanted to highlight this so as they moved forward with Black & Veatch, they could talk about what their recommendations would be and what they want to do as a community either accepting them and what the fiscal impact will be. They were devising the rates, the recommendations and the timelines to meet fiscal operational expenses. This was an important element of each year's budget for the enterprise funds.

Mr. Del Grande reported New Castle County had not increased sewer rates since July of 2013. Their budget ran on a July to June time frame. The City of Newark was a January to December; essentially the City was 6 months into its year when they received notification from the county. If the county were to change the rate, they would let the City know in March of 2016 for an effective date of July 1, 2017. Therefore, for the next 6 months of 2017, there would be a flat payment to the county. If this were to change, staff would return to Council with the revised rate and make that effective immediately.

The City of Newark's portion of the sewer rate covered only the sewer collection and transmission components of the City's sewer operations. That included everything from when waste water leaves the house to the pipes that transmit the waste to the county's treatment plant.

Mr. Haines stated with regard to the general fund, they noted before the general fund was reliant from a public utility model on estimate, at least half of its revenues were derived from the utilities. This created a challenge especially when they had transfers being flat, although water and sewer had increased slightly, about $100,000 to about $1.5 million each as a transfer to the general fund.

The electric fund, as noted before, had been capped at $10 million and, in this budget proposed to remain capped at $10 million. This left the general fund vulnerable from a revenue standpoint. Real estate transfer, as noted earlier, was not predicted to be as high a real estate transfer tax next year. Staff felt it could not be reliant upon real estate transfer tax alone.

With regard to building permits, there was one statistical outlier recently. Other than that, that had been trending flat, not necessarily going up, but the City did not have any projected large projects that may be one-year windfalls from a revenue standpoint.

To maintain the services in the budget today, there was a 4.5% real estate tax increase in the 2017 budget. Any real estate increases were effective July 1. Even though the 4.5% increase represented an annualized $300,000, it had a $150,000 value in the 2017 budget.

There was a global $2.5 million increase in personnel expenses in the 2017 budget over 2016's budget. Not all of those were in the general fund. It was not broken out between which ones were in the enterprise funds, that included water, sewer and electric personnel as well. Referring to the general fund and its reliance upon the transfers from the utility funds, staff estimated for 2017 in the general fund. It still included a proposed 4.5% real estate tax increase for 2017.

With regard to the Public Utility Model, there was over 62% is from the utility itself. This addressed the challenge where approximately 46% of the City was tax exempt. The City utilized the utility model on service fees for its water, sewer, and electric to provide revenues to maintain its services on an annual basis. Property taxes were just slightly over 14% of annual revenue of the City of Newark.

Mr. Del Grande stated the revenue for 2016 compared to the estimated revenue for this year and the difference. Due to consumption, conservation and ultimately, electric went down mainly due to the fact that the rate the City had anticipated DEMEC would charge for wholesale costs was going to be much higher. Hence the decline in revenue. There was a savings of $2.5 million offset by the $2.5 million sales loss. The net was $300,000 on purchases. Essentially, water was falling short due to less purchases made during the year.

The sewer number was not as drastic since they had a small amount of savings. Since the flow had been down, the fee paid to New Castle County for sewer treatment was down as well. Therefore, there was a slight savings.

Property tax was slightly higher than what was estimated for 2016 due to assessments being stronger than projected. RTT was down $100,000. Staff was not seeing a whole lot of activity these days. There was hope that a few may materialize in the last quarter this year but, barring that happening, there could be a shortage in RTT for 2016.

Finance, permits and licenses had smaller than anticipated activity in those areas as well. The public utility business model had its pros; but the cons were when things were not being used, they did not see the revenue to offset the expenses as a result.

Estimated revenue for 2017 compared to the budget and estimated revenue for 2016. Water experienced a 4.5% gap and sewer experienced a 3% gap in 2017 based on current figures. These were implemented with incremental rate adjustments until the rate study was completed with Black & Veatch.

Electric sales in total showed a decrease from the 2016 budget. The changes in DEMEC raised a factor of the RSA's. Although the rates were the same RSA and they expected a slight increase in the overall consumption, the bill amounts to customers per kilowatt hour were budgeted to be lower than the aggregate due to the credit amount for the RSA adjustments.

The proposed budget for 2017 compared to 2016 compared again to the 2015 actuals. Overall, they were looking at a 1.7% increase compared to the 2016 budget. The driving force in the 2017 budget were personnel costs which included salary and personnel benefits. Wages made up $20.4 million, or 66%, of personnel services. Personnel benefits were estimated to be another $10.3 million and the benefits were estimated to be about $1.1 million higher in 2017 verses 2016. Overall, personnel costs, which was salary, wages, benefits, pension, health, accounted for 61% of the annual budget.

Also noted was all expenses related to stormwater were moved from street and water accounts to reflect the consideration of a storm water utility. In addition, to better track and centralize facilities maintenance costs, they created a new facilities maintenance division to better prioritize and manage facilities projects. The hope was to do a little bit more with the same amount of money that they had in the past for facilities maintenance. With better management being under one roof, there should be a lot more bang for the buck.

The Unicity bus budget was moved into its own department for better tracking purposes. In the past, this budget was in different locations. One thing to note was the depreciation expense. There was a $296,000 increase. This represented the purchase of four new trash trucks that were previously deferred from 2015 and 2016.

Mr. Haines noted that Mr. Del Grande mentioned, 61% of the overall budget was personnel. As a municipality and from a service industry, when looking at many budgets there were municipalities that were in the 70 to 80% range and their total budget could be encumbered by total, fully burdened, personnel services. He believed it was very good from an organizational standpoint that the City of Newark was 61% on the 2017 budget estimate. That was a very efficient operation to have 61% of the total budget being personnel. From a regional and national standpoint, that was a very effective number.

In 2013, the City had union negotiations resulting in three contracts ratified for three years, 2014, 2015 and 2016. So they knew exactly what those numbers were. One of the major achievements they had was the changing of the benefit plans moving to a defined contribution retirement fund and moving to a legacy defined benefit plan. Also changed was the post-retirement health: all four employee sectors no longer had post-retirement health as a closed plan to a retirement health savings account. Those had long-term fiscal savings and they would note some of those in the coming slides.

AFSCME and FOP were under negotiations from 2017 on. The terms were uncertain at this point. Staff was actively working on those. The CWA contract had an optional fourth year regarding base plus

CPI in the local areas so the fourth year could be accepted. That had a locked in number that the City knew at 2.9% for 2017. Staff advised Council on some of the statuses along the way. The management wage rate scale, not the individual, but the rate scale itself, was recommended at a 1.5% increase over the current wage scale. There were a handful of positions that had some kind of salary compression but it was recommended for the 2017 budget to have that 1.5%. There would be a $2.5 million delta between the 2016 and the 2017 budget for personnel expenses.

To break it down further, $2 million was existing personnel with year over year wage progression, whether it was in a union contract or an opportunity for a merit based step, it was budgeted for the maximum opportunity. Mr. Jim Smith always assumed everyone had a family healthcare plan and everyone met their merit steps. That was the way the City budgeted and how it was presented to Council.

It also talked about pension in OPEB, "Other Post Employee Benefits," or retiree health. This needed to be funded, but staff was working towards GASB 67's rule that OPEB would have to do a final valuation by the year 2018 which would give the City that close out number, what ultimately the number for OPEB was that they needed to have. These were existing values and that $2 million was not just wage, but also any FICA increases, assumptions and any overtime rates. It was the fully burdened estimate on existing employees today.

Staff worked with all of the departments from June and July, to determine what the City needed to deliver services from an infrastructure standpoint and a public safety standpoint. They proposed in the 2017 budget the technical staff listed.

Notice was received today the City was not successful with its COPS grant application. They had proposed two additional officers in the budget, which would have expanded the number of Student Resource Officers in the community. The City was advised that Wilmington got 15 officers and Laurel, DE received 1. Unlike previous years, staff was not told how close they were, they just got a yes or no. The criteria was based on Part I severe crimes, as well as the ability to fund. They had some funding and were keeping severe crimes out of the community.

Recent updates included the following:

A civilian evidence custodian was reintroduced and would be able to assist the master corporal in that division, allowing an officer to be back on the street. The employee would not be doing crime scene investigations, but would be able to handle day to day labor tasks to help out with the Police Department at a lower cost.

Public Works had many priority infrastructure projects. There were third party expenditures done per project. The Public Works & Water Resource engineer was proposed to in-source the engineer work to maximize the monies spent on capital projects to start doing more in-house work instead of spending more money on third party contractors.

From an IT standpoint, desktop support, deploying more effective tablets, deploying more solutions to the field. There is an advantage to making existing staff more effective. There is more of a backbone need from an IT/technical standpoint.

On finance side, the public and Council are requesting more data and information be available. There was a financial analyst to add to the accounting side of the team.

In the Police Department, a records technician was needed to be able to meet the City's obligations for anyone coming to the police department for records requests, as well as for criminal or civil investigations, and to be able to provide service to the community in the administration wing of the police department right here on the first floor.

There were staggered funding dates. Some were effective July 1 or October 1. Each position was within a union. There were no additional management members in the 2017 budget over the 2016 budget.

Healthcare was slightly out of the City's control. It increased at a rate well beyond inflation. The City decided to enroll in the Delaware Valley Health Trust (DVHT). DVHT was a municipally-owned, pooled-risk trust that operated specifically for municipal entities. It lowered administrative costs by having staff work with three different trusts. There was also a work comp trust and a liability trust. Newark was only in the health trust. Dividends as an organization returned specifically back to the owners, which were the municipalities. It was estimated there would be an approximately 8% increase in the year over year renewal on the healthcare plan without a plan design change. The City had a healthcare committee that was comprised of all the unions and the management staff that made decisions about plan design. Many organizations were trying to plan for 2018 for the 40% "Cadillac" excise tax from the Affordable Care Act. In early December of last year that got delayed until 2020. A lot of the City's decisions and a lot of union structure for costs were based upon the 2018 scenario. This put things still in flux at this time.

The City anticipated having a very effective operation to control healthcare costs. It would be a misnomer if anybody came in here from any organization and said they could cut without destroying coverage plans. There was little opportunity to cut or reduce renewals, but there were efficient ways to try to mitigate this and DVHT was one those things. As a comparison, Middletown had Highmark as a provider. They were looking at a 16.8% renewal prior to any plan design change. Dover and Smyrna who were in the state healthcare plan could choose either Highmark or Aetna. They had an annualized renewal of 15.2%. They had two increases back-to-back.

Mr. Haines stated the City was hedging its growth from healthcare and realizing what was presented to Council two years ago as part of DHVT. There was also a growing return on investment nationwide, by looking at how companies trim costs through wellness programs. One of the things, they not only met with the employee's healthcare committee, but also talked to Council about, was that DHVT had a lot of added value wellness programs. There were no additional buy-ups and it was built in to their business model and programs were inclusive to the City's fee. For example, employees got on-site biometric screenings to get their stats and the opportunity to see what they could be doing differently to make better health choices. Mr. Haines noted that there were a lot of physical laborers in various departments, so having a very healthy workforce was a very effective workforce and could also lower claims for both healthcare renewals and self-insurance for work comp matters. It was a direct impact on realized expenses on an annual basis.

Gym and event reimbursements meant an employee and his or her spouse could get up to $250 on annual basis reimbursed back to them. This year, the City got notice that a new addition to the Healthcare Trust was a bi-annual wellness grant to provide municipalities additional funding to be able to provide programs to employees to drive lifestyle and cultural changes within the organization. They were seeing the net benefit of renewal costs and claims going down.

A rate stabilization fund was discussed two years ago. The longer Newark was in the trust, there was an escrow account used specifically to mitigate City expenses. It was currently $7,028, but that was being one year in the trust. It would continue to grow with each year. Five years down the road, if it was a substantial number, it could be $75,000. That was a decision that could be used to mitigate expenses down the road and was a positive financial impact to the organization.

The City had a wellness fair on-site last week for employees and their families with an on-site flu clinic. There were ways they tried to drive the wellness side, to start changing the employee culture, hopefully having 8% renewals, or lower, and they were not dealing with double digit increases. The City was very proud of its employees buying into this concept and being part of those programs.

In 2012, for efficiencies and effectiveness of City operations, the City merged what was then separate Water and Public Works departments. They merged through some commonalities of equipment and tasks. 2012 also started the City's benefit changes with management first going to the defined contribution retirement savings fund and the defined contribution fund. Those numbers had now gone into AFSCME and CWA for employees as the City transitioned them. They were able to stop three out of the four groups from having legacy-defined benefit plans. They also closed the transfer station, made more effective decisions with refuse collections, and tackled effectiveness on day-to-day funds.

Since 2004, the City had been able to defer expenses. There had been discussion whether to defer to savings or not. Considering the previous budgets, without those changes, that budget itself would be $4.8 million higher today than it was without changing those deferred expenses. In 2017 alone the benefit changes were $768,000 realized in this year's budget by having the DC plan and RHS savings between management, AFSCME and CWA employees. Those were real changes in expenses.

Mr. Del Grande stated with regard to capital, existing projects that were currently underway were given the highest priority. That was followed by those that would remediate failing service, prevent failure, or generate savings to the current or future budget. Department managers were doing their best daily to balance needs versus wants, maximizing available resources to the public as much as possible and insure they recognize the future impacts of the operating budget. Previously they installed charts to show what the annual ongoing operating impact was going to be with the implementation of a new capital project.

Mr. Haines stated when looking at the capital program itself, last year a one through five rating system was created. Priority one was authorized in 2016, or before and continues in future years. It was either underway, reserved or earmarked as grant funds. Priority one items were items to which the City was already committed. Overall the 2017 Capital Improvement Plan had an estimated $11 million in it. This was slightly down from this year's $12.6 million. Of that $11 million, $4.4 million was new revenue for capital projects, which was slightly down from this year's $5.4 million.

Priority one items were equipment replacement. The City deferred a lot of it and utilized the skill of the maintenance team to make assessments. Contained within would be a review sheet of not only the funding source, current resources, new resources, any grant funding, and a full discussion on it in the capital sheet. At the November 21 budget hearing, staff would present to the public, but the goal was by the end of October to get the draft budget to Council.

Mr. Haines stated priority level two items were items that were new for 2017. These were items such as the street program and water main renovation. They were viewed as an essential priority. Public Works assessed the roads and water mains to try to assess the greatest needs.

Priorities three and four were medium to moderate. They could be kept or removed. There were a lot of items that were removed from 2017, but these were the ones that the budget review committee felt were essential to keep in the proposal for 2017. Some of them met public safety scenarios. Some of them were also part of requests for effectiveness from operations. Some of them were small as $20,000, but were a necessary item for the Water Department. These were items that could have been moved out, but were recommended to remain in the 2017 capital improvement projects.

2. The Chair opened the floor to comments from Council.

Ms. Hadden stated on Slide 3 (presentation entered into public record) regarding increased expenses. She asked how much of those expenses was overtime. She asked it be broken out from the regular personnel costs. She was aware of some emergencies in the past year. She would like to know if overtime looked extreme. She asked for clarification on the second bullet on the sewer utilities slide. Mr. Haines stated there was a lengthy discussion of adding two persons to do preventative maintenance to the sewer infrastructure last budget season into this year. That was an area that had been grossly underperforming and never really been planned for. There was the effort to have a much more proactive maintenance of sewer lines. Mr. Coleman noted the cost to the City was not increasing, so much as the City was actually spending the money to address the costs they should have been paying for before. They had another crew that was doing preventative maintenance. The truck just came in and was licensed this week. The City had training scheduled on Wednesday, so staff would start doing the preventative maintenance that realistically should have been done all along. The City was just realizing a cost that was there all along, but not being addressed. It was new personnel in 2016 that was not there in 2015.

Ms. Hadden referred to the 2017 pie chart that showed the total sources of funding and asked staff to show a chart with the possibility of how additional PILOT funds would impact the chart.

She stated on page 7, the second chart said "existing 2016 personnel and expenses represented $2 million of the growth." With reference to the Public Works & Water Resources engineer, there was a statement that the City would save money if they in-housed the surveying being done. She asked how much money would the City save compared to what they paid to go out by having a full-time position, including benefits. Mr. Haines noted it was a more effective use of the dollar and reduced the capital side from the operations side. He reported it could be broken out.

Mr. Markham pointed out that on page three, the slide with the water rates, there was a conscious effort for the 5% increase, because the City was promised by a state representative that they would get PILOT through and they believed him. It did not need to be pointed out to Council.

Regarding the sewer utility, Mr. Markham wanted to make sure that everything was automated and the City was not spending personnel time trying to catch up with billing as they had put meters in the entire City. Regarding wells and annexations, the City should not have to spend extra time and money to take care of something that did not get automated. Also, he believed not all meters were in for the large facilities and that could still make a difference. Mr. Filasky stated the meters were not all in. Most of them had extenuating circumstances, including the University of Delaware. If the larger meters were not all in, there was a plan in place to install them in the next few months. Mr. Markham noted there was a cost to not doing these when the City did not know if they were accurate, and somebody was doing something special for these people. There was a lot automation, like technology. He would like to make sure that technology that the City was trying to put in place was completed and those people were free.

With regard to the electric rate, Mr. Markham asked if there was an adjustment coming from the university that the City could count. He was aware of the electric agreement that was revisited every few years to make sure they were paying what they were supposed to be paying. He asked if this had been accounted for in the budget. Mr. Del Grande stated the City was currently in negotiations with UD on a true-up that had been going on between DEMEC, the City and the University. DEMEC had taken the lead with the City in getting the past couple years' true-ups taken care of so then they could move forward with possibly amending the ESA to have better language in regards to the true-up process as it was written right now. Mr. Markham asked if the true-up was a positive or a negative to the City. Mr. Del Grande stated the City should be a wash. It was basically a "pass through" with DEMEC for the past couple years.

Mr. Markham stated the state needed to help assist the City on other items that they could not either legally do or they had kept the City from receiving funds.

Mr. Markham noted on the fine revenue it was specified that it was below expectations. At one point in time, the City did not have enough staff to either inspect or do parking and enforcement. He asked if the City was up to speed with the staff that they needed to do enforcement. Mr. Haines stated parking enforcement was up to speed. He did not have an exact breakdown to be able to give an actual cost on global fines specific to misdemeanor summonses or parking.

Mr. Markham inquired about the IT support, financial analyst and records technician. He stated he had not seen the job descriptions but believed some of these positions seemed similar or may have some overlap. He asked if there was job sharing and a person could do more of these tasks and not have multiple positions. Mr. Haines stated one of these position was a GIS Technician. That would be to maximize the City's investment from the platform from two and a half years ago. This was a need that through the budget process was identified for Parks and Recreation and they had the ability to maximize one person and fulfill the need within the Finance, Police, Planning and Legislative Departments. This was a position where the City could have a multifaceted person be able to support GIS on multiple levels. They had power users with Public Works and Electric. The other groups needed GIS support but did not need a whole person for each of their departments. The records technician at this time, was specific to the police department. There was discussion last year on digital records. The City was currently implementing that and shredded 8,000 pounds of paper about two weeks ago. There was a long range discussion about where the City may be on the administrative side, the Police Department by default was ahead of the record side and they had to catch up. Ms. Bensley and her team started the pilot for the administrative side of the building. In time there may be a global records division for the whole city. Mr. Markham asked the utilization of people be reviewed.

With regard to healthcare, Mr. Markham asked if there was an option for plan redesign. Mr. Haines reported the healthcare committee would look at it from a renewal standpoint. He said they were able to reduce expenses by adjusting emergency room copays, so there was a higher copay, reimbursable, and there were different ways to do that. Costs were being driven up by prescriptions, not actual medical claims. DVHT had an in-house health clinic which had become more popular around the nation but was currently in Horsham, PA. There was no cost to go to the clinic and it did not show up on claims. It also provided over 200 generic prescription medications which never showed up as a claim so in turn that reduced the City's actual exposure and renewals. The City looked at incentives and tried to determine specifically the cost driver which was prescription drugs. There was already incentive to use the generic brand and they had a three tier plan for healthcare prescription co-pays, so they were specifically trying to come up with ways to target the prescription use because that was what was driving the renewals. If the medical versus prescription expenses were broken out, they had some actual reductions in costs on the medical usage. The City was looking at possible ways to utilize the clinic.

Mr. Markham stated on capital projects in general when staff brought them before Council, he was interested in benefits, savings, and the cost to defer. If it was going to be done and it saved money now because the cost would triple in two years, those were the things he would really want to know because he was doing a cost benefit analysis between the two.

Mr. Markham asked what a reconductor was. Mr. Vitelli stated it was putting a larger conductor in to handle the loads of the circuit. The lower circuit on Main Street was 4000 volts and they put really small wire in the 1950s. The hope was to turn it into a main feeder when it was upgraded to 12,000 volts because the loads could not be pushed all the way through to the other side of the City. This resulted in bigger wires, less line loss, and reliability. If there was a problem in the beams, it could be fed from the Main Street substation in an emergency.

Ms. Wallace asked for details about the water storage configuration. Mr. Coleman noted the City had two large half-million gallon storage tanks, one was untreated and one was treated water. They had some VOCs in the ground water that they treated on top of the raw water tank. The treatment unit actually sat on top of the tank, the water fell through it and then went straight down into the tank. There were two wells that they could not bring online due to contamination so they wanted to improve the treatment capability in order to bring those wells online, get off of the raw water tank and on top of another small raw water tank that would allow the City to take a tank offline for service while leaving the ground water in operation. It may be cost prohibitive so the $225,000 in capital reserves was already funded and that would fund the pilot study which staff was in the process of working on now. They could not turn on one of the wells until they got their allocation update from DNREC which would allow the City to take water out of the ground. The $225,000 would fund the initial pilot study of the new treatment methodology and the engineering study for the larger project which was a couple years out in the capital plan.

Ms. Wallace asked if there were other funding sources. She also asked if this was a problem that could be related to pollution. Mr. Coleman stated the contamination had been present since approximately 2000 when the air stripper was first installed. The original installation was paid for by the state, the actual polluter they had not identified. Fortunately for the City that pollutant was very easily removed but, at this time, they did not know who it was and they were not actively cleaning it up. The other well that was offline, well 16, they did know the polluter. It was the old Syntex site off Dawson Drive. There was an industrial accident there. The state had taken ownership of that property and they were actively working to clean it up. That pollutant was more difficult to remove, the same treatment process could remove it, and that is what would be reviewed with this project. In general, a theme Council would see looking at the capital projects was staff's focus on the City's ground water resources, trying to bring ground water resources online for drought resiliency and postponing a very large project on the surface water side. Mr. Haines told Ms. Wallace when she got the full detailed budget, each budget sheet, each one of those numbers represented the gross cost of the capital project, the breakdown sheets would show alternative funding sources, such as grant funding. Mr. Coleman stated grant funding was available for design, but only if they funded the project through the revolving loan program. They could do construction plan preparation but generally there were not a whole lot of grant opportunities for utilities.

Ms. Wallace asked for more information about the conductor and the additional parking meters. Mr. Haines stated they identified other public streets as an opportunity to add new parking meters for consideration, which would be a decision by ordinance of Council where the parking meters would be located. That was the capital expense to purchase and install the meters and the sensors that went along with the meters. It was an additional 15 parking spaces plus 100 sensors.

Mr. Chapman asked for a list of the project numbers to be provided with the capital projects. Most of them were in previous capital improvement plans. He would like to understand what they were.

Ms. Sierer asked on page 10 that the other projects at $1.3 million be broken down in the next meeting.

Mr. Haines reported that Ms. Houck and Mr. Del Grande would be presenting the CIP on October 18 to the Planning Commission.

3. Mr. Del Grande stated the next portion of the presentation covered the CIP process. It utilized the total cost and estimated total cost of a project with the consideration of in house labor and outside labor. Essentially the City was trying to come up with the best bang for its buck in CIP projects. Whether it was cheaper to have in house or third party labor handle these projects and also helped with the better classification and better projection of the total cost of these projects in the out years so, in 20 and 30 years from now when the City went to improve the same project from the past, they had a better idea of what the full cost of the projects were.

Mr. Haines noted one of the items approved through the budget process two years ago was work order management so they would have better data to provide Council with effectiveness to find out whether they were better serving the community by proceeding forward with a third party vendor or doing with staff in house. By using a work order management tool they would be able to have the fully burdened cost overhead looking at labor rates as well as inventory. They would be more effective and make more effective decisions moving forward. The deployment of the work order management system, initially now in the Parks and Electric Departments would be that greater effective tool for the City to make more data driven informed decisions.

Mr. Del Grande reviewed items that needed to be considered for future budgeting. Council previously expressed interest in establishing a rate stabilization cap. Staff also felt customer service charges in City utilities, establishing City utility rates and the structure of those rates and bond financing on capital projects should be explored on capital projects going forward.

The RSA was calculated annually in order to maintain the budget operating margin and the budget capital requirements of the electric utility. One consideration for Council was whether to withhold part of this credit and deposit these funds into a rate stabilization reserve in order to hedge future costs. This suggestion was made by Mr. Morehead. The creation of such a reserve may help stabilize rates going into the future as the City's transmission and capacity costs continue to rise. Having a rate stabilization fund and implementation of a customer service charge in the first year could help smooth out the impact on the individual rate payers when they had such an RSA reserve in place.

Mr. Haines noted there was consideration of a delivery charge for all City utilities. Right now they had a $10 charge in electric, but none in sewer or water. Black and Veatch would bring that discussion forward and provide its recommendation. In the City, there was an educated community with more conservation. So, when there was fluctuation it made it challenging to be able to commit to improvement of infrastructure on the capital side. Many were at the DEMEC annual meeting and they spoke of their target of $20. Staff thought it was appropriate to look at the City's $10 specifically in the electric delivery and to create a defined plan that added $1 per year for the next couple of years. They thought there were ways that did not impact the user immediately on a large scale, but would allow the City to be able to commit to capital infrastructure to provide the services, specifically to the ones that had no dollar amount assigned to them in the water and sewer funds. Staff would be able to present what Black and Veatch thought a recommendation would be and how to achieve it. They thought it was appropriate that the City have its efforts meet best practices to provide minimum delivery charges for infrastructure because the City had a known cost to install and deliver, and that was an obligation for each utility.

Mr. Del Grande stated with regard to bond financing, he believed it was important to address going into the future and how the City established its budgets. It came down to citizens and businesses in Newark and those who were here paying for things while they were residents and not paying for projects that had a 50 year useful life. It was very conceivable that people who had not even moved here yet would be using these projects, but the City was paying cash for some of these things today. They were using about $6 million for 2017 out of cash to pay for some of these items. As the City went forward into budgeting this year, it had a larger impact on trying to balance the budget and set rates that were comparable and competitive with those that were around the City.

With regard to new revenue opportunities, the fees embedded within the 2017 budget included some enhancements, such as planning fee adjustments, parking lot changes, a court fee increase, and an emergency services fee that staff was proposing to tie to building permits of 0.5%. Revenues needed to support operations were relying upon taxes or fees to service to fund them. In today's economy it was important to maximize the fee for service structure to ensure the City collected what they should in order to avoid subsidizing services to tax and utility rates.

Mr. Haines noted the first item was a fee adjustment for permit fees. Staff was tasked by Council to look at City development fees. He thanked the Planning Department for its comprehensive review. These were fees for day-to-day tasks. These were not large subdivision impact fees but these were the cost of fees for a building permit, a subdivision fee, recording of a lien, a lien certificate, all the day-to-day tasks from staff. Staff listed all the different efforts looking at and trying to bring the City up to the middle third. None of these fees put the City at the top. It would be adjusting to the cost of even recording a subdivision. The City had been charging something that might have been 1/5 of what the county actually charged to record it so they had mirrored the cost of recording things. Those changes alone provided a $200,000 adjustment by having the fee reflect the cost to do business.

The Parking Committee reviewed off street parking. Specifically the City had a dollar an hour rate at the current time. They were holding the dollar an hour rate. What was proposed was to adjust the accounting metric instead of having a half hour metric for 30 minutes parking to just go to an hourly rate. The first 10 minutes would still be free and the City would still maintain the validation program, but this would provide approximately $100,000 of enhanced revenue to the parking division as an enterprise fund to sustain its operations not only from an operating expense for parking ambassadors, but the Parking Division was also taking over on street residential parking enforcement staff that the Police Department had in the previous budget as a general fund expense. When staff looked at the City's rates they had not changed on off street parking since 2003 or 2004. They had lots 3 and 4 behind Caffé Gelato and Kate's. It had gone from 35 cents to 50 cents since 1999 when the City took over off street lots from the Newark Parking Authority. The Parking Committee recommended the accounting adjustment but holding the $1 an hour rate. This would enhance revenues for the Parking Division making it solvent and meeting its fiscal policy by making their operation expenses and transfer margin to the general fund. It would also put dollars towards its future capital expenditures.

Mr. Haines reviewed the concept of an Emergency Service Fee. This would provide revenue specifically (would be a marginal 0.5%) on top of the building fee for emergency services such as fire services, EMS and Police Department. There was an annual subvention that provided a direct contribution to Aetna and the City had its costs to the Police Department. $40 million in building permit fees on an annual basis was estimated for 2017. $200,000 would be estimated as a direct contribution to Emergency Services. It would be tied to the expanding and changing of the complexion of the community. Other communities around the nation looked at ways to have revenue. There were actually communities in the nation that provided call fees for service. The City was not looking to do that, this would be a flat rate. It would be a marginal impact from the building permit standpoint but had potential for a valuable impact to the general fund itself.

The court security fee was Bill 16-27, which had a second reading scheduled for October 10, 2016. It was adopted in January 2014 out of the 2013 budget season and it had sunset provisions. Specifically, staff wanted to bring forward to Council before it expired, the positive impact the court security fee had on City operations in Court 40. Specifically, prior to Barb Wilkers' retirement but also working with Judge Lisa Hatfield, was the presence of the bailiff being a massive improvement from an operational, décor and public safety standpoint. They also did physical improvements, not all physical improvements that were recommended by the U.S. Marshall's report, but about 85% of the improvements. The court security fee could be used to make physical improvements and cover ongoing expenses for the safety and security of the court. The staff recommendation was the consideration to remove the sunset provision, increase it to $10 over $5, and that additional $48,000-$50,000 per year would provide the funds to in-source and create a permanent part-time position with the City that may be an attractive position for a retired police officer. A regular part time bailiff would be a member of CWA. It would be civilianized, not within FOP. That would provide more consistency. One thing specifically talking to Judge Hatfield and Ms. Wilkers was when there were high quality staff members from Gettier, who was currently the state contract for armed bailiffs, they heavily take promotions or move off to other positions. The City often had a revolving door at times. The presence of the bailiff had been positive but sometimes the staff effort to manage the bailiff or bring he/she up to speed had been part of the operational challenge. Working with the court, not only Judge Hatfield, but Ms. Wilkers before she left, it was staff's recommendation that should be brought in house. The City realized over the last three years, the benefit of the bailiff and thought it should be a permanent feature. There was also the recommendation to have the bailiff do escorts for the judges after cases to make sure they were escorted back to their car safely. There were features of this that were able to meet some of the physical limitations of the building by having bailiff personnel. That had been a very positive situation and staff would like to see it permanently established within the City.

Staff was asked if they could hold to 2016 expenditures. There was a 1.7% increase over a year so it made it a difficult challenge to look at initiatives, encumbered staff, and where the budget would be. As outlined health care union contracts, inflation, retirement obligations and issues that came up throughout the year. They highlighted one change that would be a $2.8 million cut on global services, capital items, if they wanted to try and balance out some of the net costs of the overall increase. The 1.7% was equivalent to $2.8 million. They did not have a zero growth budget as what was asked, at least of Ms. Houck to consider what would that be. If Council would like to have that discussion about what 2017's budget from a cost standpoint to be the same as 2016, there would have to be discussion on where to remove those dollars from, whether it was find the dollars, change the services or cut services.

Other items were discussed as a budget team to potentially get direction from a lobbying standpoint. Two years ago they had a discussion about the hotel occupancy tax at the League of Local Governments. The way that it was structured now limited the beneficiaries to Wilmington and each county. It went specifically to funding. One of the takeaways of the current structure was that it did not stay within the jurisdiction it was derived from, but was spread out. The City had seven hotels right now with an eighth one queued up. They drive calls for service particularly for the Police Department. The idea was that half of the 1% occupancy tax would stay in the local jurisdiction. That would have to be a legislative change on the state level. Mr. Markham mentioned earlier about things that the state could help the City with. This was something that local jurisdictions with over 50,000 residents could provide a fee. Each county did this and it went specifically to funding. This was something that potentially the legislative decision could benefit not only Newark if it was enabled, but communities up and down the state, from an occupancy standpoint.

A local service fee was a discussion among staff that in other jurisdictions was called a head tax. The structure of the local service fee in other areas was $1 a week for anybody who was a transient employee within the jurisdiction of the City. Residents would not pay this but all the people who commute to the City to work and leave would. They utilized City roads, if there were accidents they had local EMS, fire and police. They did drive cost services as non-residents and they may or may not consume here. There were local service fee structures that they saw that provided $1 a week, $52 a year for anybody working in the City who did not have a primary jurisdiction here. They could have a several hundreds of thousands of dollars of value to Newark based on the City structure from an employment standpoint.

One of the items that would be pure lobbying was the Stopyra tract, which was the undeveloped land just northeast of the reservoir. There were City sewer and water services up along that way outside of the City limits. However, when the City built the reservoir, legislators at the time put language into the Bond Bill that stated if the Stopyra tract was ever annexed into the City, the City would have to pay back the state $3.7 million that was funded to build the reservoir. There was no real nexus that anyone was aware of as to why that language was in there. It was one of those items that specifically was in Mr. Armitage's potential contract. Council may want to give him direction to try and actively remove that language from the epilogue in this year's annual bond bill so the City was not exposed to that.

Referring to Mr. Markham's earlier comment, the City's commitment from a staff and lobbying standpoint was to look at what other governments were doing and see if they could better collaborate on services if there was duplicity and redundancy to free up staff and streamline what the City does.

Mr. Del Grande stated with regard to consolidation of efforts amongst governments one item that had potential was the real estate tax bill. Essentially, the City of Newark and the county had the same time frame when it came to the real estate tax bill. It went out in July and was due September 30. Newark worked off of information provided by the county to create its tax bills. The county already did it for the school districts as a line item on the bill. Essentially adding another line to a county tax bill should be a very easy thing to do. Of course, the things that went behind that required a little bit of work. Essentially, the City got many calls on a weekly basis about New Castle County taxes and the County got many calls from City residents about City taxes. From an efficiency standpoint it made sense to let the County collect the Newark tax bill and then cut the City a check on October 1 or another date that worked with their tax payment reconciliation process. It was an observation he had from making the jump over from the county, having some experience there and knowing how things worked behind the scenes. He believed it would be something that could be done with minimal effort on both sides. It would free up at least a half of a position in his staff with regards to all the work that was involved with the prepping of the tax bills and other constant phone calls and follow up. The City followed on a regular consistent basis pretty much whatever the county bills in regards to taxable assessment with the exception of a few differences with some exemptions for economic development here. Those things could be worked out. When 99% of the tax payments could be handled efficiently with a dozen or so that may be a little different, he believed it would make sense to look at something like that going forward instead just letting the County take it over if the County were amenable to having that happen.

There was a charter change proposed for when referendum was not required for borrowing to accommodate infrastructure. Mr. Coleman mentioned the state revolving loan. The City was not able to take advantage of state funding at a very reasonable rate of borrowing in order to help with storm water, water and sewer projects. Doing so helped with the planning of the budget. Spending for those items over a fixed time, 10, 20 year payback period versus using reserves or increasing rates, sewer fees or property tax, in order to cover immediate needs as from a practicality standpoint, the City would be fully utilizing these services for many years. These projects, fiber, water pipes, had 50, 70, 100 year lives. Paying for them over a one year period may not necessarily advantageous for the City. If the City could bond a project over a 20 year period, a much smaller payback amount on an annual basis helped the City with its budgeting process and helped ensure those using and utilizing the infrastructure were the ones that were living here at that time when the tax bills and sewer bills were going out during that year.

Mr. Haines stated within the next 30 days, staff was going to work on a draft for the CIP to get to the Planning Commission for October 18. At that point, staff would have the draft documents that went to Planning Commission before Mayor and Council. Staff was asking for initial preliminary feedback to have on the CIP by October 21 and then the finalized draft budget would be to Council by October 28, at least three weeks before the public hearing on November 21. The intent was to start talking broad spectrum at this time. The items from a revenue standpoint, there were some ideas that were just ideas for the future but others that were in the budget itself.

4. The Chair opened the floor to questions from Council.

Mr. Chapman stated with regard to the permit issue, he would prefer to have a triggering minimum, such that the vast majority of City residents and residential permits would not be assessed the surcharge. If a resident were to put on a deck, he would not want residents to pay a 0.5% surcharge. If a house were to be totally renovated or torn down and made apartments then it would be a different story. With regard to a local service fee, he was not interested in it. He was not interested in anything that was going to make it more difficult for businesses to hire and attract good help.

Ms. Wallace agreed with Mr. Chapman and his concerns about the building surcharge for residents. She also had a concern about the delivery charge on utilities. She believed it penalized the residents for conserving. The parking fee adjustment caused concern about downtown businesses, such as the 5 & 10, Walgreens, the businesses that people tended to run into. The City would essentially be doubling the parking fee for those customers and how would that impact those businesses. She believed residents liked the diverse Main Street. They did not just want restaurants, someplace they went and stayed for an hour. They liked having places that they just popped into, such as the camera store. She wanted to hear more about the hotel tax. She would like additional information on the local service fee and the benefits. At this point, the charter change was something she did not see herself supporting at this time and needed more information.

Mr. Markham stated with regard to the stabilization cap, he thought it has to be clear who would get the major benefit from that. In the past, it was the university but he did not believe that it was the university any longer. With regard to capital projects with labor, recently it seemed like some of the projects were overcapitalized, they had plenty of money and he thought Mr. Morehead said something similar that they seemed to have plenty of money for capitalization projects. The other comment was if the City was using the capital budget to pay labor, were they not double booking the money if it was allocated in the operating budget and in capital. He believed they would actually be leaving money in the operating budget. This would bring down the requirement of the $2.8 million. He asked staff to look at their estimates of the projects that were in the capital budget for next year and determine a real number. He believed the reserve was a good idea with the caveat of knowing who was going to get the major benefit of it. Moving on to the customer charge, he asked to keep in mind when talking about alternative energy, a lot of these people paid significantly over the years before they put in solar. They also helped with distribution costs in the heavy summer usage days and with voltage drops as well. There was some benefit to the alternative, it was not just that the City was providing them service for free.

With regard to the parking fee adjustment, Mr. Markham needed to know the numbers behind it because there should be some if people were only using the meters for 30 minutes or less. If people were staying 45 minutes or 59 minutes, the City was getting that hour now. He would like to know how many people were leaving at the 30 minute mark. He would prefer they stay in the City so maybe there was an incentive to stay. Mr. Haines stated they would provide the breakdown plus show the number of people that stay for free in the ten minutes or less. The ten minutes free would still be in place. Mr. Markham asked for the summer rates for parking to be considered because they had a lot less competition for parking in the summer. Maybe they would actually do better for businesses, electric usage, etc. if they brought people into the City in the summer. The emergency services fee, he agreed with the minimum but more likely was what would cause an additional load on the service. He noted that Mr. Chapman referred to an apartment complex where a house was. If there was a larger number of people, larger building, they clearly increased the emergency service load. Redoing a driveway did not increase the load on the emergency services. He was okay with the court security fee. With regard to the target surcharge on the permit, it may go down or may not produce as much money as expected as staff said earlier that permits and fines were going down.

Mr. Markham noted the state law needed to change for the hotel tax. He believed they had gotten push back on this before, but he thought the state may also wish to keep it themselves. On the local service fee, he would really have to know what the legality was. One thing he was concerned about was the wage earners that were wait staff. They may live right outside the City, but $1 a week was a lot of money for them. He thought there should some type of test for income. He knew City police served places in the County, and he did not know if the County did things for them. There were enclaves of the County within the City that the City went to. He would like know what the County was doing to balance this.

Mr. Markham noted the significant push back on the referendum last time. Staff did pose a good question whether or not larger projects should be paid over their lifetime. The smart meters were certainly one of those items, the reservoir was certainly stretched out over time because it had a larger lifetime. It really depended on the project, and they may have to go to referendum and sell it saying these were all the different projects they were going to get out of this, and how things went over time. He asked for a refresher on why smart meters paid themselves off and when the reservoir finished with its funding.

Ms. Hadden asked about the full cost of capital projects utilizing in-house labor. She had the same question as Mr. Markham in that for the capital projects when estimating the amounts, was it basing those labor costs on in-house costs, and then at what point did the City decide that third-party was the most economical way to go. Also under new revenue opportunities, it was time to take diversification seriously. She knew that parking fines came before Council in the last year or two, but she believed it was appropriate to revisit it again. Newark was below what the University of Delaware charged, and she suspected the City may be lower than some of the municipalities around them. She asked for information.

Regarding the emergency services fee, Ms. Hadden stated in the past Council had discussed implementing impact fees for new development, and she thought that it was time to consider impact fees, not for the current infrastructure, but for the future impact of this development on the community, and roll it into that emergency services fees, infrastructure fees, police fees, etc. Mr. Haines stated what was proposed under the $200,000 number was day to day permits. They would need a discussion on full impact fees for subdivisions. Oftentimes those were large, capitalized items versus day to day operations. Those types of impact fees, if Council wanted staff to pursue further, they could run a parallel moving forward about impact fees globally on subdivisions, and oftentimes those were big, capital items.

Ms. Hadden confirmed the bailiff would be permanent, part-time for the court bailiff with no benefits. Ms. Hadden stated regarding the hotel tax consideration, she believed it to be of minimal impact for the City and fighting a losing battle. She was not in in favor of the non-resident employment tax or the $1 a week value. That would, as Mr. Markham said, discourage some people from coming to town to get a job. Regarding the charter change, where a referendum was not required, she thought that public workshops should be held to be sure that the public understood the benefits to it. She believed they should be part of that conversation. Referendum was their democratic right and part of the process.

Ms. Sierer stated she was interested in staff pursuing the rate stabilization reserve idea with additional information and data. She would be supportive of permit fees and wanted to make sure that they were increasing them appropriately to the cost of doing business. She believed Council needed to take a look at parking fees and bonds. Parking fees had not had an increase since 2003 – 13 years going on 14. They needed to take a look at what was most beneficial to the people who lived and visited here and businesses that had locations here, and come up with a plan. Part of it should be the parking fees should be the same as the University of Delaware. That needed to be reviewed again because people were parking at City meters, and going to class, and they could park closer and use a UD meter. She would be interested in an emergency service fee, but she agreed with Mr. Chapman that they had to spell out what types of construction it was going to include, and how it was going to benefit the subvention at the fire company. She would be supportive of a court fee increase. The hotel fee would be difficult, in her opinion.

Ms. Wallace stated she was okay with looking at increasing the parking fine. She would be more in favor of that than a parking fee increase. She noted Wilmington's parking fine was $40, with a substantial late fee. She wanted to learn more about the RSA. She could not make a determination without more information.

5. The Chair opened the floor to public comment with the consent of Council.

Carol McKelvey, District 4, stated her interest in cyber security for water and electric. She did not see that anywhere in the budget. Mr. Haines stated more information would be provided at a later date.

Rob Gifford, District 3, confirmed the amount of $200,000 for the White Clay Creek bridge. Mr. Haines confirmed that was accurate. Mr. Gifford stated it was originally funded by two grants. There was a state grant that was going to fund the federal grant. He asked if one of the grants did not come through. Mr. Spadafino stated there was $1 million in funding right now: $800,000 in federal and $200,000 in the Land & Water Grant. That project construction was going to start in 2019 due to permitting and design. The project now was going to cost $1.75 million up from $1 million so the City needed another $750,000. That was due to permitting and design because of going over the White Clay Creek. Mr. Gifford pointed out that in the past, Helga Huntley provided a timeline for doing a referendum, and not missing the revolving loan process. He suggested reviewing the minutes. The other piece was during referendum more people got to weigh in than they did by voting for their Council members so property owners that did not live in the City got to vote.

With regard to water from South Wellfield, Mr. Gifford noted that Mr. Coleman said that would postpone a project for the surface water treatment plant. He asked how much money that would save because that was like a $2.8 million project for the surface water plant based on the CIP. Mr. Coleman stated there was more money in the five year CIP than they could realistically afford to do. They actually pushed that into year six, and instead of doing that in the near term there were a number of other projects at the Curtis Water Treatment Plant that they would like to do first. One of them was to bring a series of four wells in the Laird tract that were more protected from contamination compared to the South Wellfield, which was generally around an industrial park. They pushed that off in favor of doing a smaller, ground water treatment plant similar to what was at the South Wellfield or move iron manganese and hydrogen sulfide. The estimate was about $1.8 million from the five years, but it was $2.8 million out and $1 million in, so a net negative $1.8 million. That was still preliminary. They needed to get that out of the way before they could do the surface water intake.

John Morgan, District 1. He stated with regard to the "lot full" signs for Lots 3 and 4, they were listed as priority level 3-4 at a cost of $30,000. They had heard so much about parking difficulties on Main Street in the last year or two, so he wanted it moved up on the priority list. He would rather spend $30,000 on getting those lot full signs up there than a hundred times as much money on building parking garages. He was not in favor of having customer charges, simply for being hooked up to the City as they were regressive. Poor people paid the same charges as wealthy people. He felt it was a stealth tax and he would rather see it as a property tax that could be deducted. On the parking fee adjustments, a lot of comparisons had been made between West Chester and their two parking garages, where they charged $1.50 an hour to park in those parking garages. With University charging $2 an hour, he believed they were always going to have problems in Lot 1 when classes were in session if City rates were a lot lower. He recommended exploring a charge of $2 an hour in Lot 1 between the hours of 8 a.m. and 6 p.m., Monday-Friday, with still keeping the half hour payment for people who zip in and out. He agreed that having any sort of local service fee would be really problematic, especially with students, as the City did not really know where they were living. He believed it would be a bureaucratic nightmare. He was strongly opposed to eliminating the referendum process for raising money. Mr. Haines stated in response to Dr. Morgan's comment, when staff talked about the assessment of a project, rating them 1-5, Dr. Morgan was hearing 3 or 4 may not ultimately be critical, either public safety or essential right now, but the fact that staff had them in the 2017 budget viewed them as a priority.

Ms. Wallace stated she would support Ms. Hadden's suggestion for having a larger discussion about impact fees.

6. Meeting adjourned at 8:48 p.m.

Renee K. Bensley, CMC
Director of Legislative Services
City Secretary

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