

**CITY OF NEWARK
DELAWARE
COUNCIL MEETING MINUTES**

OCTOBER 6, 2025

Those present at 7:00 p.m.:

Presiding:	Mayor Travis McDermott District 1, John Suchanec Deputy Mayor, District 2, Corinth Ford District 3, Jay Bancroft District 4, Marge Hadden District 6, Emile Brown
Absent:	District 5, Jason Lawhorn
Staff Members:	City Manager Tom Coleman City Secretary Tara Schiano City Solicitor Paul Bilodeau Planning & Development Director Renee Bensley Deputy City Secretary Diana Reed Finance Director Jill Hollander Deputy Finance Director Daina Montgomery Assistant City Manager – Operations Jeff Martindale Parks & Recreation Director Paula Ennis Parking Manager Marvin Howard

1. Mr. McDermott called the meeting to order at 7:00 p.m.

2. **SILENT MEDITATION & PLEDGE OF ALLEGIANCE**

Mr. McDermott explained the protocol for the hybrid Microsoft Teams meeting platform. For each agenda item, assigned staff will present first. For land use applications, public comments will be invited after the presentation and prior to Council remarks. For all other items, Council will provide comments after the presentation, followed by comments from the public. Councilmembers wishing to provide additional comments should ask the Chair to be recognized. He noted in-person attendees wishing to comment should sign up by utilizing the sign-in sheet near the entrance to Council Chambers, while virtual attendees should use the hand-raising feature on Teams. Microphones will remain muted until the speaker is called upon. Comments are limited to three minutes with no ceding of time. He requested speakers to state their name and Council district or street address prior to commenting. He noted remote Council members will be polled for audible votes, and visual votes would not be accepted. He asked in-person attendees also present on Microsoft Teams to mute their speakers and microphones. Councilmembers at the dais should mute their microphones unless speaking. Public comments must relate to City business or an agenda item. Violations will receive a warning, while repeated violations may result in removal or a muted microphone. However, the City has zero tolerance for hate speech for vulgar language, which will lead to immediate removal or muting of the microphone. He concluded his remarks by thanking all for their cooperation.

He proceeded to ask for a moment of silence and the Pledge of Allegiance.

3. **PUBLIC PRESENTATIONS (15-MINUTE LIMIT):** None

4. **PUBLIC COMMENT (3 MINUTES PER SPEAKER):**

1:47

Deborah Welch, District 3, requested that Council reconsider the \$24,000 salary increase recently granted to the City Manager as reported in the Newark Post. She noted this to be a 13% raise and in-perpetuity, as opposed to the usual practice to recognize accomplishment with a one-time payout reward or bonus. She believed this was a substantial increase for an employee remaining in the same position.

David Hoffman, 222 South College Avenue, thanked Council for their service to the community. He noted he has lived in Newark for three years and considers himself relatively new to the community. He shared his positive experience with City staff as they directed him on how to properly address a parking issue within his community. He expressed his appreciation for all the work done by the City.

Francis Young, 413 Townsend Road, expressed his concerns regarding the property at 416 Townsend Road, which he has communicated to the Code Enforcement division, and he believes to be a nuisance. He noted he has witnessed multiple illegal items being taken out of the house, trash littering the premises, and various complaints of unmitigated dogs barking at the property. He noted there have been four instances where authorities have removed animals from that property. He stated the residents of this neighborhood are growing increasingly frustrated with this property. He noted the Code Enforcement Division has stated there are no nuisance property points against this address, although he has filed multiple complaints. He believed this situation needed to be addressed.

5. 1. **FINANCIAL STATEMENT:** None

6. 2. **APPROVAL OF CONSENT AGENDA (1 minute):**

- A. Receipt of the July 30, 2025 Parking Advisory Committee Meeting Minutes
- B. Receipt of the August 19, 2025 Parking Advisory Committee Meeting Minutes
- C. Approval of the September 8, 2025 Council Meeting Minutes
- D. ***First Reading*** – **Bill 25-24** – An Ordinance Amending the Comprehensive Development Plan by Changing the Designation of Property Located at 67 West Cleveland Avenue and 46 and 52 Church Street – ***Second Reading*** – **October 27, 2025**
- E. ***First Reading*** – **Bill 25-24** – An Ordinance Amending the Zoning Map of the City of Newark, Delaware, By Rezoning from BN (Neighborhood Shopping) to RM (Multifamily Dwellings – Garden Apartments) 0.1089 Acres Located at 67 West Cleveland Avenue and By Rezoning from RD (One-family Semidetached Residential) to RM (Multifamily Dwellings – Garden Apartments) 0.5622 Acres Located at 46, 52 and 54 Church Street – ***Second Reading*** – **October 27, 2025**

9:37

Ms. Schiano read the consent agenda into the record.

MOTION BY MR. BROWN, SECONDED BY DR. BANCROFT: TO APPROVE THE CONSENT AGENDA AS PRESENTED.

MOTION PASSED. VOTE: 6 to 0.

Aye – McDermott, Suchanec, Ford, Bancroft, Hadden, Brown.

Nay – 0.

Absent – Lawhorn.

7. 3. **RECOMMENDATIONS ON CONTRACTS & BIDS OVER CONSENT AGENDA LIMIT:** None

8. 4. **SPECIAL DEPARTMENTAL REPORTS:**

- A. FY 2026 Budget Workshop Presentation – City Manager Tom Coleman/Finance Director Jill Hollander (120 minutes)

11:22

Tom Coleman, City Manager, and Jill Hollander, Finance Director, provided Council with a presentation of the updated FY2026 proposed budget.

(Presentation: [Attached here](#). The presentation spanned from 11:22 to 50:30.)

Mr. Coleman explained this presentation will provide an overview of the complete FY2026 budget; however, staff have now modified it to close the nearly \$7 million shortfall that existed in the initial requests. This shortfall has been closed through a combination of budget cuts and revenue enhancements through increased fees for service, taxes, and utility rate adjustments. He noted the next step in this process, after tonight's discussion, will be the presentation of the capital budget to the Planning Commission as required by Code. The budget will then be advertised in The Newark Post, also required by Code. Staff will return on November 3rd for the first official budget hearing, which will be the first opportunity to potentially pass a budget. If the budget is approved on November 3rd, there will be no further need for any subsequent budget hearings. He noted it will be difficult to significantly modify the budget after this discussion and requested Council notify staff if they do not want to move forward with any included items.

Ms. Hollander stated during the initial budget presentation, staff projected a \$6.8 million shortfall, with total revenues up by 3.5% and expenditures up by 5.3% compared to the FY2025 budget. She thanked the department directors and budget team for their hard work in reaching this point. From the August 18th presentation, revenue expenditures and net capital improvements were all adjusted. The total revenue budget decreased by \$385,000. The City's total operating expenses decreased by \$2.2 million. The net capital improvements decreased by \$5.9 million, and the total requested budget is now \$127 million. While staff modified the budget to remove the overall budget deficit, there is still a deficit remaining in the general fund. Staff are required to have all funds with a zero balance or surplus, so there is still work that needs to be done. Revenue modifications made since August 18th resulted in a decrease in total revenue of \$384,000. Utility sales have a net decrease of \$967,000. Water revenue increased by \$1.2 million, mainly to fund per- and polyfluoroalkyl substance (PFAS) treatment and reserve. Sewer revenue increased by \$703,000 due to a rate increase suggested or included in the budget. Electric revenue decreased by \$2.9 million by delaying Capital Improvement Program (CIP) projects and debt service savings due to a margin calculation. Property and realty tax increased by \$2.2 million, the main reason being that the \$2.1 million for the new college and university tax had been classified under intergovernmental revenue, and now it is included in the tax line. Staff also increased the changes to tax assessment for new construction by \$74,000.

She noted staff had reviewed all expenses and were able to reduce the amounts presented on August 18th by \$2.2 million. Adjustments include personnel costs, which were reduced by \$1 million. This decrease is the result of delaying the start date of current vacant positions as well as changes in healthcare premiums. Staff reviewed the healthcare costs versus actual over the past several years and noted that they could reduce them, as prior year projections never accounted for the City's actual annual costs. This resulted in a compounding of the projected percentage increases. Materials & Supplies decreased by \$56,000 due to departments making reductions where possible. Contractual Services were reduced by \$244,000, as staff pushed back services where possible and received grant funding for multiple IT contractual items. Debt Service was reduced by \$730,000 due to the delayed date for financing the new electric substation; this project is not expected to need financing until 2027. Other expenses were reduced by \$83,000; staff reduced training and removed the City's subvention payment to The Newark Partnership (TNP).

Ms. Hollander proceeded to share the modifications made to the capital budget. She noted the Gross Capital Improvements Line was originally \$54.4 million and has since decreased by \$5.1 million. The decrease results from deferring or removing various projects, including the annual street program, numerous Parks & Recreation projects, and other general fund projects. She noted the City's capital projects are funded by various sources, including reserves, equipment replacement funds, grants, and loans. She explained that the increase in these lines is the result of utilizing more reserves to fund projects in 2026 instead of utilizing current resources. She explained "net capital improvements" are the amount of capital projects being funded by current resources; this line decreased by \$5.9 million to \$1.2 million due to the removal or delay of projects and modification to the funding sources.

She remarked it was a daunting task to balance this year's budget due to the large \$6.8 million shortfall. Staff reviewed revenues to determine if any of their estimates could be increased and to identify any significant sources for new revenue streams. As staff expect many revenue lines not to perform as well in 2026, there were not many increases without rate adjustments. Therefore, staff made the difficult decision to remove and delay various projects, such as the street program, that were not urgent despite being needed. Staff thoroughly investigated the City's operating expense lines and were able to reduce personnel costs by \$1 million by adjusting start dates for vacant positions and reducing healthcare costs. Department directors reviewed their expenses and were able to reduce the citywide contractual services line by \$244,000. Staff removed the interest associated with the anticipated substation debt, cut funding to TNP, found one-time funding sources, and are utilizing \$175,000 of 401(a) forfeitures to cover 2026 contributions to the general fund. She noted using one-time funding is not optimal for recurring costs, but staff did not have much of a choice. She noted these 401(a) forfeitures are the result of employees leaving before vesting, and this balance has accumulated over several years. She noted this is not a recurring source of funds, especially now that the City has moved to the traditional pension plan. She stated staff are utilizing reserves from the self-insurance fund to offset the large increase they just received in their workers' comp premiums. Before May 2019, the City was self-insured for workers' comp, and currently, this fund is only utilized for claims below the City's deductibles. Staff are also utilizing prior period reserves of \$154,000.

Ms. Hollander provided a comparison of the proposed FY2026 budget to the approved FY2025 budget. For FY2026, staff are requesting a total budget of \$127.5 million, reflecting a 3.2% increase from the FY2025 approved budget. She noted this is a much smaller overall increase compared to the increase

from FY2024 to FY2025, which was a 7.5% increase equal to \$8.6 million. Revenue has increased by \$3.2 million, and appropriations of prior year reserves have increased by \$729,000 as compared to 2025. In 2025, revenues increased by \$8.6 million, which is more than double the increase anticipated for 2026. She noted this lackluster increase in revenue was the main catalyst for this year's budget shortfalls. She stated operating expenditures have increased by \$3.9 million as compared to FY2025, but 2025 had an increase of \$9.5 million. She believed this to be indicative of how the City is managing expenses. However, some increases, such as insurance premiums and other contractual obligations, are out of the City's control.

She stated the City's gross capital budget has increased by \$21.8 million as compared to FY2025, and the net capital improvements have decreased by \$666,000 as compared to FY2025. In sharing the FY2026 expenditure budget, she proceeded to share a display of the comparison of the City's proposed operating expenses for FY2026 as compared to those budgeted in FY2025. She reiterated operating expenses have increased by 3.2% as compared to FY2025. She noted this is roughly equivalent to the Consumer Price Index (CPI) for the last 12 months. She explained operating expenses are broken into seven classifications. Personnel expenses include all wages, healthcare costs, retirement obligations, and other employee-related expenses. She noted these items are expected to increase \$1.3 million next year. Utility purchases include both the cost of purchasing electricity from the Delaware Municipal Electric Corporation (DEMEC) and the cost to pay for sewage treatment from New Castle County. They are anticipated to increase by \$3.2 million together. She noted Materials & Supplies increased by \$107,000, primarily due to the increase in Public Works Line Maintenance and Street Supplies for IT supplies. She noted Contractual Services remain constant with a very minimal increase of \$20,000.

Ms. Hollander explained depreciation expense is a calculation based on the useful lifespans of the City's assets and the timing of acquisitions and retirements. She stated the City will have an increase of \$138,000, which staff expected, given the recent additions to the vehicle fleet. She reiterated the FY2026 budget for Debt Service was reduced by \$730,000 due to the timing of the debt related to the electric substation. Other expenses decreased by \$51,000. She noted this line includes the City's subventions, reminding the subvention to the Newark Partnership has been removed from the 2026 budget. She provided a display of the nine largest cost drivers in the City's budget, along with how they are estimated to change from 2025. She noted that these cost drivers represent almost 82% of the total budget. The total expected increase is 4.3% in FY2026 compared to FY2025. However, there are some decreases in these expenses, and the increases range from 3.5% – 26.1%. The City's utility purchases and wages together equate to \$83.8 million, or 67%, of the entire budget. She noted the other important element of these expenses is that they are set by contract, and the City has limited ability to control or modify them. However, the increase in FY2025 was \$8.7 million, or 10%, as compared to less than half of that increase in 2026.

She shared a list of the City's filled and vacant positions, as requested by Council. There are currently 11.5 vacant positions: 10 full-time positions and 3 part-time positions. She noted none of the 10 new positions requested by the individual departments are included in these amounts, not the budget. She proceeded to provide an overview of just the general fund. She explained that expenses in the general fund include the following departments: Police, Public Works & Water Resources (PWWR), Parks & Recreation, Administration, Planning and Code Enforcement. The general fund budget for FY2026 increased by \$1.4 million to \$41.8 million in total. She noted that, as a comparison, the increase in FY2025 was \$2.7 million. General fund expense changes for 2026 include an increase in Police by \$1.9 million; a decrease in Public Works by \$319,000; an increase in Parks & Recreation by \$73,000; and an increase in Administration and related departments by \$136,000. She noted part of the increase in Administration was offset by the decrease in the Legislative Services Department, which resulted from the realignment of the Records Division to Administration. Planning & Development and Code Enforcement decreased by \$437,000. She noted the Police budget of \$22.5 million is more than half of the entire general fund budget. She noted the City's property taxes are just under \$10 million. She stated the City needs an additional \$12.5 million in revenue to fund the Police Department alone. She displayed a table showing the 2026 expenditures by a general fund department, the related revenue attributable to those departments, and the net surplus or deficit of each department. She noted Code Enforcement and Alderman's Court are the only two departments with a true surplus. She shared a display of how the departments are covering their own costs through their revenue streams. She noted real estate and other tax revenues are not attributed to any lone department but are managed by the Finance Department. She noted Debt Service represents the principal, and interest amounts the City pays for in loans and other borrowings. She noted total Debt Service is budgeted to be \$4 million in 2026, which is a decrease from 2025. She noted the main change is the \$730,000 due to the timing of the loan for the new electric substation.

Mr. Coleman proceeded to share the various funding sources for the proposed 2026 capital budget and a comparison of those numbers to the 2025 budget as amended. He explained when staff

reference net capital improvements, they are winnowing down to the amount of the CIP that is funded from current resources. This is the money that is dependent on revenues from the FY2026 budget year. The other funding sources include reserves, equipment replacement reserves, grants, bond issues, the State Revolving Loan fund (SRF), and other sources, which include just over \$16 million from DEMEC for the substation project. In total, staff are proposing just over \$27 million in SRF funding in addition to the DEMEC debt. He provided an overview of the CIP program. He explained over the five years, the City's capital plan totals \$153 million. This plan is frontloaded in 2026 and 2027, due primarily to the electric substation and water removal projects. He reminded staff are currently running a pilot study at one of the City treatment plants as part of the preliminary engineering for the project, and they will need to continue to work steadily in 2026 to complete the project ahead of the required deadlines.

He explained that the Federal Government has proposed a small change to the PFAS regulation, which is currently being challenged in court. However, this will not change the necessary work or the timeline for the project, regardless of the court's decision. He believed the cost at this point would be unavoidable. He noted there is a very large project in 2030, which is a placeholder for a potential downtown parking garage. Putting this into the budget does not lock the City into anything, but staff wanted to make sure it was captured due to recent discussions. He noted the CIP projects listed are those that have been identified as Priority 1 projects by the respective department directors. He explained Priority 1 projects are currently underway or have associated grant funding. He noted the individual CIP sheets will provide further details as to the funding sources for each project. Funding for all Priority 1 projects combined is just under \$4 million in 2026. The largest Priority 1 projects this year are upgrades at the City's largest water treatment plant, the annual water main replacement project, and grant-funded improvements at the City's Field Operations Complex. He stated these three projects make up approximately 82% of the total cost of Priority 1 projects.

Mr. Coleman shared a summary of all equipment sinking funds spent across each separate fund. He noted the City has 13 sinking fund accounts, all of which they track spending. Staff are proposing to replace equipment valued at just over \$952,000 this year, largely driven by the timing of necessary replacements. He noted the City does not have many large equipment replacements scheduled for FY2026 compared to the out years. He noted Priority 2 projects are the highest priority among projects that are new this year, have not been started, or do not have grant funding. Funding for all Priority 2 projects totals \$42.6 million in FY2026. This has been a big increase for most years, but this is because the City's headline projects fall into this category, specifically the new substation and water removal projects. These two projects make up \$41 million, or roughly 96% of the \$42.6 million total. Many of the FY2027 projects were originally FY2026 projects but were postponed helping balance the FY2026 budget. Some examples of projects that were deferred are the Unit #45 substation transformer, the Roseville Park water booster station, the Silverbrook auxiliary force main, and the City's funding toward the annual street program. He reminded the City eliminated the local share of the street program in FY2025 as well, so this would be the second year in a row that the City has not provided local funding towards road paving. While this is fine in the short term, staff will need to figure out how to pay for paving in the future, because the money received from the State will not be enough to properly maintain the roads in the long term.

He continued by explaining Priority 3 projects are of a medium-high priority where the department director has determined the City would be taking a calculated risk in deferring the project. Staff have \$1.5 million in Priority 3 projects in this year's budget. He noted Priority 4 projects are considered needs but are projects where there is not a considerable risk from deferring. The City has \$195,000 in Priority 4 projects in this year's budget. He stated Priority 5 projects are projects that can safely start in Year 2 or later of the CIP. The City has only \$20,000 in Priority 5 projects in this year's budget. Most of the Priority 5 projects that were previously proposed for 2026 have been delayed to 2027 as part of the work to balance the budget.

Mr. Coleman proceeded to cover revenue line by line. He noted Utilities have increased by \$3.2 million, or 3.5%. Real Estate Transfer Tax (RTT) is budgeted at \$1.7 million, which is flat year over year. He noted the City was trending under for FY2025, until a recent large sale came through and put them over the projection. However, as this was unexpected, staff feel comfortable leaving it flat for FY2026. He noted Property Tax is at \$9.95 million, having increased by 2.1%, or \$206,000, from FY2025. He noted FY2026 is the first year of the college and university tax, which staff estimate will bring in \$2.1 million based on Fall 2025 enrollment data. Staff are experiencing strong growth in lodging tax, estimating \$900,000 for 2026, a \$120,000 increase from the 2025 budget. He stated Fees for Service is an area of weakness, largely driven by a reduction for construction in Planning. Staff currently anticipate a 7.3% reduction, which is a \$1 million decrease from 2025. He noted Intergovernmental Revenue has decreased by 32.2%, mostly due to the elimination of the State payment-in-lieu-of-taxes (PILOT) funding now that the City has the UD tax instead. He explained that overall revenue in FY2026 is anticipated to increase by 3.2%, or \$4 million.

He continued by noting staff are proposing a 12% water rate increase, mostly driven by new PFAS regulations and general fund transfers. Staff proposed a phase-in period for a portion of the full amount necessary next year once construction is complete. He noted staff have included an 8% increase to Sewer to help cover ongoing operations, but also to maintain City's general fund transfer amount from 2025. Staff have not yet included a tax increase but strongly recommend increasing property taxes by an amount at least equal to inflation. He noted the City's general fund expenses have increased significantly due to personnel costs. He noted there is at least one year left in the City's two largest collective bargaining agreements that impact the general fund and will need additional tax revenue to cover this expense in the future. He reminded his opposition to using one-time money to pay for recurring costs but remarked that it is sometimes unavoidable. Joe covered these earlier. He explained in total, the City has around \$600,000 in one-time funding in this year's operating budget.

Mr. Coleman explained RTT tends to fluctuate every year with the ebb and flow of the economy. Staff have conservatively set this number at \$1.7 million, which is a number that staff feel comfortable will be consistently hit. This would effectively be a windfall if that number were to be exceeded. He stated the City is fortunate enough to have the lodging tax pass in 2018, which has helped diversify its revenue portfolio. The City has collected \$4 million in revenue since this program's inception, which has funded critical needs throughout the city. For FY2026, staff have upped their assumption to \$900,000 based on performance in FY2024 and FY2025. He reiterated revenue from building permits and other fees has decreased significantly year after year, mostly due to the timing of permits and a recent general pullback of large development projects.

He stated in FY2026, staff will transfer \$20 million from their electric, water, sewer, and parking funds to support governmental activity programs. He noted he and Ms. Hollander had thoroughly discussed general fund transfers from the City's utilities and felt the need to highlight the transfers more. He began to share the data on the electric fund, explaining that the presentation's blue column represents the City's net operating margin in electric after deducting operating and capital expenses that are cash-funded for FY2026. He noted every remaining dollar is transferred out to the general fund, with nothing remaining for future capital projects. He stated this is, to a degree, designed for the RSA process because anything the City over collects is returned to ratepayers through the RSA. However, this also indicates the need to reform the RSA process to update it in a way that the electric fund can retain some revenue for future capital needs. He shared the anticipated customer impact from the proposed water rate increases. He reminded this is almost entirely driven by the unfunded mandate for PFAS treatment. While staff expect the impact for an average residential customer will be \$5.27 per month, this will be higher for commercial customers and those who use more water. He shared the same data for the general fund transfer, but instead for the Water fund. Staff propose that roughly \$870,000 remain in the Water fund. This funding can be used for future capital projects, but it will also be the phase-in for the increase necessary in 2027 for PFAS. He noted if the City spent this money or transferred this money to the general fund in 2026, it would not be available next year to be put towards PFAS costs. This effectively means that if staff were to pay for something else with it, it would become a one-time money type situation. He stressed the importance of retaining this money in the Water fund if staff do a phase-in program, they cannot transfer it out to cover operating expenses in the general fund.

Mr. Coleman shared the anticipated impact on the average residential customer for the proposed sewer increase; he noted this increase will result in their monthly bill going up by \$3.43 but reiterated it would be higher for those who use more water. He shared the data representing the general fund transfer for the sewer fund. He noted staff have proposed roughly \$194,000 to remain in the sewer fund; this money will go into a reserve account for Sewer projects in 2027 and beyond. However, unlike the Water fund, this technically could be reduced if Council wished, but this would leave no money in the Sewer utility. He proceeded to share multiple proposed options for tax increases. He reiterated that while staff have not yet included additional tax revenue in their projections, they strongly recommend Council increase taxes by at least CPI. He explained that the 2026 general fund expenses have increased by \$1.4 million from 2025. With the \$1.9 million increase in Police partially offset by year-over-year reductions in some civilian departments, staff cannot expect to keep reducing expenses in non-police operations while maintaining the current level of service amid inflationary pressures. He stated this would take a 14.5% tax increase to offset the increase in general fund expenses. He noted if the City does not increase taxes, it will be \$1.4 million further in the red next year. He did not see any chance of balancing the budget next year without significant increases in City fees and taxes or decreases in City services. He reminded that the City only recognizes 50% of the revenue from a tax increase in the budget year that it passes because taxes go out in August. This means that if the City does not act this year and needs to increase taxes next year to balance the budget, they will need to increase twice as much as they would otherwise have needed to, had they done it ahead of time.

He shared a graph showing the importance of small, regular CPI adjustments to the tax rate. He noted this graphic incorrectly included a 2.5% tax increase assumption in the impact on the average resident. He noted revenue is not included in staff's current estimates. He noted the biggest impact to City residents is electric rates, and they are driven by increasing wholesale cost of power; the recent rate study recommendations, which are factored into future capital expense; and the substation project, which the City needs to address growing electric demand and resiliency. This effectively means that most of this money is merely a pass-through to the power markets and is unavoidable. He noted staff will not have final figures for wholesale power costs until after the budget is finalized. However, this means there is a chance that staff estimates are high, and this figure could decrease. He stated the water changes are much the same story, driven by unfunded federal regulatory mandates. He explained when looking at the overall budget impact of these items within and outside of the City's control, a significant portion of the increases are unavoidable, with much of the remainder coming from the electric substation project. Utility ratepayers are seeing similar increases, which provides evidence that this is a broader issue facing the region and is not specific to Newark.

Mr. Coleman noted a few items for Council consideration as they conclude the budget presentation and plan 2026 legislative action. He shared a display of required action items to implement the revenue assumptions included in the proposed 2026 budget as presented this evening. He asked Council to notify staff if they do not support these changes, as they will need to significantly revise the budget to close the gap without the revenue these changes would bring. He noted without this revenue, staff would basically be limited to looking at reductions in force, ideally through attrition in the general fund. He noted the current vacant positions; the City would need to save money in the general fund, so realistically, the four vacant police officer positions, one dispatcher, one administrative professional, one part-time finance position, and one part-time facilities position would be first up to be eliminated. He noted that if Council approves the proposed revenue changes, he asked for direction on lifting the hiring freeze and filling these vacancies in accordance with the part-year funding that has been included for each of them in 2026.

He proceeded to share a few suggestions for lobbyist direction in 2026. Staff are looking to get direction to lobby again for additional funding through the bond bill and the Community Reinvestment Fund (CRF) to coordinate with the state legislators for cost-sharing on City projects and initiatives. He noted the City's success in doing that over recent years. He noted Council had previously discussed an event ticket tax fee. He believed this could be a decent source of new revenue, especially in the future if Council changes zoning laws to incentivize a live event venue in town that would not be specific to the university. However, he cautioned it would be unlikely this would generate revenue in its first 1 – 2 years. He stated Police funding will continue to be a challenge due to rising wages, so he believed the City should push for potential State funding to support the rising cost of police services statewide. He suggested asking again for an increase in Municipal Street Aid (MSA) funding for FY2027. He noted the City is in alignment with the Delaware League of Local Governments (LLG) on this item, so multiple organizations are pushing for increased MSA funding. He noted one item not included in this presentation but suggested by Ms. Ford was to potentially lobby for a portion of the alcohol and marijuana tax that is generated in town. He noted this is an additional item that staff would be looking for feedback on.

Mr. Coleman shared the current schedule for the budget process through the November budget hearings. He stated the draft CIP is already available on Budget Central. He noted the codified deadline for advertising the City's annual budget is on October 15th, and staff will present it to the Planning Commission on October 21st. He noted the final version of the CIP and operating budgets will be provided to council on October 27th in time for the first budget hearing on November 3rd. Staff hope the second budget hearing, tentatively scheduled for November 17th, will not be necessary. He thanked Council and the public for their attention and patience through this presentation.

The Mayor opened the table to Council comment.

Mr. Suchanec noted there are two variables to taxes: the rate and the assessed value. He wished to see the actual impact on residents in relation to the increase in the assessment value, and the City increasing its rates. He asked what the true percent increase is on these taxes.

Mr. Coleman asked if Mr. Suchanec was speaking to the reassessment that had occurred.

Mr. Suchanec responded in the affirmative.

Mr. Coleman explained on the net, it is nothing if everyone is added together; however, this is not true at the individual level. He noted the median tax bill in 2025 was \$873 after the reassessment; the

reassessment adjusted the median by roughly \$200. This is reflected in the tax bills that have already been released.

Mr. Suchanec noted the two columns for 2026 New Tax and 2027 New Tax.

Mr. Coleman explained in the first year, the City only recognized 50% of the revenue. He noted staff ran five scenarios: 2%, 2.5%, 3%, 3.3%, and 14.5%. He noted 14.5% seems like an outlier, but it is the increase necessary to offset the general fund increase.

Mr. Suchanec noted this could potentially be confusing to explain to the City's residents. He believed that a house pre-assessment valued at \$100,000 and then reassessed to \$200,000 would mean an increased tax bill regardless of the City adjusting tax rates.

Mr. Coleman noted the City previously adjusted the rates down for 2025 so their revenue would remain flat.

Mr. Suchanec asked Mr. Coleman to explain the display on Page 37 of the budget presentation.

Mr. Coleman explained that this display shows that the City's tax rates have not kept up with inflation.

Mr. Suchanec asked how the City could move forward by connecting its tax rate increases to the Consumer Price Index (CPI) to avoid lengthy discussions and debate on implementing them. He believed this would be understandable to the public, and it would be easier to explain to them as well. He asked if this would entail an ordinance, charter change, or direction to staff.

Mr. Coleman believed Council would need to provide proper direction to staff. However, he noted the general fund only increased by \$1.4 million, or 3%. However, the City is challenged in that they do not have enough revenue to cover that increase. Property taxes make up a quarter of the City's general fund. If the CPI goes up by 3%, or \$1.2 million, and the City increases its taxes by the same percentage, that will only generate another \$300,000. He noted the City's general fund substantially dwarves the City's general fund revenue. Additionally, wholesale electric costs have significantly and consistently increased, and the City transfers a fixed percentage of its total electric revenue. When the cost increases, so does the portion that is transferred which has masked some of the increases in the general fund. The City also had long-term contracts with its labor organizations that were fixed at low percentages for four or five years and were signed before COVID at 2% a year. Through those years, during which the City faced inflation of 5% - 7%, those contracts expired. This is why the City saw big increases in their personnel expenses over the last two years, because they had frozen at what is effectively pre-COVID wages. This is also why the City carried so many vacancies this year, as the wages were low and the City was having hiring difficulties.

He noted if the tax increases or decreases in connection to CPI, this does not give Council the wiggle room to implement more in case that is necessary. He believed the City would not be as challenged with their budget this year if their building permit revenue were more consistent, like in previous years. Because permit revenue has decreased so significantly, the City now must make that up somewhere else. He believed it would be good practice for Council to have a tax increase at the CPI, because the City will always be aware that its general fund expenses will always exceed it. However, it will be hard to justify doing anything less than the CPI because they know it will always continue to increase.

Mr. Suchanec stated he had previously communicated to residents that their property taxes cover the costs of the Police Department; however, he now understood this to be untrue. While Council alludes to the fact that they help with other services the City provides, taxes do not cover them.

Mr. Coleman noted this was a challenge he and Ms. Hollander experienced when creating this presentation; they elected to put all tax revenue into Finance to make it even. If the City were to apply that tax revenue, it would be included with the other fees collected by Finance. He noted there is \$16.2 million that gets deducted from that tax revenue. He noted staff have done a good job in controlling the costs of the Refuse Division, as it has lingered around \$2 million for a significant amount of time. He noted this is because the division has grown more efficient and is doing more with fewer people and trucks. City staff have generally cut everywhere that is possible.

Mr. Suchanec stated the City has applied technology at that level, such as how they have one-man refuse trucks instead of two-man trucks. He appreciated staff's efforts to bring this budget back to a reasonable discussion level. However, he believed it would be difficult for staff to convince Council to

approve any tax increases, and he was unsure what else could be done besides increasing taxes. He believed the FY2027 budget would be even harder to deliberate than the FY2026 budget.

Mr. Coleman agreed, noting he is even more concerned about the FY2027 budget than the FY2026 budget.

Mr. Suchanec understood. He noted there were inevitable costs that the City could not control, such as the treatment of forever chemicals. The City must buy electricity, and its only option for dumping sewage is New Castle County. He noted the City only has three options to increase revenue, with the most sensitive being tax increases.

Dr. Bancroft noted the public recognizes the City is not much of a business, Council judge priorities for emergency services and cultural & social welfare. He noted the City's services provided are not easy to replace, which makes their priorities harder to balance. He believed Newark has a reputation for offering great basic services at a bargain price. He believed the City's emergency support is an expense they need to take seriously, as this could be a risk Council is not factoring into their considerations. He believed the City has been commendable in their efforts to support affordable housing amid dealing with market competition for good employees. He believed security emergency costs would significantly increase as the City's communities continue to grow. He noted the community suffers when governments do not invest in them properly. He advised Council to be careful of over-gentrification and imposing regulations that may be characterized as "steering to good manners." He believed the City welcomes people with different viewpoints and encourages business innovation, which helps to keep jobs and families in the city. He believed the City should continue to use academic institutions to their advantages to stimulate the local economy while also balancing the demographics of a sustainable community.

He did not oppose the proposed rate increases. He believed the presentation demonstrated how the City is not keeping up with the CPI and needs to stabilize its revenue. He supported the balancing of the PFAS and substation projects. He believed this adhered to Council's wishes to accommodate needs and mandates with costs and to efficiently use their money. He believed Page 10 showed how the City defines itself as a utility company with other government services, with \$100 million in revenue and \$50 million to buy utilities. He believed the display of personnel and department coverage was a good addition to the presentation. He believed the general fund could be supported by a CPI increase, which has been indicated at 3.3%. He supported all ideas for lobbying with the state.

Mr. Suchanec believed the City did a good job in justifying the water and sewer rate increases. He believed the impact on residents should be discussed with them to get them to buy into a reasonable increase. He supported connecting the tax increases to the CPI. He wished to see the completed electric rate study soon and wondered how this would impact the story the City is trying to convey to residents.

Mr. Coleman noted the rate study was presented to Council months ago; the next step is for staff to bring it back as an ordinance. Under the terms of the City's electric rate agreement with UD, UD staff had an opportunity to review and provide comments on the study until the end of October. Following their review of the deadline, staff will bring the ordinance for first and second readings.

Mr. Suchanec asked if Council will see its impact on the median, residents, small businesses, and large businesses.

Mr. Coleman stated the City is challenged by the fact that they are not in Year 1 of the rate study anymore. This rate study was meant to be a rearrangement of the rates that would only equate to a 4% increase for the average resident. The City is now in Year 2 or Year 3 of the change, but the change has not yet been implemented. What has been proposed includes the revenue needed for all the capital projects that have been planned, along with the revenue needed for the debt service in the Electric Department.

Mr. Suchanec supported all action items for the City's lobbyist except for pursuing an event tax, as he believed there needs to be a reason for it. He wondered what the City would do to "deserve" that tax, such as a demand on the police force for the event and the associated expense. He was unsure if the City could justify implementing a tax on events.

Mr. Coleman noted the City has been challenged in determining to whom the event tax would apply. In theory, the City would want to apply it to any event that needs a police officer. However, that would be applied to any entity hosting a big event, such as Newark Charter High School, Newark High School, and UD. Staff are trying to determine how this tax could be targeted without causing collateral damage to low-revenue organizations while also capturing the target audience.

Mr. Suchanec was concerned implementing this tax may also be perceived as targeting UD specifically, which he wished to avoid. However, he noted a football game where Newark Police Department (NPD) officers were directing traffic, which he believed could be a justification for a tax to cover the expense.

Mr. Coleman noted this is a regular occurrence. However, they are only reimbursed for a portion of the games depending on the time of year.

Mr. Suchanec believed an alcohol tax was justified as consumption on Main Street generates a bigger demand for policing. He believed this would be defensible in court if the City were to be sued for this tax.

Ms. Ford reminded she had mentioned in a meeting with Rep. Ed Osienski an idea to enable legislation allowing Newark to get a portion of the revenue from recreational marijuana and alcohol sales. She believed the City needs to prioritize finding new revenue streams, as she was concerned about the use of City reserves to pay operating taxes. She noted Rep. Osienski was amenable to this idea, but the City would need to demonstrate how this legislation has caused police activity to increase. She noted the City Manager indicated alcohol-related offenses largely impact the City's police costs. She believed a beverage tax would be beneficial to implement, as she anticipated individuals would consume alcohol regardless. She noted event fees would apply to all organizations holding events and would need to see the details of how to implement it before offering her support.

She believed the City had no other choice than to increase utility rates. However, she believed the reasons for these increases need to be better explained to the public. She noted the Public Works & Water Resources (PWWR) Department presentation noted water rates have not increased for years, which now negatively impacts the City. She believed the City needs to increase communication with the public on why these increases are necessary. She believed the City should cut the leaf collection program, believing this would likely not receive much public opposition, as it is a bad practice for the environment, and there are City residents who do not even receive the service. She believed the City should offer only one free bulk collection before charging. She noted the rental permit fee, according to Code, is \$220 and asked if staff have considered increasing it to \$300.

Renee Bensley, Planning & Development Director, explained during the last round of rental fee increases, staff chose to index them to the CPI, and have been increasing each year since. The fee for a single-family house is \$227 in 2025, and will increase in. She also noted staff are in the middle of the comprehensive fee review, which consists of reviewing all fees in the department, including rental fees. She noted during the most recent increases, staff did a substantial in-house cost-of-service analysis so the fees being charged adequately cover the department's expenses.

Mr. Coleman noted taxes do not need a nexus to cost; taxes can be charged for whatever the City wishes. However, regarding fees, there needs to be a connection to the cost of providing the service. He cautioned that if the revenue derived from the fee far exceeds the cost to provide the service, this could potentially be legally challenged as the fee is effectively a tax.

Ms. Ford believed connecting these fees to the CPI would be reasonable. She agreed with Mr. Suchanec on connecting tax increases to the CPI, noting Council increased taxes by 2.5% in 2024 and by 7.5% in 2023; however, they did not increase taxes at all in 2022. She believed it would be easy for the public to understand taxes connected to the CPI, so they could potentially plan for it. She believed the City needs a task force dedicated to pursuing new revenue streams. She believed determining new revenue streams should be the top priority, so the City has the money to pursue other initiatives. She noted her concern that the City is delaying the substation to save money and asked for further clarification on this initiative.

Mr. Coleman explained a substation is being delayed; however, this came after a new substation came online, and the Electric Department shifted load around to unburden the substation that staff believed needed replacement. This has allowed staff to push it out to the future because the situation is no longer as dire as initially presumed. He clarified that this is the transmission substation.

Ms. Ford asked for a further explanation on the Underground Distribution UD STAR Campus item, quoted at \$150,000.

Mr. Coleman explained this is other funding; if a project comes online and pays the City, City staff will run new lines on STAR Campus for that project.

Bhadresh Patel, Electric Director, further explained that the funding the City has budgeted to pay for material costs needed, which will normally be reimbursed by the developer for that project. This is simply to purchase the material ahead of the project's start.

Ms. Ford asked Mr. Coleman to clarify his recommendation about the current hiring freeze.

Mr. Coleman explained amid the current hiring freeze, staff have held all vacant positions open. If Council is not supportive of the changes recommended for utility and taxes, the only other option for the City is to eliminate positions. If this is Council's wish, he asked to be notified as soon as possible. However, if Council is supportive of the changes, along with staff continuing to provide service at the current level, staff would look to lift the freeze and fill positions in accordance with the hiring delays included in the budget. He noted staff have only included partial-year funding for these vacancies in 2026, in recognition that they will not all be hired on January 1st. However, if the City gets lucky and gets more police applicants earlier, staff will likely come to Council for a budget amendment.

Ms. Ford agreed with the rate increase but favored continuing the hiring freeze or reviewing the positions to see if there are any that can be reasonably eliminated.

Mr. Brown noted the tax rate versus inflation chart on Page 37 of the presentation and asked if the tax rate was \$0.48 in 1985.

Mr. Coleman stated the tax rate in 1985 was \$0.33,

Mr. Brown asked if there had been no slight increases since.

Mr. Coleman explained this was a previous chart created by former Finance Director David Del Grande; none of the numbers presented have been adjusted for reassessment. He stated before the assessment, the City's rate was around \$1.08 – \$1.09, whereas Mr. Del Grande had calculated the CPI rate from 1986 to now, which would be roughly \$2.06. This means the City would be almost a full dollar behind.

Mr. Brown noted that while he and the rest of Council did not want to raise taxes, he understood the current situation the City faces. He favored the recommendations for the electric rates, sewer rates, and property taxes, and agreed with connecting the tax increases to the CPI. He asked if the lodging tax was percentage-based.

Mr. Coleman stated the hotel lodging tax rate is 3%. This is the only charge the City has.

Mr. Brown stated that when he visited Norfolk, VA, he received a receipt with a \$3 charge for a bed tax; he remarked he would have paid this to sleep in the bed regardless. He was unsure if this could be incorporated in Newark. He agreed with the proposal to impose taxes on liquor and marijuana. While he would agree with the event fee, he concurred with Mr. Suchanec that it could appear the City is targeting UD. He supported pursuing additional grant funding. He wished for the City's services to keep to the status quo, if not better, under their current financial conditions.

Ms. Hadden asked if the plan is still to phase in the 12% tax listed.

Mr. Coleman explained 12% is the phase-in rate; the water rate increase needed to cover PFAS treatment will likely be around 25%.

Ms. Hadden was concerned about residents solely relying on Social Security, and what potential options could be offered to them if they face a heavy financial impact.

Mr. Coleman stated it is a needed regulation; however, he stated his personal belief that this has been set too low. He explained the City has two water treatment plants; staff completed the project at the groundwater plant, that levels around 20 – 25 parts per trillion. He noted the surface water plant is 0, and 4 parts per trillion was the detection limit, which he believed to be too high and would hit most water utilities in the country. He noted at least 50% of water utilities have already detected PFAS. He noted Veolia increased water rates by 40% and Artesian by 30% to cover their own PFAS projects. He believed the most challenging part of the regulation is that it applies to every utility at the same time; he believed utilities with thousands of parts-per-trillion should have been targeted first. This would mean all utilities would not be competing for the same equipment and contractors to do the work all at once.

Ms. Hadden asked if there was a “safety net” to catch residents that may be struggling because of the increases.

Mr. Coleman stated there is currently no long-term solution to this problem. He noted the Low-Income Home Energy Assistance Program (LIHEAP) could help those with their electric utilities, but this is likely frozen due to the current government shutdown; however, it may return when the shutdown ends. While he believed there is no analogous program for the water or sewer utilities, he noted the City’s water and sewer bills are much lower than those of electric. He expected City staff would guide individuals in this situation to programs that apply to their electric bills to effectively free up money to put towards their water and sewer bills.

Ms. Hadden was relieved to hear there may be some methods to help these residents, which contributed to her agreement with the rate increases. She agreed with the 12% water rate adjustment and that it should have an associated revenue stabilization adjustment (RSA) to prevent similar mistakes. She believed property taxes should be connected to the CPI, which she believed is currently higher by 2.5%. She believed there should be an RSA with electric and implement the rates based on the electric study. She agreed with all recommended directions for the lobbyist, save for the event tax, of which she concurred with Mr. Suchanec.

Mr. McDermott thanked staff for this presentation, remarking he found this process to be educational every year. He noted he received comments from two residents earlier in the day about how they appreciated the various services provided by the City. He noted when Council discusses potentially removing services, it could potentially diminish the quality of life that comes from living in Newark. He noted these “top-notch” services and amenities are why Newark’s property values are higher. He believed this could be attributed to the way the City is run by staff. However, these great services and amenities cost money to maintain.

He believed the City and Council have little to no control over the water rate adjustment, and would need to increase something, regardless of paying for it. It is a necessity and cannot be eliminated, but a portion of it is discretionary. He agreed with the proposed sewer rate increase. He noted part of the property tax increase was likely due to the recently negotiated union contracts, as the City will need to pay for the quality of employees they want for their services. He believed the City is facing a reality where they are competing for these employees who could stay with the City to be trained but then take that skill set and leave for another agency. He believed the Fraternity of Police (FOP) Lodge #4 got a fair contract, and now the City is in a position where they can fill those four remaining vacancies due to the NPD’s workplace reputation. He did not want to continue the hiring freeze due to this potential opportunity. He believed that during the period when those positions are vacant with allocated funding, the associated funding should not be used for other purposes. He believed it would be prudent not to use that funding, as this could backfire on the City in later years.

Mr. Brown asked if there were any anticipated retirements in 2026.

Mr. Coleman stated there is one employee in the Police Department who has already provided their notice, and one employee in Finance, who will need to be replaced as they are the department’s main accountant. He noted in the City’s Police contract, there is an advanced notice provision where if an officer provides a year’s notice, they receive a payout for some of their unused sick time. However, that provision is not included in any of the other contracts. He noted he has not been made aware of any other pending retirements.

Ms. Ford noted there are other positions outside of the Police Department that have been affected by the hiring freeze. She reiterated her suggestion that the City review all the open positions and potentially consider keeping some of them frozen.

Mr. Coleman stated there is a challenge in that the positions in the general fund, which is where the City needs the savings that are not in the Police Department, are all part-time. This includes a part-time Facilities employee, a part-time Finance employee, and a part-time meter reader. Then there are three positions in the water utility, and then one in the sewer utility of the four employees.

Mr. McDermott stated this effectively means the sewer utility’s headcount is down by 25%. He voiced his support for the presented budget and lifting the freeze. However, if Council is concerned about the latter, he supported a mechanism where staff come to Council when they want to hire an individual and explain the situation on a case-by-case basis. Council can then decide on how to move forward. He noted there is funding to fill these vacant positions, and no new positions have been added to the budget. He noted that while he never supported tax increases, he was aware there would likely be one proposed

this year. He remarked he expected the proposed number to be higher when the union contracts were ratified. However, he would be amenable to the proposed 3.3% increase.

He noted he did not see advocacy for the Higher Education Public Safety Fund included in the recommended directions to the City's lobbyist and believed that should be added. He believed it would be justifiable for the State to give the City this funding. He held the same concerns as other Councilmembers about the event tax, as he wondered how it could be properly enforced and managed. He believed the City should potentially revisit and reconsider increasing the lodging tax rate, or the cap associated with it. This would require a charter change, which would necessitate the State's approval, but if it were to pass, this could give the City another option for funding. He was displeased with the amount of capital projects being deferred, and that street aid is included in these projects. He wondered if the City could receive more money from the State for street aid projects.

Mr. Coleman stated the City asks for this funding every year. He explained the MSA Program started in the early 2000s, and has been at \$6 million since its inception, save for a brief period it was set at \$5 million. He believed it would be over \$20 million if the program escalated with construction costs, but its purchasing power has diminished considerably. He noted Council could potentially consider a model like Middletown, which has a street fee charged on their utility bills to every property owner that will go into a dedicated street maintenance account. He noted this would not require a charter amendment and is effectively the same as the City's current stormwater fee and account.

Mr. McDermott noted the City is not utilizing their tax money for the streets. He noted a tax increase could go toward anything the City wishes.

Mr. Coleman explained that realistically, the funding allocated for this fee would go towards whatever Council wished, but for every subsequent year, it would go to the Police Department as their budget increases faster than any other.

Mr. McDermott stated he would need to consider this fee before agreeing to it but believed the City's infrastructure to be critical to maintain. He noted the City is currently facing the aftermath of not being proactive with its infrastructure maintenance. He wished to see a portion of the electric utility's fund allocated toward electric infrastructure projects, as he believed the City could not afford to postpone improvements to its infrastructure.

Mr. Coleman noted he has a draft ordinance that he can bring forward for review, and if Council agrees to it, it can be heard by Council.

Ms. Ford wished to see an ordinance to set a 30-day limit on the appeal time for nuisance fines.

Ms. Bensley stated that it would be on the agenda to be heard by Council before the end of the year.

Mr. McDermott believed the marijuana tax should have been incorporated when this legislation was first enacted. He believed this is why the State is currently experiencing resistance from the municipalities taking it on. However, he was concerned that a tax on alcohol could negatively affect the City's businesses and wished to see their feedback before moving forward.

Dr. Bancroft believed the City should be gentle with its fees, so they do not discourage in-town businesses from thriving.

Mr. McDermott did not support the implementation of an additional tax on marijuana; he believed the State should make that change. He believed a portion of the already-existing 15% tax should come to the City, which would consist of the State correcting an error in the initial legislation.

Mr. Brown asked for clarification regarding comments on training, and if that would be cut back or eliminated.

Ms. Hollander explained that there were some reductions in training expenses by multiple departments; these departments' staff looked at what they were spending in relation to the budget and then chose to reduce it. This is an insignificant change, and training will continue as normal.

The Mayor opened the floor to public comments.

Deborah Welch, District 3, thanked Council and staff for the understanding they have provided to attending residents. She noted the 3.3% increase in electric rates is about \$530 for a whole year, on top of the average \$250 increase everyone experienced due to the reassessment. She believed these increases stacked on top of one another are unsustainable for City residents, especially those who are retired and living on Social Security. She found it worrisome that these amounts could further increase in the future. Noting the \$385 average increase is mainly due to the substation, she asked Council to consider the liability to the average resident for the City's ongoing infrastructure needs.

Dr. Freeman Williams, 1 Farmhouse Road, thanked Council and staff for moving through this process. He noted many residents choose to stay in the city due to the many wonderful services provided. He believed the City needs to be assertive in informing the public of how this process works so they understand the "give and take" that is necessary to run effectively. He believed this would help to reinforce the faith and trust that the community has in this process. He acknowledged hard decisions must be made sometimes, but believed the City is doing so in the correct way. He suggested telling the story over multiple years, so it reinforces that there are effective planning efforts at both the City and Council levels. He appreciated Council and staff's hard work involved in this process.

There was no further public comment, and the Mayor returned the discussion to the table.

Mr. McDermott asked Mr. Coleman if he had received proper direction.

Mr. Coleman noted Council had previously discussed imposing a gross receipts tax on long-term rentals. However, this idea had failed once before, as at least 6 of 7 Councilmembers must vote in favor of pursuing a charter amendment.

Mr. McDermott asked if Mr. Coleman wished to discuss this idea this evening.

Mr. Coleman noted this is a revenue item, but Council would not act this evening. If Council wished to move forward with another discussion, staff would prepare and schedule it for a future agenda. However, it would also need support from six Councilmembers to be considered at a future meeting.

Mr. McDermott expressed his opposition to this tax, believing the City would revert to the same position as they were during previous discussions.

Mr. Suchanec stated he supported the consideration of this tax, believing that if an individual rents out their house, it becomes a business. He believed that if a house is turned into a revenue producer, that revenue should be as taxable as any other source of income.

Mr. McDermott believed this may be counterintuitive to the City's efforts towards affordable housing, as this would essentially be another price increase.

Mr. Suchanec noted that while Council wishes to work toward affordable housing, there is nothing dedicated in the City's budget to put money toward affordable housing. He did not believe the City's marginalized residents would greatly benefit from this current budget. He believed the revenue collected from a gross receipts tax could be allocated toward affordable housing.

Ms. Hadden noted the current question is whether Council should discuss this topic at a different item on an agenda to allow public feedback. She did not believe the potential merit of the program should be discussed at this time.

Mr. McDermott noted Council have already discussed this idea in the past year. He did not believe repeating the discussion would be fruitful and did not support moving forward with another discussion.

9. 5. **ITEMS SUBMITTED FOR PUBLISHED AGENDA:**
 - A. Council Members: None
10. 4-B. **OTHERS:** None
11. **Meeting adjourned at 9:01 p.m.**

Tara Schiano

Director of Legislative Services
City Secretary

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