CITY OF NEWARK
DELAWARE
COUNCIL MEETING MINUTES
December 2, 2019

Those present at 6:00 p.m.:

Presiding: Mayor Jerry Clifton
Deputy Mayor Stu Markham, District 6
District 1, James Horning
District 2, Sharon Hughes
District 3, Jen Wallace
District 4, Chris Hamilton
District 5, Jason Lawhorn

Staff Members: City Manager Tom Coleman
City Secretary Renee Bensley
City Solicitor Paul Bilodeau
Assistant to the Manager Jeff Martindale
Chief Communications Officer Jayme Gravell
Finance Director David Del Grande

1. Mr. Clifton called the meeting to order at 6:00 p.m.

2. EXECUTIVE SESSION
   A. Executive Session pursuant to 29 Del. C. §10004 (b) (9) for the purposes of personnel matters in which the names, competency and abilities of individual employees are discussed, unless the employee requests that such a meeting be open.

   MOTION BY MR. MARKHAM, SECONDED BY MR. LAWHORN: THAT COUNCIL ENTER EXECUTIVE SESSION PURSUANT TO 29 DEL. C. § 10004 (B) (9) FOR THE PURPOSES OF PERSONNEL MATTERS IN WHICH THE NAMES, COMPETENCY AND ABILITIES OF INDIVIDUAL EMPLOYEES ARE DISCUSSED, UNLESS THE EMPLOYEE REQUESTS THAT SUCH A MEETING BE OPEN.

   MOTION PASSED. VOTE 7 TO 0.

   Aye – Clifton, Hamilton, Horning, Hughes, Lawhorn, Markham, Wallace.
   Nay – 0.

3. RETURN TO PUBLIC SESSION

   Council exited Executive Session at 7:01 p.m.

   Mr. Clifton reported there was no action taken during Executive Session.

4. SILENT MEDITATION & PLEDGE OF ALLEGIANCE

   Mr. Clifton asked for a moment of silence and the Pledge of Allegiance. Mr. Clifton mentioned the new livestreaming camera was in use.

5. 1. FINANCIAL STATEMENT: (Ending September 30, 2019) (20 minutes)

   Mr. Del Grande reported September expenditures reflected a positive variance of $2.4 million which was an improvement of $376,000 when compared to the month of August. $1.5 million originated from the electric purchases that came in under budget for the year. In addition, City operations reflected a $516,000 positive variance, half of which came from personnel expenses.

   He reported the total revenue recognized through September was $69.7 million which was $563,000 short of the estimate when annualized and $424,000 less than what was collected through the same time last year. The figure included the $400,000 grant from the state which was in lieu of Newark’s inclusion in the FY2020 PILOT program. The real estate transfer tax was projected to be a $2.6 million by
year end which was $1 million more than estimated for 2019. These funds helped to offset the current shortfalls in utility sales and would be partially used to fund the recently approved 2020 budget.

In addition, the lodging tax revenue was consistent through its inaugural year with $650,000 through the end of October. When looking at utility revenue specifically, September electric sales were 8% below expectations for the month, resulting in a 2% shortage on an annualized basis. Both water and sewer had a good month closing the budget gap to 3.5% revenue shortfall for water and 1.6% revenue shortfall in sewer. The total water shortfall was $332,000 and the sewer shortfall to $118,000 annualized through the month of September.

Overall, through September, the expenditures and revenues netted out to a positive $1.9 million variance. The cash balance at the end of the month was $42.4 million which included $23.3 million in the City’s long-term cash account and $19.1 million in operating cash. The increase in September was attributed to the timing of the annual tax bills. The electric regulatory liability continued to carry a credit balance or a regulatory liability just under $2.5 million reflecting an $84,000 increase from August. This liability, by design, pursuant to City Code will be managed through the 2020 rate stabilization adjustment.

The Chair opened the discussion to questions from the table.

Mr. Markham said he would normally be very concerned when seeing a negative revenue number but when looking at the well below costs, it was balanced out. He added that Mr. Del Grande’s predecessors would be very pleased with the numbers in the accounts currently and had no further questions.

Mr. Clifton asked if the real estate transfer tax collection had not included the sale of the apartments in the transfer tax transactions, what the numbers would look like. Mr. Del Grande said well under $1 million for the year. He added that 10% of the real estate transfer transactions was accounted by approximately 60% of the revenue coming in. Mr. Del Grande noted there would need to be two large apartment complex sale transactions per year but added there had been two good years.

Mr. Markham asked if Newark Shopping Center would be sold in the near future as he had heard a rumor to that effect. Mr. Del Grande said the hope was the sale would not happen until January 2020.

There was no public comment.

6. 2. SPECIAL DEPARTMENTAL REPORTS:

A. Recommendation to Council Regarding Solar Panel Installation on City Owned Buildings – Conservation Advisory Commission (20 minutes)

Mr. Clifton thanked the members of the CAC present in the audience for their attendance for the presentation. George Irvine, Chairman of the Conservation Advisory Commission, said he was pleased to present the CAC recommendation to install solar panels on as many City buildings as possible. He reviewed the highlights of the proposal.

- The need to reduce the City’s carbon emissions (the recommendation provided a chance to do so).
- The recommendation was in line with the Sustainable Newark’s plans and goals.

He reported at the recent Community Day, 136 citizens were polled, and the most important topic was to reduce greenhouse gasses, along with reducing plastic waste. He noted the citizen polling results had been consistent over the last few years at Community Day. The CAC also believed this would help the City get ahead of the regulatory curve in Delaware by meeting the solar carveout requirements for the City. The belief was the requirements from the State would more than likely increase in the coming legislative session. It was the CAC’s belief that getting ahead would demonstrate Newark’s leadership to constituents who cared about the environment and about doing it in a cost-effective way. The CAC also believed it demonstrated the City’s conservation leadership to the State and many folks in the State were making Delmarva meet mandated requirements but have made DEMEC or the City meet some of those requirements. They also believed it was advantageous to show UD the City was moving ahead as it benefited them and illustrated the City’s leadership to the region.

The Chair opened the floor to questions from Council.

Mr. Horning agreed conceptually but needed clarity whether Council was approving a plan or directing to staff to come up with a plan in terms of cost. He thought the CAC was asking Council to make
the commitment to explore the plan. Mr. Irvine agreed that cost was an issue and the CAC debated and decided on two included in the recommendation. The first was to pay outright over a staged amount of time using Green Energy Funds (GEF) with the advantage of ownership. He noted the funds were not enough to buy all the solar necessary as well as covering the installation and maintenance but thought it was possible to purchase in a piecemeal fashion. He described it as the most conservative approach but admitted it did not yield enough power. He thought the City could use the GEF to purchase as much as possible over a few years but noted the downside was that the GEF would not be available to catalyze other sustainable behavior among citizens and the City government. The second approach was a purchase power agreement (PPA) whereby an investor would build the project for tax credit and walk away. An operator would then manage it and the City would purchase the power from the operator for twenty to twenty-five years. He explained the City would set a predictable price for a period of time and, while electricity rates would be variable in a wholesale market, the City would receive the negotiated price from the provider who maintained the solar plant on City buildings. Part of the negotiations would be for maintenance and, if the provider neglected the maintenance contract, the City would not pay. He stated the advantage was the City did not have to front any funds, but the disadvantage was the City would not own the power plant until the contract lapsed. Mr. Irvine claimed another option was to let a bond, but it had not been discussed. He indicated the City was building a stormwater retention pond paid for by issuing a bond and stated there would be an increase in debt.

Ms. Wallace was enthusiastic and reminded Council they had expressed interest in moving forward with this type of program as opposed to buying RECs. Mr. Irvine thought it was possible to do both to diversify risk. Ms. Wallace responded to Mr. Horning and explained the CAC came forward with an electric vehicle recommendation where staff came back with their proposal based on Council's feedback and the City was now slowly implementing EVs. She asked if Council wanted to direct staff to investigate because there seemed to be a few different solutions. She explained to Council that the point was to agree to get more information and see what was feasible. She thanked Mr. Irvine for passing along the feedback study from Dr. Byrne and appreciated the talented pool of residents involved. Mr. Irvine stated the study was done for free because they wanted to exemplify Newark to other cities and noted some of the authors were advocating within UD for the University to make the investment.

Mr. Markham was not a fan of the PPA using an LLC to get tax credits and thought it was part of a larger plan that tied in with the 3A1 agenda item and was included in plans of doing solar at the maintenance yard. He noted some of the roofs were not prepared for solar installation and stated the Municipal Building required $1 million in roofing updates before solar could be installed. Mr. Coleman corrected that the total referred to collective roofs and Mr. Markham noted there were roofs at the maintenance yard that were ready go. Mr. Markham thought there were additional funds such as money generated from McKee’s in addition to the GEF, Rate Stabilization Funds, Electric Capital Funds, and other options. He supported the recommendation in general and thought it should be molded into the bigger picture. Mr. Irvine agreed and thought the recommendation could be a piece of the Sustainability Plan. Mr. Irvine was excited to learn of additional sources of capital and Mr. Markham clarified that the suggestion his personal idea and did not come from staff. Mr. Irvine said there were pros and cons of capital improvements but if it added to the GEF levels, the City could build more. Mr. Markham noted that he sold his solar RECs but declared they were paper green energy because they supported someone else to do the work. He explained if an individual produced the power then they could keep the RECs and the electrons but should also be able to reduce rates. Mr. Irvine added the loss of power was reduced in terms of transferring energy. Mr. Markham continued that there was also no congestion on the network.

Mr. Hamilton asked Mr. Coleman if the electric charging stations had been put out and Mr. Coleman replied they were in the 2020 budget. Mr. Hamilton asked if they were considered part of the GEF and if the City was charging for use. Mr. Coleman answered that 75% was refunded from the State and the City would cover 25%. He continued that cost of City-owned vehicle recharges would be absorbed by the City and private vehicles requiring charges would incur fees. Mr. Hamilton thought the fees could be rolled into green energy and Mr. Coleman agreed. Mr. Hamilton asked if there was an estimate and Mr. Coleman said there was not.

Ms. Hughes asked Mr. Irvine about similarly sized projects in other areas and he answered the CAC researched similar projects in university towns such as SUNY, Stony Brook, Fordham, and Elizabethtown. He explained the advantages of those case studies was that they involved their prospective universities and cities which increased the number of buildings and attracted the PPA market. He explained the examples given were of cities and universities working together and explained that Newark was expected to take the lead as UD was not as willing a participant. Mr. Hughes asked for a targeted start date and Mr. Irvine answered that solar equipment prices continued to drop but as far as removing the City from carbon-based energy, the sooner the better.
Mr. Clifton referred to the synopsis of 2A and asked about the third-party investor mentioned. Mr. Irvine answered it was the PPA model and explained that third-party investors looked for investments to fund in exchange for a tax break of over 30%. He noted the investors had to be for-profit entities and explained that a City could not invest their own funds for the tax break. He explained the investor did not typically want to commit to operating the solar array as it was a long-term commitment. He explained they searched for providers or operators who took on the contractual responsibilities of running the solar power plant. He gave the example of DEMEC and explained they could use their for-profit subsidiary and the City, as a board member of DEMEC, could potentially explore that option. He stated that third-party investors were often banks but could also be wealthy individual investors. Mr. Clifton revealed he had been approached by three different entities, including a Delaware power entity, to do similar projects but none of proposals were as good a deal for City ratepayers as DEMEC. He declared that DEMEC was a true public power entity to the point that they were willing to stabilize rates for thirty years at the present configuration. He expressed that the was not enthusiastic about non-public power third-party investors.

Mr. Clifton referred to page nineteen of the report and asked for clarification on the module area to roof area ratio of 0.63. Mr. Irvine responded the orientation of a roof needed to be a certain number of degrees southeast or southwest and some portions of a roof were not suited for solar production. He explained that proper angles were more conducive to solar generation and the ratio was based on GIS and the orientation of the building.

Mr. Clifton introduced Patrick McCullar, President and CEO of DEMEC. Mr. Irvine added the CAC had good input from Scott Lynch at DEMEC in earlier conversations and the relationship between the CAC and DEMEC was never contentious and always collegial.

Mr. McCullar explained DEMEC’s history and its obligation to provide 100% power supply requirements to the City of Newark, as well as eight other communities within the State. He was enthusiastic about participating in the session and corrected Mr. Clifton’s remarks about being forced by the State to meet the RPS requirements. He claimed DEMEC did not need to as it had an extremely good relationship with State legislature and the Governor’s office who saw fit to grant DEMEC local control and decision-making. He declared DEMEC met the same standard and percentage of renewable energy as Delmarva Power and deployed more renewable energy than Delmarva and stated DEMEC deployed in excess of 40% of all the solar-generating facilities in the State while only serving 15% of the population. He announced that DEMEC was significantly ahead of the game but that if any members wanted to move forward, DEMEC was happy to take direction, create a policy and goal, and make sure it got built in the most cost-effective manner. He reminded Council that DEMEC was not-for-profit and served the City. He explained that all the resources stayed within ownership control of the City so there was no incentive for DEMEC to make a profit on a project. He noted Delmarva was a for-profit company and would not act without making a profit for shareholders. He described the difference in business practices between Delmarva and DEMEC and maintained that DEMEC’s goal was to deliver highly reliable electric power supply at the lowest possible cost. Mr. McCullar disclosed there were many options to be explored at the direction of Council where DEMEC would return with solutions and costs and would help deal with the complexities of implementation. Mr. McCullar claimed that Mr. Lynch was one of the most knowledgeable people in the State when it came to green energy and offered him as a resource.

Mr. Clifton noted this was part and parcel with 3A1 and recommended Council if there was a direction and a motion on a direction to hear up to 3A1. Mr. McCullar stated his staff would stay for the duration of the meeting.

The Chair opened the floor to public comment.

Andrew O’Donnell, District 3, supported the CAC’s plan and cautioned against the effects of climate change. He asked that Council pass the cost-effective plan in terms of greenhouse gas reduction for dollar amount invested which would stimulate the market to create more clean energy and fairly benefit all contributors. He claimed there were many residents who wanted to be a part of the project and noted that McKee’s had a great model to example but had a sharp limit. He stressed the importance of having a program where citizens could invest in themselves.

Mr. Clifton explained he wanted Council to wait on motions until after 3A1 for direction for staff.

7. RECOMMENDATION TO COUNCIL REGARDING THE PHOTOVOLTAIC GRANT LEVELS FOR THE GREEN ENERGY FUND – CONSERVATION ADVISORY COMMISSION (10 MINUTES)

Mr. Irvine spoke on behalf of the CAC to provide Council with guidance on the GEF, specifically the solar portion for residential homeowners. The CAC recommended to cap the amount paid per project.
at $3,500, down from $7,500, to be considered as an interim measure until the CAC could conceive more equitable uses of the GEF. The CAC’s goal for submission to Council was June 2020, to allow homeowners to move ahead with projects in the queue, and so the CAC could reflect on critiques from residents about the portion of the GEF that was not equitable. He noted that only those residents with the capital to install solar could benefit from the public money and it was a legitimate concern the CAC wanted to address.

The Chair opened the floor to questions from Council.

Mr. Markham thought Council should have listened to the CAC the first time around. Mr. Irvine defended Council because at the time, demand was slack, and had now increased.

Mr. Hamilton recalled that there were only two requests over three years, so it made no sense. He thought word got around that Council was thinking of changing the funds which increased interest and commented that the price of solar also decreased over the years. Mr. Hamilton was in favor of taking the funds and using them for community projects where the entire community benefitted. Mr. Irvine pointed that in the Sustainability Plan for Newark, community solar projects were listed as a possibility and the regulatory structure in Delaware needed to allow citizens to pool together to spread out installation costs.

The Chair opened the floor to public comment.

Andrew O’Donnell, District 3, wanted to allocate the entire GEF to the project. He referred to Ms. Hughes’ comment about the CAC’s experience and answered that the CAC did an LED streetlight project using the SEU 2% interest loan and it paid off ahead of schedule. Mr. O’Donnell thought the City could get the same 2% loan through the SEU and use the GEF to pay the loan down using $250,000 per year for however long it took to pay off. He thought it possible to raise a few thousand dollars through a fundraiser. He informed Council of a database of funding mechanisms available in different areas.

The Chair brought the discussion back to the table.

Mr. Markham asked Mr. Clifton if it was necessary to have a motion to accept the changes. Mr. Clifton replied that he wanted to wait for motions until after Mr. Markham’s report. Mr. Markham thought this motion was independent of the City direction and Ms. Wallace agreed.


Mr. Hamilton asked if the motion would go into effect immediately and Mr. Clifton replied it would. Mr. Hamilton asked if it was temporary and the amounts could be changed in the future. Mr. Clifton asked Mr. Bilodeau that unless Council put a sunrise date on a motion, then anything Council decided had an immediate effect and Mr. Bilodeau confirmed.

MOTION PASSED. VOTE 7 TO 0.

Aye – Clifton, Hamilton, Horning, Hughes, Lawhorn, Markham, Wallace.
Nay – 0.

8. 3. ITEMS SUBMITTED FOR PUBLISHED AGENDA:
A. Council Members:
   1. Discussion and Direction to Staff Regarding Options for Newark To Secure Renewable Energy Sources – Councilman Markham (60 minutes)

Mr. Markham stated Council spoke about renewable energy and its effects on the City. He pointed to conversations with Mr. Coleman and additional research into how solar energy installation per kilowatt hour dropped significantly. Mr. Markham made it a point to discuss how the City wanted to concentrate its efforts before too much was invested in any particular path. In his memo, Mr. Markham described six different areas:

- Buying RECs – he noted Council rejected RECs in budget earlier in the year
- Find and develop land within Newark
- Initiate a Power Purchase Agreement (PPA)
- Build in cooperation with other DEMEC municipalities
- Obtain and use undeveloped land
- Use existing parkland
Mr. Markham explained that with the different options, there were different payback times, costs, advantages and timeframes the City needed to consider. He mentioned one of his long-term goals was to supplant enough of the City’s energy using a solar park which, after it was paid off, dropped the price per kilowatt hour to zero. In that scenario, the City would have a set source and cost to reduce the electric rate but still be able to maintain the finances of the City. He indicated one of the easiest ways to accomplish that goal was to keep the solar generation behind the City’s meter or behind DEMEC’s meter. He stated otherwise, there would be congestion and costs would be higher.

Mr. Markham offered his presentation as a starter to conversation and noted it was not meant to be all-inclusive or detailed. He referred to conversations with Mr. Coleman and indicated Mr. Lynch was present with his conversation as well. Mr. Markham explained his spreadsheet called for 100% SRECs where Tier 1 was short-term, Tier 2 was mid-term, and Tier 3 was long-term. He explained the cost per kilowatt hour was higher with SRECs but included no costs for land.

Mr. Markham next described the developed land option that coincided with the CAC discussion in terms of parking lots, reservoir slopes, the maintenance yard, and Main Street rooftops. He indicated the issues with the parking lots included leasing or purchasing the land and described it as mid-term. He explained the maintenance yard was a Tier 1 exception because it required no land acquisition and defined the parking lots and Main Street rooftops as Tier 2 because the land needed to be leased and the reservoir had the challenge of protecting the liner in any slope.

Mr. Markham stated the PPA option included purchasing power via contract like the operation with DEMEC. He said the City would bid out the project but would not do any of the build and was relatively short-term but could vary greatly in cost. He noted that Dover and Middletown both did PPA and he asked Mr. Lynch for the average cost. Mr. Lynch replied that Dover went out for an RFP and DEMEC, on behalf of Middletown, did an RFP for a project. He stated Dover’s price as advertised was $42 per megawatt hour as per the authorization. He stated Middletown received pricing including two land-size options for solar that varied in the $42 range and explained no contracts had been signed. Mr. Markham believed the current contract was $63 with DEMEC and Mr. Coleman responded it was $69. Mr. Markham remarked on the difference in cost.

Mr. Markham illustrated one of the remaining options as the City constructing its own solar parks in terms of cooperation with other DEMEC municipalities. He claimed it could be possible to find land in another municipality that may not be interested in the project but would still be behind DEMEC’s grid and meters so there would be direct benefit. The other option was to share the cost with another City, possibly in the southern part of the State, where there was more land available at lower cost than Newark. He outlined the build options to obtain/use undeveloped land where the City would build the project, own the SRECs and power, and be behind its own meter like McKee’s. Mr. Markham thought it was the best opportunity to control the generation and lower the cost. He heard that it cost much less if it was an internal project and Mr. Lynch agreed that in general, it was possible to self-build, but the costs were not inclusive of the ongoing operation and maintenance costs. Mr. Lynch explained it was possible to get the lower cost, but it was necessary to plan for the operation and maintenance going forward with a new system. Mr. Markham claimed there was not a lot of maintenance for a solar plant and Mr. Lynch agreed but noted there were invertors with a warranted life of ten to fifteen years and the cost of damaged solar panels needed to be included. Mr. Markham did not think that was beyond the scope of the City electric workers. Mr. Markham said they were the basic options within Newark and Delaware and suggested using land in Maryland across the line. He also suggested the Stopyra Tract as it was close by and suspected the residents would rather see a solar park than a development. Mr. Markham included parkland for balance because they were immediate, low-cost options. He listed Old Paper Mill Park, East Park, Lewes, and Curtis Paper Mill. He noted that Curtis was in a floodplain which needed to be considered.

Mr. Markham indicated there was a lot left for discussion and was unsure of Council’s direction. Mr. Clifton thought it would be manifested in whatever motion was presented. Mr. Markham referred to his earlier comments about funding sources and asked if McKee’s was paid back. Mr. Lynch replied that McKee’s was paid for with funds directly from Newark and then the GEF reimbursed the City. Mr. Markham asked if DEMEC funded upfront and Mr. Lynch confirmed DEMEC helped pay by buying the RECs. Mr. Markham discussed the information regarding the different tiers with Mr. Coleman and the presentation was a compromised spreadsheet.

Mr. Lynch presented answers to questions submitted to DEMEC and noted it was not a recommendation but touched on various options that Mr. Markham addressed. Mr. Lynch described the purchase of RECs and the various options which varied considerably. He defined the terms Green E, Non-Green E, Maryland Solar, Virginia Solar, and PMJ Wind as unit prices for buying a particular REC. He explained the RECs that DEMEC used to show compliance with the Renewable Portfolio Standard fell into
the category of RECs similar to Maryland, Virginia, and PJM Wind. He explained that PJM RECs had a higher value than other RECs in other parts of the country where there was not an RPS standard.

Mr. Lynch explained that Green E technologies were RECs not located in PJM but were installed within the last fifteen years. And when the technology fell out of fifteen years, it was considered Non-Green E, and because it was a lower tiered product, it was valued at a lower price. He illustrated the PJM RECs and SRECs where the Maryland range was around $40 and $50 because Maryland set an aggressive renewable energy target and closed their borders to compliance, meaning RECs produced in other states could no longer go into Maryland to satisfy their obligation and was thus a captured market where pricing increased. He stated a Maryland solar REC was more expensive than one from Virginia by a factor of five. Mr. Lynch clarified that wind resources were typically a lower-cost REC by the sheer volume in the market.

Mr. Lynch defined the categories of annual average, five-year contract, and ten-year contract. Annual average was the average expenditure spent annually for RECs, five-year was the set amount from a vendor but noticed the price for a ten-year contract was higher than a five-year contract because of uncertainty of future markets. He stated DEMEC found market pricing to illustrate the range. He explained the City could satisfy the obligation Maryland and Virginia solar and PJM Winds but if the City wanted to go to a different product outside of PJM, it could choose the Green E option. He stated the City could be specific to the technology if necessary.

Ms. Wallace did not object to Mr. Markham’s parkland suggestions. She thought purchasing outside land was the costliest and did not think leasing land was ideal. She asked for the easiest target and noted the lack of open space in the City. Ms. Wallace thought using outside, undeveloped land was probably the most expensive option and said Council had an obligation to move as much energy as possible to renewable sources. She thought the option of self-generation made more sense than RECs but was open to some portion of RECs being included. She stressed the importance of completing the project in the most cost-effective way. Ms. Wallace wanted to direct staff to move forward based on the presentations and to create a loose plan with options and recommendations. She thought it would be beneficial to partner with UD. Ms. Wallace asked Mr. Markham if he was satisfied with her feedback and he responded that it was meant to be the start of the conversation. He explained that staff needed to know where to concentrate their efforts. Mr. Coleman said it was helpful to know if there was anything to strike from the list as a no such as the use of parkland because he viewed it as very controversial. Ms. Wallace thought using outside, undeveloped land was probably the most expensive option and said Council had an obligation to move as much energy as possible to renewable sources. She thought the option of self-generation made more sense than RECs but was open to some portion of RECs being included. She stressed the importance of completing the project in the most cost-effective way. Ms. Wallace wanted to direct staff to move forward based on the presentations and to create a loose plan with options and recommendations. She thought it would be beneficial to partner with UD. Ms. Wallace asked Mr. Markham if he was satisfied with her feedback and he responded that it was meant to be the start of the conversation. 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described McKee’s as another low-hanging fruit. Ms. Wallace wanted to know what the City could achieve in the next five years as well as what the most cost effective was. She repeated her desire to include RECs.

Mr. Horning agreed with Ms. Wallace and asked about the environmental impact of disposing solar panels. Mr. Lynch explained the technology was supposed to last up to forty years and that components of the panel were recyclable but the solar cell itself required specialty recycling. He could not speak to the environmental impact but noted it was common to retire solar panels before the lifespan was up and ended up on the secondary market. Mr. Lynch stated there were challenges with recycling the panels and suggested there may be a cottage industry created specifically for recycling. Ms. Wallace said it was better than coal ash and Mr. Horning agreed. Mr. Horning asked if it was possible for DEMEC to do the installs on the roofs and Mr. Lynch answered that DEMEC had done large installs before and would investigate. Mr. Horning thought it was best to add to McKee’s and install solar on some City roofs with funding help from DEMEC. He asked Mr. Lynch if the overall impact would decrease electric rates and Mr. Lynch explained it depending on the type of installation because some installations cost more than others.

Mr. Coleman stated Council would make the final decision on whether to do the project. Mr. Horning leaned toward expanding McKee’s, installing on City-owned buildings, and expanding into the private sector. He was concerned about using parklands and referred to recent activism about preserving White Clay. He was interested in using rooftops as it negated need to purchase land and shared Ms. Wallace’s concerns.

Mr. Lawhorn felt the ultimate goal for the City was 100% renewable energy with 100% behind the City’s meters so it was the cheapest electric possible for residents. He wanted to see the proposal before Council before ruling it out. He was not a fan of RECs because the City paid more and was unsure if it had a positive impact on the environment. He did not see value in paying extra money for a REC that was not changing the carbon footprint of the country. He asked what option the City had mixed into the budget. Mr. Coleman replied it was the PJM Wind and Mr. Horning noted it was not the cheapest option. Mr. Coleman said staff proposed the option that had electrons going into the portion of the grid to which the City was connected. Mr. Horning was concerned with roof installations being cost-effective and how much green energy was relevant to the City’s goals. Mr. Markham answered Newark was a 100-megawatt city. Mr. Irvine stated the pilot project of all eight municipal buildings would produce 22% of the annual City government electricity use in addition to McKee’s. Mr. Coleman asked if it was total City load or governmental use and Mr. Irvine answered it was governmental use and total City-load was considerably higher in terms of the amount of electricity the City consumed. He stated the potential for the entire City was 178 gigawatts.

Mr. Irvine informed Mr. Lawhorn the purchase of RECs was useful in creating demand which in turn created production capacity. He pointed out the City would spend the money on a power source or offset what it was not buying but not produce sustainable. Mr. Lawhorn understood the process and asked why the City did not build to sell. Mr. Irvine noted it was an intermediate measure as those who would pollute with carbon would be forced to buy and offset the emissions through regulatory measures. He noted it was still cheap to buy and burn carbon while purchasing RECs except in Maryland. Maryland wanted to drive the price up to make it cheaper to build solar, wind, or geothermal. Mr. Lawhorn asked what the likelihood was of other states following the trend and Mr. Irvine could not answer but said there were people in the legislature that were considering the model. He explained how to set an exchange market to drive the price up to change the behavior of polluters. He demonstrated Maryland chose to limit who could sell SRECs and they capped the market to force energy producers to produce sustainably and that Delaware could go the same route. Mr. Lawhorn preferred to look at the long-term versus short-term because the Council’s decision would affect residents for decades. Mr. Markham thought it was a valid point but noted it only included 1.4% of the City and stated the new warehouse was basically McKee’s. Mr. Lawhorn supported cost-effective plans but did not want Council to throw out a potential big hitter without examining data first.

Mr. Hamilton asked how much McKee’s produced and Mr. Coleman replied the yearly annual production was around 300,000 kilowatt hours. Mr. Hamilton preferred to install solar on the new building to double solar production and asked how much went into the GEF every year and Mr. Coleman replied $150,000. Mr. Hamilton wanted to dedicate the money to public use to create more funds to for the GEF to invest later.

Mr. Coleman answered Mr. Lawhorn’s question on the percentage as 0.5% from 16.5% to 17% and explained it excluded UD and with UD, it was 0.25%. Mr. Hamilton remarked on the difference in hydroelectricity prices and thought it would be helpful to the environment at a better cost to the City. Mr. Irvine stated UD had 200 buildings and Dr. Byrne did a study of six complexes that could be added to what the City had. He explained it would be 3.9-megawatt capacity and the investment cost for UD and the City would be $7.2 million and would yield 5,354 megawatts per year.
Mr. Clifton asked Mr. Lynch for clarification on the fifteen-year cut off for Green E RECs. He asked if a technology was fifteen-years old and qualified for Green E, did it drop off at year sixteen as a qualified investment or, since it was captured at year fifteen as Green E, was there a window to qualify the technology through twenty or twenty-five years. Mr. Lynch answered that the technology was based off the years in service and that something installed in 2020 would have a life to 2035 under the Green E standard and would become Non-Green E status in 2036. Mr. Clifton stated it did not matter at what point in its lifespan the technology was purchased, it would eventually phase down and Mr. Lynch confirmed.

Ms. Wallace asked if it was necessary to purchase more electricity when the RECs were outside of the area. Mr. Coleman asked if she meant the line loss and answered that a person paid for the delivered energy. Ms. Wallace asked if it was the price of delivered energy and Mr. Lynch answered it was the REC. He explained that when the unit was generated, it was at the meter of generation to the exclusion of the line loss, that was however many RECs were created at that meter. He noted there was a loss of the system over time as it degraded at 0.5% per year so the degradation was to the system when it put the output to the meter. Ms. Wallace asked if it was necessary to purchase more RECs to meet the target. Mr. Lynch replied that the energy would be divergent from the number of RECs and described RECs as an economic tool. He explained the loss came from moving electrons. Mr. Coleman said to be 100% green, RECs should be purchased to cover line losses of transmission. Mr. Clifton asked if the City bought point of delivery, it would be buying more. Mr. Coleman explained that point of delivery was buying the same, but the point of origin required purchasing more to cover the line loss. Mr. Lynch detailed the differences of 100% renewable energy on paper versus reality and stated that it had different tiers and costs.

Mr. Clifton agreed with Ms. Wallace and wanted to have RECs as part of the solution. He understood the cost and thought there was a qualifiable reason to purchase RECs. He wanted to focus on municipal buildings and McKee’s as the primary objectives and thought the 17% and 25% goals were light given the dynamics of the green energy market. Mr. Coleman interjected that staff considered an opt-in/opt-out program for 100% renewable. The opt-in would be 100% voluntary and staff would purchase RECs to cover the demand. Mr. Coleman stated Mr. O’Donnell presented an opt-out program where new accounts would automatically be opted in at 100% renewable but customers could choose to opt out. He found it attractive based on the turnover for new accounts who thought they would stay with the default option. He commented that implementation was a challenge and that staff needed time to work with DEMEC to establish guidelines. Mr. Clifton agreed with Mr. Lawhorn and wanted to keep the program internal. Mr. Coleman explained the opt-in would be to cover the remainder and the differential between the base rate and optional rate would decrease as the City became greener.

Mr. Markham understood the allure of low-risk options but favored production over purchasing RECs. He suggested staff research purchasing land in Maryland and the costs for a large-scale operation. Mr. Clifton pointed that he was not opposed to remote properties and referred to the parkland referendum in the early 1990’s and indicated it was extremely important to get public approval if Council chose to include parklands. Mr. Hamilton asked how large the gun range roof would be and Mr. Coleman informed him it was part of the conversation. Mr. Coleman explained if the panels were installed on the range, the range would consume more power than the panels would generate and end up as a net consumer because of the HVAC systems associated with a range.

The Chair opened the floor to public comment.

Helga Huntley, District 1, reiterated Mr. O’Donnell’s sentiments that there was a cost to doing nothing. She appreciated having a long-term vision and short-term plan but noted that Newark was not big enough to install enough solar to cover its electric needs. She stated roofs made the most sense for solar panels and commented that parking lots were also suitable as the panels would provide electricity as well as shade. She remarked that using undeveloped land incurred negative consequences such as loss of ecosystems.

John Morgan, District 1, thought the largest holder of impervious surface in the City was UD. He thought there was a benefit to having solar panel covered parking lots and that the City should contact the University about installing solar panels on the STAR Campus versus purchasing land in Maryland. He commented that residents may oppose RECs because it seemed as though they were paying higher prices and suggested a solar installation that residents could see.

Andrew O’Donnell, District 3, acknowledged RECs were not tangible but stated the result was to save the planet by reducing carbon. He noted the lack of options in Delaware for energy suppliers and wanted residents to be able to choose providers.

The Chair brought the discussion back to the table.
Mr. Hamilton asked if there was any way to use the GEF for the City to install solar on rooftops of new construction and garner the benefits. Mr. Coleman answered that it was possible but did not know how likely it was. He pointed that many larger roofs housed mechanical equipment, and some were green roofs. He explained developers would have to agree and would require leases. Mr. Hamilton asked if it was possible to incentivize with density and Mr. Coleman referred to Mr. Bilodeau to answer at what point it became a contract zoning issue. Mr. Bilodeau suggested proceeding with caution. Mr. Coleman thought it would be better to offer a density bonus to install solar privately instead of belonging to the City.

Mr. Horning asked if Wilmington planned to do anything with the results of the study. Mr. Irvine answered that Dr. Byrne and his team were doing a similar study to Wilmington as it had for Newark. Mr. Horning assumed Wilmington was looking at similar options to Newark in terms of funding. Mr. Irvine answered that the regulatory environment in which Wilmington operated was different because they were not a part of DEMEC and were bound by different State law in terms of development parameters. He noted that some choices were influenced by different constraints but felt partnership was possible.

Ms. Hughes asked for the timeline and Mr. Irvine answered it was at Council’s determination. Mr. Irvine explained Dr. Byrne began his study over a year ago. Ms. Hughes asked how long it would take if a green light was given and Mr. Irvine answered that it depended on what option Council chose but estimated a PPA at six months.

Mr. Clifton thought Council needed a motion and Mr. Coleman offered his feedback on an action plan to assist Council. He thought it was a three-pronged attack. The first stage was City-owned construction with prioritization at McKee’s and City buildings as top tier, City parking lot canopies as the next tier, and City-owned land as the third tier. He described the second prong ran parallel with the first to work with DEMEC in putting out a PPA like Dover. The third prong was the voluntary opt-in/opt-out where staff required direction from Council. Mr. Coleman noted land acquisition and development would require a lot of work and preferred the other options in its stead.

Mr. Lawhorn wanted to clarify the cost of power was split between cost of generation and cost of delivery and the cost of delivery was more than the cost of generation. Mr. Coleman confirmed. Mr. Lawhorn asked how partnering with another municipality would impact delivery cost. Mr. Coleman understood it would if the generation did not exceed the load of the member utility in which it was located, but if the load was exceeded, the City required an interconnection agreement to become a generator on PJM. Mr. Lawhorn asked if it was possible to partner with a municipality to eliminate the delivery fee and Mr. Coleman confirmed but explained the hypothetical downside.

MOTION BY MR. MARKHAM, SECONDED BY MS. WALLACE: THAT STAFF INVESTIGATE THE COST OF:
1. THE BUILDING OF SOLAR INSTALLATIONS AT
   A. CITY BUILDINGS
   B. MCKEE’S EXPANSION
   C. PARKING LOT CANOPIES
   D. CITY-OWNED LAND; AND
2. WORK WITH DEMEC TO CREATE A PPA SIMILAR TO DOVER
3. THE CREATION OF AN OPT-OUT PROGRAM FOR NEW ACCOUNTS AND AN OPT-IN FOR EXISTING ACCOUNTS
4. AFTER COMPLETION OF ITEMS 1-3, CONSIDER A LAND ACQUISITION INSTALLATION.

MOTION PASSED. VOTE 7 TO 0.

Aye – Clifton, Hamilton, Horning, Hughes, Lawhorn, Markham, Wallace.
Nay – 0.

9. 3. ITEMS SUBMITTED FOR PUBLISHED AGENDA:
   A. Council Members:
      2. Discussion and Direction to Staff Regarding Performing Research Regarding a Potential Wage Tax and/or Student Headcount Fee – Councilwoman Wallace and Councilman Hamilton (10 minutes)
Ms. Wallace stated residents felt they bore a heavy burden because so much land was untaxed and as such, residents had suggested a potential wage tax like Wilmington and a student headcount fee. She and Mr. Hamilton felt that in order to be responsive to residents, they wanted to present the ideas to Council to see if there was interest and ask staff to perform preliminary research to bring either one forward. Mr. Hamilton thought it was necessary to discuss residents’ ideas in a public forum.

Ms. Wallace was interested in feedback from each councilmember whether there was an interest in either option. She found a City wage tax interesting but had concerns it would not address the issues because there were residents who lived and worked in the City. She thought it was unfair because residents could be double-taxed, and the program would not generate as much money as originally thought. She noted it would unfairly target workers at businesses that were not contributing to the problem and said she was not in favor of the idea. She thought a student headcount fee addressed the concern that residents had about untaxed property and called it a specific solution for a specific problem.

Mr. Horning agreed with Ms. Wallace regarding a wage tax because it did not target the problems. He commented that the City had a large police force because of disorderly students and suggested raising fines for the behavior. He announced that some saw the City wage tax as an unwillingness of the Mayor and Council to stand up to UD. He noted the recent collaborations between the City and UD and indicated the STAR Campus infrastructure construction was an example of the University helping the City with revenue. He agreed the wage tax could unfairly impact businesses and some residents. Regarding the student fee, he noted fee in lieu of tax was used State-wide to compensate a municipality or towns for non-taxable property. He thought it was a solution, but understood it was not a reliable source. He thought a student head fee was one way to accomplish it. He anticipated a legal battle with UD that was not in the long-term interest of taxpayer funds. He was opposed to both fees.

Mr. Lawhorn understood why the options were brought forward and welcomed discussion on how to deal with a large portion of untaxed land in the City. He was against a wage tax for multiple reasons and thought it was destructive for a City the size of Newark and would have an adverse effect on residents and business owners. He referred to last year’s meeting with Mr. Brangman where the fee was discussed in partnership with UD. He noted the financial relationship between the City and UD was complex and there were many opportunities to improve. He thought it would be a mistake to implement a student fee on UD without their involvement in the process because of the recent improvement in relations. He reminded that when the City lacked funds for the bicycle bridge, UD gave the City $100,000. He remarked on working with UD in his district for an easement grant to add to the City’s trail system. He described STAR Campus as an opportunity zone with support from the Federal government that could attract business but noted the downside as the lack of infrastructure. He referred to the joint letter between UD and the City requesting funds for the STAR Campus infrastructure as a positive collaboration. He referred to the student housing issue and explained the City was not able to address affordable housing until it solved the demand for student housing. He thought UD might use the City’s data to create more student housing to improve their quality of service as higher education became more competitive. He believed the leadership of the City and the leadership of UD should partner at the highest levels in order to accomplish mutually beneficial goals. He stated he was not in favor of either suggestion.

Ms. Hughes did not favor student head fees and asked how it would be charged and Mr. Coleman responded it would be per semester. She asked the difference between the student fee and the wage tax. Ms. Wallace answered the wage tax was an income tax that taxed employees in the City. Ms. Hughes asked if the wage tax was a benefit and Ms. Wallace repeated that she was not in favor but was interested in hearing from other councilmembers. Ms. Hughes did not support either and thought UD should be encouraged to come up with a solution.

Mr. Hamilton asked Mr. Bilodeau if the State could alter a charter. Mr. Bilodeau confirmed and noted the State legislature had the power to amend a charter and the City had power through home rule to amend its charter. Mr. Hamilton stated it was not necessarily a fight between UD and the City and could be part of a discussion as it did not only involve Newark but also the various UD campuses. He noted the partnership between the City and UD was progressing but thought there was hesitancy with some parties. He asked Mr. Coleman the amount of funds missing from City funds due to UD’s tax-exempt status and Mr. Coleman stated it was a complicated question. Mr. Coleman explained if UD was gone but the buildings remained, it was roughly $5 million because 47% of the assessed value of the City was non-taxable. He pointed that if UD was not there, neither would the buildings be so the 47% would be a decreased figure. Mr. Hamilton thought it was a false argument to rely on the STAR Campus development. He noted other businesses would be paying a higher electric rate. He stated he was looking for middle ground and moderation as opposed to recovering the whole $5 million.
Mr. Hamilton estimated UD had a $1 billion budget and thought most of it was wages. He calculated that a 1% wage tax would yield a $10 million increase for the City and could be used to lower the electric rates which could help the community. He thought the tax would help to equitably distribute the revenue stream. As a UD grad, he was embarrassed and postulated on how he thought UD could be a better neighbor. He did not prefer to push either idea but wanted the City to continue to inform the public of the budget shortfall. Ms. Bensley asked Mr. Hamilton if he was in favor of the items and he confirmed he was interested in further investigation.

Mr. Markham believed a wage tax added to the property tax burden. He asked UD to do a head tax voluntarily to increase the subvention and demonstrated that Pittsburgh was able to convince a large subvention from the non-profits in the community which included the universities. He was pleased with the STAR Campus development but remarked that the property tax was still limited. He wondered in what capacity UD would work with the City. He spoke on behalf of his constituents and asked about a rental tax similar to ones in place with the beach towns. He pointed out he had been asking UD for a student fee since 2006.

Mr. Clifton was against a wage tax and anticipated it to be an administrative burden. He explained that although the City had residents who worked for larger organizations, there were also residents who were employed in the service industries where a wage tax would be an unnecessary hindrance and so the wage tax was a non-starter. He noted that Chemours was 2% of the tax base but stated it was a legal requirement that if UD could not establish an educational nexus then the building was taxable. Mr. Clifton noted that subvention could be stopped at any time as there was no legal requirement and referred to the issue where the Hotel & Restaurant Management group was working out of the hotel but nowhere at a 100% tax deductible capacity. He disclosed the Starbucks in the bookstore on Main Street was not taxed for $4,900 but UD increased the subvention by $7,000 in lieu of taxes. He remarked on the fact that UD increased the subvention by $300,000 but the City returned $300,000 through electric rate negotiation. He explained UD brought $65 million into the City, most of which went to residents who were UD employees, but also went to rental units and the restaurant and service industries. He remarked that it was difficult to show qualifiable statistics to how UD worked with the City on things that most mattered to UD residents. He did not think the $65 million UD brought into the City and the collaboration between City and University police was not qualifiable.

Mr. Clifton asked Caitlin Olsen of UD Government Affairs if she would like to speak. Ms. Olsen read a statement from UD which declared the University was disappointed with the discussion regarding student fees. Ms. Olsen commented on the improvement of the relationship between UD and the City since the election in April and noted that significant policy changes took time. She understood the City would attempt to find solutions to a budget problem in a deficit year but cautioned the student fee was not the solution. She offered the alternative to use the partnership to return to the State Legislature for infrastructure for STAR. She stressed that UD needed to have shovel-ready plots on campus to be able to run City utilities to accommodate for the mounting interest in business development in the City. She informed Council that UD could not afford the cost of the infrastructure. She hoped Council would consider alternatives to the student tax such as a rental tax. She reminded Council of the collaborations throughout the year and intended collaborations in the future. She cautioned against the student fee as it would impact the discussion about solar installations. She noted she would not provide Council with the addresses of students and asked how they intended to discover them. She illustrated the constitutional issue of taxing one non-profit and not all. She invited Council to continue discussions on long-term collaborative goals.

Mr. Clifton recalled when the City asked UD to allow residents to temporarily park behind in certain UD lots to assist with construction on Main Street and UD instructed the City to purchase monthly passes. He called the response elementary had hoped UD would have supported residents and local businesses for a short time. He understood UD’s position on liability but felt it was a weak argument. He hoped for the opportunity to show residents that UD was willing to work together with the City but did not think the doors of communication were open. Ms. Olsen disagreed and explained UD did not want to negatively impact the City’s parking revenue. She reiterated the parking dialogue and explained the individual that denied the City’s request was no longer at the University.

Mr. Hamilton thought there was a great potential for the City and UD to collaborate towards mutually beneficial goals but was frustrated at the economic impact to the City. He wanted a more consistent and permanent solution to the piecemeal budget patching. Ms. Olsen how he envisioned the solution because she did not see the student fee moving forward to the legislature and thought the conversation took ten steps backwards. She was reluctant to address easement and PILOT issues and viewed the student fees as an opposition to UD and students. She understood the City’s frustration but did not think the student fee was a remedy. Mr. Hamilton stressed his fiduciary duty to residents and
pointed to the unfairness of students using taxpayer-funded services without contributing. He thought high electric rates might be a deterrent to businesses and wondered if there was way to get a fairer revenue stream and stated residents did not want to pay higher taxes as much as students did not want to pay a student fee.

Ms. Olsen responded that UD had a fiduciary responsibility to students and citizens of Delaware as a land grant university to provide low tuition to Delawareans. She claimed UD would be unable to fulfil that role if it was required to pay taxes.

Mr. Lawhorn felt it was important to have more frequent meetings between leaders in the City, such as the City Manager, and UD to foster a collaborative partnership and stressed the importance that it would not include Council members to negate the bias regarding politicians although Council would be involved in decision-making and policy.

Mr. Clifton agreed with Mr. Lawhorn philosophically but disagreed in function. He explained that his counterpart at UD would be the president of the Board of Trustees and the City Manager’s counterpart would be the president. Mr. Clifton declared he was elected by the 35,000 residents of the City and represented the Council members and the overall view of the public body. He thought the City Manager relationship was important because the position was consistent compared to the Mayor, although the position of Mayor was an important role. Mr. Clifton asked Ms. Olsen what she could commit to over the next four months prior to the election and she claimed if Council moved forward with the student fee option, she could commit to nothing. She thought discussion was possible to go to Legislature about PILOT, a rental fee, and parking lots and wanted the opportunity to commit to further conversation.

Ms. Wallace appreciated the developing relationship but thought her constituents felt differently. She explained that the City was struggling with lingering financial issues and pointed that it historically ignored funding infrastructure. She appreciated UD’s position and stated she would hold off on a motion for student fees but if discussions for alternative solutions stalled, she would return the topic to Council. She demonstrated her close history and current ties with UD and stressed that UD would not do well if the City did not do well. She wanted to make the partnership come to fruition for the benefit of the residents. She appreciated the benefits of STAR but noted that it would not balance the budget as some buildings belonged to UD and could not be taxed and, in one instance, the City was not providing water service. Ms. Olsen agreed with Ms. Wallace and understood the intimacies of the City’s budget. She presented the issues to the Board of Trustees in anticipation of the City’s needs. Ms. Wallace asked what UD was willing to do to help the City.

Mr. Hamilton asked that Ms. Olsen help the City with PILOT.

Mr. Armitage acknowledged the issue between the City and UD was fiscal and citizens had always felt that the University did not pay its fair share. He commented that the State should have backfilled the financial gap created by the tax-exempt status. Mr. Armitage was unsure of the effectiveness in speaking to the University’s Board of Trustees. Mr. DeChene understood the wage tax proposal was exhausted but wanted to address key components from his personal experience and pointed to the 1 million square feet of vacant office space in the city of Wilmington. He explained that JPMorgan built its headquarters outside of corporate limits to avoid the wage tax. He thought the wage tax would have a direct impact on business as a burden and encouraged Council to view Wilmington as a cautionary tale.

The Chair opened the floor to public comment.

John Morgan, District 1, thought residents could view a student fee or wage tax as a good idea because they did not understand the budget of UD or the City. He did not understand the City’s budget because it was a 200-page document that did not provide a helpful breakdown. He suggested the City put together a short budget summary. He agreed with Ms. Olsen regarding the fee proportional to the number of students was not a good idea. He said the two most common comments regarding students in his experience were parking in Lot #1, which made customer parking on Main Street a difficulty, and poor behavior in residential neighborhoods. He thought the City should raise the rate to park in Lot #1 to match UD’s rate during peak hours and increase the fine structure. He believed the NPD budget was $15 million. He had researched the arrest records in listed in the Newark Post in 2004 and discovered half were UD undergraduates. He wanted to document how much NPD spent disciplining UD students and make it public to use as a reason for why the City needed extra funding. He reiterated the issues of an equal partnership between the City and UD administration because Ms. Olsen was not the Mayor’s counterpart and had no decision-making power. He indicated the Mayor’s counterpart was John Cochran on the Board of Trustees. He said UD held closed, secret meetings, unlike the boards of other prominent public universities across the country. He felt there would not be an equal partnership until the practice changed.
Mr. Clifton asked Mr. Bilodeau to clarify that arrest records in the newspapers were chosen by reporters and were not a true representation. Mr. Bilodeau confirmed and explained newspapers did not report on an arrested person’s student status.

Helga Huntley, District 1, thought the student fee was impractical and unfair as there was no way to identify who the students were. She explained the intricacies in defining student status and thought students had the lowest income in the population and thought it was unfair to burden them further. She saw the wage tax as a redistribution of cost as opposed to an increased cost and explained the various possibilities on implementation. She commented that the retired population had a fair argument that the proportion of income spent on City services continually rose and she viewed the wage tax as a fairer way of assessing the cost because it was proportional. She pointed that low-income residents spent a larger proportion of income on basic needs, including utilities, and they were disproportionately burdened by the City funding its services through utility transfers. She saw the wage tax as a more progressive way of taxing residents. She acknowledged the negative aspects of wage taxes could have on business but wanted Council to consider fairness and redistributing costs. She commented the advantage of an income tax was a set rate that kept up with inflation and a wage tax distributed costs over a larger group because there were employees in Newark who were not residents.

Nick Wasilewski, District 3, stated his personal history with the University and thought it was advantageous to live in the City and attend UD. He referred to a City Council meeting from June 4, 2013, where he spoke of his hesitation regarding power plant construction and Representative Kowalko declared he was unaware of any power plant and stated that he was the chair of the Energy Committee. Mr. Wasilewski was shocked that a project was kept secret from an elected representative and pointed that the project was canceled in July 2014 by UD’s Board of Trustees. He suggested City officials be involved in UD committee meetings.

Ms. Wallace saw no need for a motion and Mr. Hamilton concurred.

10. Meeting adjourned at 10:55 p.m.

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