

CITY OF NEWARK
Delaware

November 10, 2015

TO: The Honorable Mayor and City Council
VIA: Carol S. Houck, City Manager
FROM: Louis C. Vitola, Finance Director
RE: Mayor and Council Compensation Review

Based on Council's request at the Budget Hearing of November 2, 2015, staff is preparing a recommendation on the compensation of Mayor and Council, which has not been changed since May 1, 2004. Currently, the Mayor and each member of City Council are compensated with an annual salary of \$8,400 and \$7,000, respectively. Using the same CPI data from 2005 through 2016 as published in the Budget Central section of the City's website and reported in the nested table, the aforementioned salaries would have reached \$10,641 and

\$8,868, respectively, had the salaries been adjusted with the CPI each year. Staff recommends that the annual salaries for the Mayor and City Council be adjusted to \$11,000 and \$9,000, respectively, as soon as permitted by the City Charter, which implies an effective date of May 1, 2017, provided that an enabling ordinance is adopted on or before November 1, 2016. Based on the excerpt from the City Charter reported below, we have just missed the critical point required to enable a salary increase for Mayor & Council in 2016.

Council Salary, Actual vs CPI

PERIOD	Council, Actual	Council, Adjusted	Mayor, Actual	Mayor, Adjusted	CPI ¹
2004	7,000		8,400		
2005	7,000	7,274	8,400	8,729	3.9%
2006	7,000	7,556	8,400	9,067	3.9%
2007	7,000	7,721	8,400	9,265	2.2%
2008	7,000	7,984	8,400	9,581	3.4%
2009	7,000	7,954	8,400	9,545	-0.4%
2010	7,000	8,112	8,400	9,734	2.0%
2011	7,000	8,329	8,400	9,995	2.7%
2012	7,000	8,482	8,400	10,178	1.8%
2013	7,000	8,582	8,400	10,298	1.2%
2014	7,000	8,694	8,400	10,433	1.3%
2015	7,000	8,694	8,400	10,433	0.0%
2016	7,000	8,868	8,400	10,641	2.0%

¹0.0% and 2.0% CPI figures for 2015 and 2016, respectively, are estimated

¹CPI data reflects All Urban Consumers in Area A102 (Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD). Baseline = 100 in 2005. Source: US Dept of Labor Bureau of Labor Statistics, retrieved 9/30/15 from <http://www.bls.gov/data/>

The relevant section of the City Charter referencing compensation of elected officials is excerpted below:

308 - - COUNCIL COMPENSATION AND EXPENSES.

The council shall determine the annual salary of the mayor and the councilmembers by ordinance, but no ordinance increasing such salary shall become effective until the date of

commencement of the terms of members of the council elected at the next regular election, provided that such election follows the adoption of such ordinance by at least six (6) months. Members of the council shall receive reimbursement for actual and necessary expenses incurred in traveling when on official business. The salary of the mayor may exceed that of councilmembers.

The relevant section of City Code referencing compensation of elected officials is excerpted below:

Sec. 2-1. - Councilmen and mayor; compensation and expenses.

Each councilman shall receive an annual salary of \$7,000.00 and the mayor shall receive an annual salary of \$8,400.00, effective May 1, 2004. The mayor and councilmen shall receive reimbursement for actual and necessary expenses incurred in traveling on official business.

There is no impact to the 2016 budget regardless of if and to what extent Council decides to increase the compensation of Mayor and Council. Accordingly, no changes were made to the 2016 budget proposal. However, staff requests direction from Council prior to the conclusion of the 2016 budget process so that an enabling ordinance can be prepared to set Mayor and Council compensation appropriately and to structure the ordinance in a way to permit automatic increases indexed to the CPI.

CITY OF NEWARK
Delaware

November 16, 2015

TO: Mayor and Council
VIA Carol S. Houck, City Manager *CH/*
FROM: Andrew S. Haines, Deputy City Manager *A*
RE: Mayor and Council Medical Benefit Review

In addition to the November 10, 2015 memorandum reviewing compensation, staff was asked to investigate other medical fringe benefits among municipal entities. We took the liberty to eliminate the City of Wilmington from the review, and focused on other municipalities that more effectively aligned with Newark. At the time of this memorandum, only two (2) other municipalities offer some form of medical fringe benefits, which are as follows:

- City of Dover: Mayor-only enrollment into medical and life insurances, along with the same monthly deductions as employees; and
- City of Harrington: Mayor and Council may enroll in vision and dental plans, paid 100% by Mayor and Council.

Each organization qualifies 'fringe benefit' slightly different, with responses including tablets for council, attending conferences and the League meetings, shared office space and other expenses as a fringe benefit to their mayor and council.

Should the City of Newark consider a form of fringe benefit for Mayor and Council, the City Solicitor has determined that it would not take effect until 2017, consistent with the November 10, 2015 memorandum on salary compensation. Section 308 of the City Charter has been determined to apply in the same fashion and follow the same timelines for implementation.

For information and discussion purposes, the following chart demonstrates the 2016 rates for the City of Newark among its three (3) medical plans and the vision and dental plans:

	2016
	MONTHLY
	PREMIUM
<u>PPO HIGH PLAN</u>	
Employee Only	650.58
Employee and Child	1,238.06
Employee and Spouse	1,368.17
Family	1,980.37
<u>HMO HIGH PLAN</u>	
Employee Only	648.84
Employee and Child	1,233.74
Employee and Spouse	1,363.61
Family	1,973.99
<u>HIGH DEDUCTIBLE HEALTH PLAN</u>	
Employee Only	569.73
Employee and Child	1,082.58
Employee and Spouse	1,196.43
Family	1,731.99
<u>DENTAL PLAN</u>	
Employee Only	41.03
Employee and Child	84.76
Employee and Spouse	86.37
Family	130.10
<u>VISION PLAN</u>	
Employee Only	2.50
Family (E-S/E-C/FAM)	5.75

In addition to medical, dental or vision benefits, an alternative opportunity for fringe benefits coverage is term life insurance. The maximum policy is \$150,000 and the group purchasing rate is \$25.50 per month (\$306.00 annually) per person. The policy is only active during the active term as a councilperson and would not transfer at the end of an elected term.

**CITY OF NEWARK
DELAWARE**

November 19, 2015

**TO: Lou Vitola, Finance Director
Carol Houck, City Manager**

FROM: Renee Bensley, Director of Legislative Services

RUB

SUBJECT: Additional Research re: Council Compensation

Attached are the staff memo and Council minutes associated with the September 2003 discussion and vote of Council on Ordinance 03-20, which authorized Council's last pay increase on May 1, 2004. This information was gathered at the request of Mr. Vitola prompted by a resident's request.

If there are any questions, please do not hesitate to contact me.

Attachment
/rkb

**CITY OF NEWARK
DELAWARE**

August 22, 2003

TO: Mayor & Members of Council

**FROM: Susan A. Lamblack, MMC
City Secretary**

SUBJECT: Council Salary

BACKGROUND

Council compensation was first discussed in July, 1965, after the 1965 Charter was adopted which included Section 308, *Council Compensation and Expenses*. Section 308 states:

“The council shall determine the annual salary of the mayor and the council members by ordinance, but no ordinance increasing such salary shall become effective until the date of commencement of the terms of members of the council elected at the next regular election, provided that such election follows the adoption of such ordinance by at least six (6) months. Members of the council shall receive reimbursement for actual and necessary expenses incurred in traveling when an official business. The salary of the mayor may exceed that of council members.”

During Council’s discussion at the July 19, 1965 special meeting, Councilman Coverdale was the most outspoken and stated the following:

“You know my plans are to move out of my district. I served when there was no token fee of any kind—back in the ‘50’s. I have always been concerned at the State level, if I can make a comparison in this respect, of the low pay of legislators and the type of men it encourages to go into public office. Since I am not going to be on Council and I won’t be benefiting myself, I would like to take this opportunity to expand a little. I think this is time consuming, and the compensation of a qualified man, whether you agree with him or vote for him or not, should be given serious consideration. I know we all have a feeling that we are poking our hands in the till if we vote ourselves a raise, but my feeling is, to attract qualified men—we hear that the City is big business; hire this man, hire that man, and then the little Council member can go to pot. I don’t have that attitude. I think many would rather see something to fight for and encourage someone coming out. At the last election, there was no opposition in two districts. x x x Maybe if there was a little more money involved, people would come out. x x x I believe Council members

deserve consideration as well as (in order) to recruit higher echelon, and I think this is one way of doing it. I think we would see some real action in the City elections.”

Other comments included the fact that other localities where compensating their councils whose members didn't seem to be spending as much time as Newark's members were. Some felt the fee was only a token compared to a man's time and that the token was really insignificant at whatever level.

Ordinance Number 65-50 was adopted on October 12, 1965 which set the Mayor's salary at \$750.00 and Council's at \$600.00 annually, effective April 12, 1966. The ordinance also provided for reimbursement for actual and necessary expenses incurred in traveling when on official business.

Council's salary has been amended several times since then, the last time being in 1999 when it was raised to the present level of \$5400 for Council Members and \$6600 for the Mayor. These amounts were effective May 1, 2000.

COMPARISONS

Mayor Godwin felt it would be useful for Council to have some comparisons available when Council reviews its salary. I offer the following information which was gleaned from surveys done by several organizations. Those organizations include the International Institute of Municipal Clerks, International City Manager's Association, and the National League of Cities. The cities were chosen by population, i.e., 25,000 to 35,000 and have part-time councils (unless otherwise designated).

<i>CITY/STATE</i>	<i>POPULATION</i>	<i>MAYOR'S SALARY</i>	<i>COUNCIL'S SALARY</i>
Brunswick, Ohio	33,388	9,500	8,000
Wheeling, West Virginia	31,419	11,500	8,500
Dover, Delaware	32,135	(full-time)	7,416
Englewood, Colorado	31,727	8,400	7,000
Leesburg, Virginia	28,311	8,500	8,000
Casa Grande, Arizona	25,224	10,800	6,000
Aiken, South Carolina	25,337	9,006	3,016
West Lafayette, Indiana	28,778	(full-time)	4,000
Urbandale, Iowa	29,072	7,000	4,000
Coeur d'Alene, Idaho	34,514	24,000	6,000
Paducah, Kentucky	26,307	18,896	16,975
Clinton, Iowa	27,772	7,000	3,000
West Bend, Wisconsin	28,152	8,987	4,236
Greenacres, Florida	27,569	12,600	11,100

22. Mr. Godwin recognized and thanked Senator Sorenson and Representative Ulbrich for their attendance as well as the help they afford the city in the legislature.

23. Mr. Godwin complimented Community Day. He recognized the staff who were involved in the event, in particular, Maureen Roser who worked from early in the morning to late that night making sure everything worked properly.

24. **4. ITEMS NOT FINISHED AT PREVIOUS MEETING:** None

25. **5. RECOMMENDATIONS ON CONTRACTS & BIDS:**

A. Contract 03-08, Purchase of Five Hand-Held Meter Reading Computers

Ms. Houck summarized her memorandum to the City Manager, dated September 15, 2003, wherein she explained that this contract would provide for the purchase of five hand-held meter devices that will serve as the City's first step toward fully automating this service effort.

Ms. Houck recommended that Contract 03-08 be awarded to Computer Software, Inc. for the total cost of \$19,975.

MOTION BY MR. OSBORNE, SECONDED BY MR. ATHEY: THAT CONTRACT 03-08, PURCHASE OF FIVE HAND-HELD METER READING COMPUTERS, BE AWARDED TO COMPUTER SOFTWARE, INC. FOR THE TOTAL COST OF \$19,975.

Mr. Clifton asked if he understood correctly what was being purchased. For example, his meter is inside his house and this equipment would allow them to drive by and electronically read his meter. Also, it would computerize it so it could be downloaded without the manual entries.

Ms. Houck explained that they would not be able to drive by all of the meters at this time. This purchase would enable the meter readers instead of carrying bulky books; to read the majority of the meters the same way, but punch the information into a hand-held unit. When they come back to City Hall, that information would be downloaded. At the present time, they have books they write in and then give to somebody else who then puts the information into the computer system.

Ms. Houck also added that as part of the contract, they will supply 96 remotes free and they will be used in the most difficult locations. Ultimately the city would like to move in the direction where everything can be read electronically. She believed that would be phased in as equipment is replaced.

Mr. Farrell asked if there was a timeline as to when everything would be fully automated and did it depend on technology. Ms. Houck explained that the technology was already there, and it would be done as equipment is replaced. Whether Council will see a capital project in the future to move ahead sooner, Ms. Houck could not say, however, this is the first step.

Question on the Motion was called.

MOTION PASSED UNANIMOUSLY. VOTE: 7 to 0.

Aye - Farrell, Kalbacher, Clifton, Godwin, Osborne, Rewa, Athey.

Nay - 0.

26. **6. ORDINANCES FOR SECOND READING & PUBLIC HEARING:**

A. Bill 03-24 - An Ordinance Amending Ch. 2, Administration, By Increasing the Compensation of the Mayor & Council

Mr. Godwin read Bill 03-24 by title only.

MOTION BY MR. KALBACHER, SECONDED BY MS. REWA: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL 03-24.

Mr. Godwin thought it was important to explain and discuss this to some degree because it was in the public's interest to know what Council was doing and why. He explained that this ordinance would adjust the mayor and council's salaries. The last time that was done was four years ago. The method of calculation was based on comparison. The City Secretary researched cities that were similar to Newark in both size and responsibility and reported the salaries of their officials. That research indicated that the salaries in Newark were several percentage points below the average. The proposed increase was \$7,000 for councilmen and \$8,400 for the mayor. The effective date of the increase is May 1, 2004.

Mr. Godwin also advised that the entire Council spends not only time but also money on things that were city business related. For example, buying someone lunch, or driving around town to visit constituents, or driving to Dover for meetings or other things that cost them money out of their pocket in order to conduct business for the City of Newark. He also thought most members would agree that the work they do was more a labor of love than a labor of compensation.

The chair opened the discussion to the public.

Albert Porach, 220 E. Park Place, stated that the salary increase reminded him of the Little Jack Horner nursery rhyme—Council was rewarding itself based on a series of communities that really don't bear any comparison to the City of Newark. He said Newark had about 8,000 people domiciled in it and another 15,000 who reside here on a temporary basis. He further explained that there were a number of election districts with only 200 or 300 people registered to vote, and if there was a candidate, they were lucky to get 50 people to vote. Mr. Porach did not begrudge a raise but he didn't appreciate the way it was done. He did not think a rationale comparison was done, and suggested that Council give itself a cost of living increase comparable to what the management employees get annually.

Mr. Porach also noted that the federal government was anticipating giving a two-percent cost of living increase this year, but President Bush plans to cut that back to one percent. He reiterated that he thought a cost of living raise would be more realistic than "sticking in your thumb and pulling out a plum and telling the public how they all deserve this raise."

Bruce Diehl, 205 Meriden Drive, said he thought Council deserved a raise because everything costs more and he, himself, got a raise this year. He understood that council members were at City Hall many nights other than meetings. If the increase passes, Mr. Diehl thought they should help the police force with getting their contract settled so they can get their money, too.

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

Ms. Rewa said she didn't feel they were giving a raise to themselves, rather they were giving it to future city councils. She thought that anything they could do to increase the competition and interest in council was welcomed. She believed Newark was an active city but not always active at election time.

Mr. Godwin reiterated that this bill would not go into effect until after the 2004 election, so they were not giving themselves a raise.

Mr. Clifton said he agreed with Mr. Porach. He was not comfortable with how they devised the figures because he was sure if they looked hard enough they could find cities of the same size that probably paid their council more and find cities of the same size that probably paid them less. The survey that was done didn't take into account the type of government in those cities nor did it take into account that other cities still operate where council members are responsible for individual departments, or take into account that some governments are strong mayor and councils that are city manager forms of government. For example, the City of Dover has a full-time mayor who makes \$45,000/year and they have a council-city manager form of government.

Mr. Clifton did not feel the proposed increase of 37% was in line with the cost of living. He also feared that they would set somewhat of a precedent. That being if they use a formula based on the formula from other cities. He questioned what if there were two cities with a 30,000 population that had a planning director who made \$175,000. Would they use that as their benchmark for determining staff and employee salaries.

Mr. Clifton concluded by saying that he commended the Mayor who lived up to his promise to bring this back to the table for the Council and the public's consideration. However, he was very uncomfortable about giving himself this type of raise and for that reason he would not support it.

Mr. Kalbacher agreed to a certain extent with Mr. Porach but in a different way than Mr. Clifton. He disagreed with Mr. Porach in the comparison. He thought when the city has students nine or ten months out of the year, they are full-time residents, and then there are summer students. Therefore, he felt the city provided services to 30,000 residents, not 8,000. He pointed out that the businesses wouldn't be able to survive if there were only 8,000 residents.

Mr. Kalbacher thought Mr. Porach raised an interesting question with regard to the cost of living. He believed if you did a simple comparison, he suspected that at a minimum the average increase over the last five years (including wages and benefits) has been over 5% annually for city employees. He also believed a simple mathematical calculation comes out to about \$6,500 from \$5,400. To suggest that they were way off base, Mr. Kalbacher felt was wrong. He thought it was reasonable to do a comparison to other municipalities. He didn't suspect there were too many cities of Newark's size that have a full-time mayor and most of them were city manager type governments.

Mr. Kalbacher further stated that he took some issue with Mr. Clifton. He agreed that maybe the process wasn't perfect but said they weren't talking about a lot of money. He thought it was a fair compensation, that a lot of discussion was unwarranted and they should move forward and it be supported. He believed future council members should be provided this kind of wage.

Mr. Farrell said that he viewed being a Council member much like volunteer work. Because he works shift work, he uses a lot of his personal vacation to do council work and he knew that would happen before running for Council. He realized it would actually cost him money and time and that was okay with him. He thought the comparisons that were provided by the City Secretary were good and appropriate. Although he believed they deserved the increase, he considering serving on council much like community service, and would not support the pay increase.

Mr. Athey agreed with Ms. Rewa in that he viewed this increase as something for future councils. However, as he stated when this was first brought up, he would vote no purely on the principle that he could not vote a pay raise for himself being less than a year in office.

Question on the Motion was called.

MOTION PASS. VOTE: 4 to 3.

Aye - Kalbacher, Godwin, Osborne, Rewa.

Nay - Farrell, Clifton, Athey.

(ORDINANCE NO. 03-20)

27. **6-B. BILL 03-25 - AN ORDINANCE AMENDING CH. 20, MOTOR VEHICLE & TRAFFIC, BY EXPANDING THE REQUIREMENTS FOR PRIVATE PARKING SIGNAGE**

Mr. Godwin read Bill 03-25 by title only.

MOTION BY MR. OSBORNE, SECONDED BY MS. REWA: THAT THIS BE THE SECOND READING AND FINAL PASSAGE OF BILL 03-25.

Mr. Godwin explained that Bill 03-25 was an outgrowth of the problems downtown. He also noted that since the first reading, the bill was amended by staff to exclude parking lots with less than 250 parking spaces. Therefore, he requested a motion to amend the bill as proposed by staff.