

**CITY OF NEWARK  
DELAWARE**

**COUNCIL MEETING MINUTES**

**March 2, 2020**

Those present at 7:00 p.m.:

Presiding: Mayor Jerry Clifton  
District 1, James Horning  
District 2, Sharon Hughes  
District 3, Jen Wallace (arrived at 7:10 p.m.)  
District 4, Chris Hamilton  
District 5, Jason Lawhorn  
Deputy Mayor Stu Markham, District 6

Staff Members: City Manager Tom Coleman  
City Secretary Renee Bensley  
City Solicitor Paul Bilodeau  
Assistant to the Manager Jeff Martindale  
Finance Director David Del Grande  
Deputy Director of Finance Jill Hollander  
Accountant II Deborah Keeley  
Accountant II Jim Smith  
Financial Analyst Trevor Miller  
Bradley Conway

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1. Mr. Clifton called the meeting to order at 7:00 p.m.
  2. **PRESENTATION OF THE 2018 GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING AWARD TO THE FINANCE DEPARTMENT (5 minutes)**

**00:31**

Mr. Del Grande congratulated the Accounting Department for receiving the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the year 2018. He explained that the auditors were tasked with ensuring that all the City's financials were accurate and in accordance with Governmental Accounting Standards Board (GASB). He stated that the department was a part of the GFOA, an organization with 20,000 accountants from across the USA and Canada, which ensured that reporting was transparent and fair to the public.

Mr. Del Grande acknowledged Ms. Hollander, Ms. Keeley, Mr. Smith and Mr. Miller for their efforts. Mr. Clifton congratulated Mr. Del Grande and his team and remarked that the award brought pride to the City. Mr. Clifton viewed the award as a tribute to the Finance Department's efforts and thought that it was a gold star standard for which other municipalities should strive. He reported that the team had won the nationally recognized award since 2012 and Ms. Hollander corrected that the team had received the honor yearly from 2008 but were presented with individual awards. Mr. Clifton thanked the team for their excellent work.

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

Mr. Clifton asked for a moment of silence and the Pledge of Allegiance.

Mr. Clifton recognized Senator Stephanie Hansen for attending the Council meeting.

4. 1. **FINANCIAL STATEMENT: None**
5. 2. **SPECIAL DEPARTMENTAL REPORTS:**
  - A. Credit Card Fee Update – City Manager/Finance Director (30 minutes)

**6:42**

Mr. Del Grande said that the reduction of credit card expenses was brought up during the 2020 Budget Hearing. He explained that the City accepted credit cards for all services offered and had incurred \$942,000 worth of fees in 2019 because it was general practice to absorb credit card fees. He disclosed that the City court and parking app charged convenience fees and that user rates were

embedded within the fees and taxes so the City could recover costs. He reported that most credit card activity was generated from the utility sales and staff's goal was to seek ways to equitably reduce or recover expenses without compromising business operations while continuing to meet fiduciary requirements.

Mr. Del Grande described how the City educated customers on the benefits of reducing the City's credit card expenses with the launch of the Customer Connect 6 (CC6). During the rollout, staff heavily encouraged preauthorized payment (PAP) users to enroll via ACH and, as of last week, half of the 2,137 enrolled customers selected the ACH option. He revealed that staff was speaking with the University to voluntarily cease paying utilities with credit cards. He declared that the current cost of service analysis conducted with the electric rate study would assign credit card fees to the user classes incurring said fees in order to resolve the issue. He explained the Parking Division was moving towards the use of a parking app versus meters or kiosks which would reduce credit card fees as current parking meters were phased out. He informed that the Alderman's Court already charged convenience fees and that criminal and traffic violations were assessed \$3.25 and parking violations were assessed \$1.50 when a credit card was used to pay fines.

Mr. Del Grande explained that staff currently used six different processors for credit card transactions and wanted to reduce the number to one or two. He stated that improvements to the credit card program included the rollout of CC6 and the capability of accepting online credit card payments for permits, business licenses, code violations, and general billing. The introduction of the parking app, kiosks, CivicRec software, and the Paymentus platform changed how the City received payments in the Parking Department, Parks and Recreation, and the Courts.

Mr. Del Grande noted that staff streamlined the website to allow for a payment options tab on the homepage and revealed that only Utilities currently allowed ACH payments. The others only allowed for credit card payments but would migrate to the new system where ACH was an option. He announced the page was [newarkde.gov/payments](http://newarkde.gov/payments).

Mr. Del Grande presented a chart to illustrate where the costs originated. He reported that 70% of all credit card expenses came from Utilities and, of the \$662,000 incurred, \$359,000 came directly from UD transactions. He demonstrated a breakdown of the credit card fee expenses and summarized that in 2019, UD accounted for 54% of all utility credit card fees and 38% of all credit card fees. Non-UD utility credit card fees were 32% of the total paid to the City and non-utility expenses were roughly \$68,000. He indicated staff wanted to consider options such as:

- A. Status quo
- B. Business as usual but adjust customer charges based on customers driving the expense
- C. Incorporate service fees on all or some services provided by the City
- D. Combination of any of the above

Mr. Del Grande explained that status quo did not provide an equitable means to distribute the costs of credit card fees to the groups using the services and staff felt there were fairer solutions. He explained the most effective and simplest option was business as usual, which was also the lowest overall cost to the customer. He felt staff would ensure equity by including the credit card fees in the customer charge for each impacted utility in order to recover 70% of the expenses directly from the user class incurring said fees. He noted that staff began with water and sewer customer charges in January.

Mr. Del Grande announced the service fee option was effective but said it was also the most complex and costly because the customer would pay 100% of the fee as an add-on convenience fee. He acknowledged that Visa encouraged utilities to accept Visa as payment and the City then received a discount in the merchant fees paid to Visa. He cautioned that if the City incorporated a customer fee, the City would lose the merchant discount and would go from paying 2% to 2.65%.

Mr. Del Grande explained the individual transaction option would be more costly for the customer as opposed to the City absorbing the charge and passing it on through the rate charges. He continued that if the City used a convenience fee or hybrid fee model, the City could introduce different fees for commercial versus residential payment types and stressed that the City was not able to charge a percentage of the utility bill as a fee because it was required to be a fixed amount. He stated it would apply to both ACH and credit card customers so even though the ACH customers only cost 75 cents per transaction, the flexibility would be negated because it would be viewed as a transaction and not a transaction type. He said it was possible to provide discounts or absorb fees for customers on autopay and there were many options to choose how fees were allocated. He stressed that when a portion of an expense was directly passed to the customer, it resulted in an increased charge for all. He explained it

would also impact how City Hall accepted payments because staff was not legally permitted to charge convenience fees for utility payments made directly at City Hall. In order to abide, staff would have to stop accepting payments at City Hall or install a kiosk for customers wanting to use a credit card and only allow cash, check, or money order transactions at the Customer Service window.

Mr. Del Grande disclosed that only 5% of the payments came through City Hall and some of the implementations would dramatically change the customer experience of how residents paid utility bills. He stated the City could implement Payment Velocity Rules whereby users were only permitted to make up to a specific number of payments per month per account or up to a maximum dollar amount. He revealed that staff had the option to customize the rules, such as limiting the number of monthly card payments and/or the monthly dollar amounts. He thought that the dollar amount limitation could be stressful for some customers who would be required to pay bills by two different means. Mr. Del Grande announced that the City had to adhere to Visa guidelines and all the options presented were permitted by Visa. If staff attempted to break the guidelines, the City would no longer be permitted to accept Visa.

Mr. Clifton thought it was reasonable that costs should cover themselves. He believed it was unfair for residents to cover the 38% of fees created by UD and wanted to learn more about option C and how it would impact UD. Mr. Coleman responded that if staff added a customer charge of \$3 per bill, a person paying a \$10 electric bill would be charged \$13 but if a customer paid a \$1,000,000 electric bill, they would be charged \$1,000,003. Mr. Coleman explained that customer charges on credit card fees in the utility realm did not make sense and would increase the transaction fees paid by the City. Mr. Del Grande interjected that the term used should be “convenience charges” instead of “customer charges” and he not want the two to be confused. Mr. Coleman continued that if the City charged a convenience fee, the City would lose the reduced transaction charge from Visa and would create a larger chasm between homeowners and UD. He suggested the best path forward was to include the credit card fees into the user class via the cost of service rate study and stated that \$262,000 worth of electric cost was directly attributable to UD’s customer class. He explained that during the rate study, UD was their own customer class so staff could apply the \$262,000 as a cost across the class and there would not be cross-subsidization.

Mr. Del Grande explained that utilities were the largest fees by type and stated that parking fees would decline as the parking app became more popular and meters phased out. He noted that the Parking Division was in its own enterprise fund and taxes did not support parking in any way so parking expenses were completely related to customers using parking. He revealed the Court credit card fees went through the City to the vendor via convenience fees. He noted the General Fund activities were not significant and thought customers might delay payment over fees.

Mr. Del Grande maintained the City could recover 100% of the credit card fees for utilities through the customer charges on the utility bills. Staff knew who was using credit cards in each user class and noted it was the least expensive option for customers.

Mr. Clifton reiterated that it was unfair for residents to offset the cost of UD and opened the floor to comment from Council.

Mr. Hamilton noted that 70% of the fees would be recovered directly and asked what made up the 30% not covered. Mr. Del Grande responded the general fund of Parks and Recreation, Parking, and Court fees. Mr. Hamilton thought the City was unable to separate the University and had complained about a dollar limitation. Mr. Del Grande confirmed and indicated the limit could also have implications on other customers in the City. He stated the rules mandated that everyone be treated the same and reiterated that the City was not allowed to create rules for a specific customer. Mr. Hamilton asked if UD would be required to pay the remainder of a bill via check if the City instituted charge limits and Mr. Del Grande confirmed but noted it was necessary to consider all ramifications of the rules. Mr. Coleman interjected that if the City began recovering the cost of the credit card transactions in the customer class, the class had the incentive to not use a credit card. He noted that a large customer class with thousands of people was a wash but in UD’s case, they were the only customer in the customer class and, if they stopped using a credit card, they would save themselves \$260,000 as the City bounced the fees back to them in the cost of service analysis. He indicated that water and sewer were different because UD was not in its own customer class and the bill was based on the size of the meter. Mr. Coleman explained UD paid its bills together in one payment and could decide to switch their payment type. Mr. Hamilton asked if it was possible to have different rules for electric and water and sewer and Mr. Coleman responded that a customer charge was not possible, but the City could implement a velocity rule. Mr. Del Grande repeated that all customers had to be treated equally.

Ms. Hughes asked what credit card fees were and Mr. Del Grande explained how credit cards charged fees to customers. Ms. Hughes noted that checkbooks were uncommon and wondered how to present using cards to customers without making it sound like they needed to pay to pay. Mr. Del Grande admitted some customers were hesitant to change and predicted some would incur delinquency charges. Ms. Hughes asked the best way to pay a bill and Mr. Del Grande answered ACH and also suggested electronic payment through banks. He reiterated the process of PAP via ACH. Ms. Hughes thought UD could also do ACH payment and Mr. Del Grande responded that UD had roughly 250 accounts they paid at once via walk-in.

Mr. Lawhorn stated the City could not have a fee as a percentage of a bill and Mr. Del Grande confirmed it was not possible for utilities but was possible for taxes. Mr. Lawhorn asked if it was possible to have both and charge percentage for taxes and something else for utilities and Mr. Del Grande confirmed. Mr. Lawhorn assumed tax payments were higher and Mr. Del Grande responded the average cost per tax transaction was \$19. Mr. Lawhorn asked what class of customer paid taxes with credit cards and Mr. Del Grande estimated that 40% of the tax payments were paid by mortgage companies. Mr. Lawhorn wanted to be sensitive regarding tax payments via credit cards by less fortunate residents. Mr. Del Grande responded that most customer paying for taxes via credit cards were doing so for reward points and were called non-qualified credit cards that had a greater expense attached because the City was paying for the reward the customer was receiving. Mr. Lawhorn believed credit card fees by percentage for tax payments made sense and understood that implementing a fee for non-tax billing would require implementation across the board and the City would lose the merchant discount of 0.6 percent which would be a greater loss than what the City would gain by charging the fee. Mr. Del Grande stated that the City was insulated now because it had six different payment processors with their own rules but once the City migrated to Paymentus, the transactions would be in unison. Mr. Lawhorn asked if it was possible to have one fee for residents and a bigger fee for other customers, and Mr. Del Grande answered it was possible to institute convenience fees for customer classes in utilities and cautioned that the City would lose the discount so residents would pay more.

Mr. Lawhorn asked for the reasoning behind customers using kiosks and Mr. Del Grande explained it was a law that utilities accepting payment at the office in person were not allowed to charge customer convenience fees for credit cards. Mr. Lawhorn asked for predictive data about impact fees on delinquencies. Mr. Del Grande replied that the average increase across the industry was a 51% reduction in online payments when a convenience fee was incorporated on the web page. Mr. Lawhorn asked if the customer charges from credit cards was not included in the last rate study for UD so the current rate did not include the charges and Mr. Del Grande confirmed that the fee from the rate study in 2010 or 2011 was allocated across all users and not compartmentalized by class. Mr. Del Grande explained it was not assigned to the correct user groups and Mr. Lawhorn noted the residents were paying a larger share and Mr. Del Grande confirmed. Mr. Lawhorn thought it was fair to incorporate the charges into the rate study for UD. Mr. Lawhorn asked how the fees would be recovered for water and sewer and Mr. Del Grande repeated that amount would be distributed by meter size. He explained that customers paying by with larger sized meters would be hit with a larger portion of the credit card fee. He noted that although UD had around 260 accounts with varying meter sizes, they did have larger diameter lines so if they used credit cards, the larger lines would incur bigger bills. Mr. Del Grande reiterated the monthly bills included a customer charge. Mr. Lawhorn asked if the customer charge varied based on class and Mr. Del Grande confirmed and stated the customer charge was enacted in January but did not include credit card fees. Mr. Lawhorn asked if staff would specifically bring forth an increase to recover fees at that level and Mr. Del Grande confirmed. Mr. Lawhorn recapped that electric fees would be incorporated into the rate and the water/sewer would be incorporated into a customer fee or an increase in the existing customer fee. Mr. Del Grande repeated that the Parks and Recreation Department fees covered the cost and stated that a large portion of the non-tax billing was business licenses of about \$200,000 per year where 90% of the licenses were paid by small businesses using credit cards. Mr. Lawhorn was confused about the terminology and Mr. Del Grande explained that a customer charge was on the monthly utility bill and anything on a customer charge had zero convenience fees. Mr. Lawhorn wanted to continue to educate and enroll residents in ACH.

Mr. Horning liked the equitability of the customer class option although residents would incur slightly higher costs to cover the use of credit card fees by other customers. Mr. Del Grande acknowledged it was difficult and staff was trying to make it as simple as possible without causing administrative burden. Mr. Horning suggested implementing fees based on a pattern of use and Mr. Del Grande repeated it was difficult for staff. Mr. Horning agreed the user class was a fairer option and would recover the large amount from UD.

Ms. Wallace thought that option B made the most sense and thanked staff for their work in educating Council and residents on credit card fees. She revealed she also used her credit card for the

fraud protection offered and thought it would be less confusing for customers if there was one approach. She noted if credit card companies changed their rules, the City might have to adapt on how it conducted business. She asked staff to make the charges fully transparent on the website to explain how credit card fees were decided across the various silos.

Mr. Markham noted the County charged a percentage with its tax and asked if the City mirrored the practice and Mr. Del Grande answered the City did not charge for tax and stated the County charged 2.5%. Mr. Markham asked why, and Mr. Del Grande answered that the City had never charged a credit card fee in general for taxes. He admitted it was possible but noted that the amount was minimal. Mr. Markham asked Mr. Del Grande to ask the County why it charged, and Mr. Del Grande answered that it was a budgetary decision and noted the County also charged \$5.95 to pay the sewer bill. Mr. Coleman assumed if the County charged a fee, it gave up on discounts and commented that the County's ratio between tax and utility revenue differed greatly from the City. Mr. Coleman stated the County only had sewer where the City had water/sewer, storm water, and electric. Mr. Markham agreed that ACH was the best for the City but asked if option B penalized customers for using ACH. Mr. Del Grande stated that the customer charge on the utility bill would be across the board. Mr. Markham asked if everyone would pay the customer charge and Mr. Del Grande confirmed. Mr. Coleman interjected that if more people switched to ACH and the fee that City was passing on as a customer charge decreased, then the customer charge would decrease. Mr. Markham was concerned that ACH only helped the City unless a large volume of customers changed to ACH and the City changed its customer charge. Mr. Del Grande agreed that it was not a 1:1 ratio. Mr. Markham hoped there would be incentive for residents to use ACH and Mr. Del Grande explained that the incentive window ended on February 28<sup>th</sup> and staff planned to distribute ten \$50 Visa gift cards to residents who signed up on ACH. Mr. Markham considered the gift cards to be a promotion and reiterated his hope for an incentive. Mr. Markham said he liked option B the best but wanted to be honest and transparent that it was not necessarily the best deal for the ACH person.

There were no comments from the public and the Mayor returned the discussion to the table.

Mr. Hamilton asked if the City would lose the merchant discount if it charged a user fee to non-tax billing and Mr. Del Grande again confirmed that any type of convenience fee charged would result in the City losing its discount. He repeated that the City currently had multiple processors and was siloed. Mr. Hamilton noted the courts charged a fee and Mr. Del Grande explained it charged a fee through a third-party because there were two different processors in courts. Mr. Coleman explained the court fee was similar to the parking app fee because a third party charged the fee. He noted that the City was not able to set a maximum transaction amount.

Mr. Clifton asked that Council direct the City Manager by a motion.

**MOTION BY MR. MARKHAM, SECONDED BY MS. WALLACE: TO DIRECT STAFF TO PURSUE OPTION B TO ADJUST THE CUSTOMER CHARGES TO PROPER ACCOUNT FOR WHOEVER IS DRIVING THE EXPENSE.**

Mr. Coleman asked if there was a desire to set a maximum transaction amount. Mr. Hamilton asked what staff suggested. Mr. Coleman stated that staff needed to do research to determine if it was possible to set different transaction levels for different services and wanted to come back with a recommendation. Mr. Del Grande explained because there were multiple processors, there was only one vendor who could use velocity payments and were limited to setting velocity rules for utility payments.

Mr. Lawhorn asked if it would add complexity to get the correct charge and Mr. Coleman admitted it would complicate the issue in year one, but it would level out after time. Mr. Coleman stated it also depended on where Council set the level to limit the scope and wanted to get a distribution on where the charges came through.

Ms. Wallace thought it made sense to wait to see if the largest user changed paying habits.

Mr. Markham asked if the customer charge and the different classifications helped the maximum because staff would adjust the classification accordingly. Mr. Del Grande stated there would be an impact and noted that having a velocity rule payment and the cost of service recovery process set up at the same time could be conflicting. Mr. Markham stated the velocity rules were not on the floor and explained that his question was on the classification and the comment regarding a maximum. Mr. Coleman stated it was easier with electric because UD was isolated in the customer class but with water and other utilities, UD was all over the various customer classes. He noted that of the \$359,000, \$262,000 was electric and the other \$100,000 was non-electric and repeated that the \$262,000 in electric would go away immediately and the remaining \$100,000 could end up being subsidized by other users in the similar customer class.

Mr. Markham was hesitant to pick a number without research and Mr. Coleman agreed. Mr. Coleman suggested that Council direct staff to return with a recommendation. Mr. Markham asked if it needed to be added to the motion. Ms. Bensley asked Mr. Coleman if it fell under the umbrella of option B and Mr. Coleman confirmed.

MOTION PASSED. VOTE 7 TO 0.

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

Nay – 0.

Absent – 0.

**6. 2-B. SAFETY MANUAL REVIEW AND ADOPTION – CITY MANAGER (15 MINUTES)**

**1:12:03**

Mr. Martindale introduced the Newark Safety Manual, approved at the December Safety and Committee meeting. He explained the manual was a result of the work on the part of the twelve-member committee as well as Scott Store and Terry DiSanto from PMA Companies and DFIT. He noted the committee members were committed to staff safety and sharing best practices and were proud of the policies adopted by the City through the manual. He introduced Bradley Conway, the Safety Committee co-chair, and asked that Council approve the safety manual as provided and updated in the future.

Mr. Clifton commended the group on their efforts.

Ms. Wallace believed it was a testament that DFIT wanted to share the manual.

Mr. Horning thanked the committee for their work and echoed Ms. Wallace’s comments.

Mr. Lawhorn noted that good companies focused on safety because it was important for employees and was glad to recognize that safety culture started at the highest level from the Council to the City Manager and down. He thought it was important that safety was embedded into the City’s culture because it equated to excellent quality service.

Ms. Hughes, Mr. Hamilton, and Mr. Markham thanked the group for their work.

There was no public comment.

Mr. Coleman thanked the members of the Safety Committee and agreed with Mr. Lawhorn’s comments about incorporating safety into the culture. He anticipated periodic, minor updates and recommended that Council adopt the manual and allow staff to make updates. He noted that the Committee was made up of non-management, with Mr. Martindale present as a liaison, and could bring the manual to Council for change. Mr. Clifton agreed that the committee should feel empowered to return the manual to Council for amendment because it was integral to the health of the organization.

MOTION BY MR. MARKHAM, SECONDED BY MR. LAWHORN: THAT COUNCIL OFFICIALLY ADOPT THE CITY OF NEWARK SAFETY MANUAL AS PROVIDED AND UPDATED IN THE FUTURE AS OUTLINED IN THE MEMO DATED FEBRUARY 24, 2020, AND PRESENTED TO CITY COUNCIL ON MARCH 2, 2020.

MOTION PASSED. VOTE 7 TO 0.

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

Nay – 0.

Absent – 0.

**7. 2-C. FY2020 BUDGET AMENDMENT FOR ALDERMAN’S COURT KIOSKS – FINANCE DIRECTOR (10 MINUTES)**

**1:21:16**

Mr. Del Grande explained the kiosk in the Alderman’s Court lobby was the primary source of collecting the payment of fines and fees when using a credit card. The City accepted payment for criminal, traffic, and parking at the kiosk. Mr. Del Grande indicated there were numerous variations of the kiosk systems over the years and the City was currently using a stand-alone personal computer and printer which stood in the corner of the Alderman’s Court waiting room. He remarked that system was unreliable and had been inoperable at times. Since 2017, the IT team recorded over 160 issues with the set-up.

Mr. Del Grande described the proposed kiosk as a self-contained system housing the printer, monitor, and processor, had a smaller footprint, and was compatible with the current and future forms of payment. He continued that the new kiosk was ADA compliant and would be bolted to the floor for security. The kiosk was from Slab Kiosk and cost \$9,253 which included the hardware, the City logo on the body, ground freight with inside delivery, professional installation, service to uncrate and position, and a three year warranty beginning at the installation date to cover components, on-site service, software support, and a cellular service plan. He stated the turn-around time was twelve weeks after Council's approval and noted that in the 2019 Operating Budget, Council approved \$5,000 in the Alderman's Court budget to purchase a new kiosk, but staff was still researching and did not have a firm estimate and the unencumbered funds were returned to the General Fund Reserves on December 31. Staff proposed a budget amendment to appropriate the \$5,000 from 2019 in 2020, along with appropriating an additional \$4,253 for a total of \$9,253 to the Alderman's Court 2020 Approved Operating budget to purchase the kiosk.

The Mayor opened the floor to questions from Council.

Mr. Markham asked if the current kiosk was serviced in-house and Mr. Del Grande confirmed. Mr. Markham asked for the response time for the new kiosk and Mr. Del Grande believed it was 24 hours and stated staff would keep the current kiosk as a backup. Mr. Markham asked if there was a provision to ship a new kiosk if the turnaround was extensive and Mr. Del Grande said he would investigate.

Mr. Horning asked the number of transactions per day for the current system and Mr. Del Grande answered a few hundred a month. Mr. Horning agreed that the upgrade was necessary.

Mr. Clifton asked how long the current system had been in place and Mr. Del Grande answered that it had been there for a few years and thought it was the third or fourth version. Mr. Clifton hoped the new kiosk was more user-friendly.

There were no comments from the public and the Mayor returned the discussion to the table.

MOTION BY MR. HAMILTON, SECONDED BY MR. HORNING: THAT COUNCIL APPROVE THE APPROPRIATION OF \$9,253 FROM THE CITY'S GENERAL RESERVE ACCOUNT TO FUND THE PURCHASE OF A KIOSK FOR THE ALDERMAN'S COURT.

MOTION PASSED. VOTE 7 TO 0.

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

Nay – 0.

Absent – 0.

**8. 3. ITEMS SUBMITTED FOR PUBLISHED AGENDA:**

**A. Council Members:**

1. Potential Items for Future Meeting Discussion – Council Members (15 minutes)

**1:28:17**

Mr. Markham wanted to see the City support the Governor's Open Space Requisition at the State level. He explained the \$10,000,000 would help parks, support farmland preservation, and support the trust fund clean water projects. Mr. Clifton asked the City Secretary if a resolution was appropriate, and Ms. Bensley asked how fast the Governor needed the support. Mr. Markham informed her that the Bond Bill met March 5, and Ms. Bensley thought it best for Council to give direction and then Mr. Coleman and Ms. Bensley would reach out to the lobbyists.

MOTION BY MR. MARKHAM, SECONDED BY MR. HAMILTON: THAT COUNCIL DIRECT THE CITY MANAGER TO INFORM THE LOBBYISTS THAT COUNCIL WISHES TO SUPPORT THE GOVERNOR'S REQUEST FOR \$10,000,000 FOR OPEN SPACE AND PARK LAND, \$10,000,000 FOR FARMLAND PRESERVATION, AND SUPPORT THE TRUST FUND CLEAN WATER PROJECT.

There was no public comment and the Mayor returned the discussion to the table. Mr. Markham asked if the City Manager objected and Mr. Coleman did not.

MOTION PASSED. VOTE 7 TO 0.

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

Nay – 0.

Absent – 0.

Mr. Clifton noted the first reading for the Ethics Committee was on March 9 and explained he had long wanted seven members appointed by Council instead of the Mayor. He wanted to have a serious conversation about dual and reversionary zoning. He thought the elimination of the two was a step in the right direction to give Council the absolute authority to determine the appropriate designation when zoning changed without debating by-rights. He also wanted to have a conversation regarding impact fees and potential green fees to developers to fund public open space. Additionally, Mr. Clifton wanted to have a discussion on broadening the boards to include representation from every district.

Ms. Bensley believed the only active board lacking district representation not codified in State code was the Board of Building, Fire, Property Maintenance and Sidewalk Appeals. She recalled Council set the board up with specific knowledge criteria and thought that turning it into a district board would be difficult in terms of the keeping the knowledge basis. She cautioned against narrowing a specialized group. Mr. Clifton acknowledged her concerns and she added that the Newark Housing Authority and the Board of Adjustment were set up per State code.

Mr. Coleman interjected that the impact fees were underway and there would be a meeting on March 4, led by Planning Director Gray, and indicated the group was making good progress. He believed the public space issue needed to begin with Council because staff had not gotten direction. Mr. Clifton said he wanted to wait until after the election to request it be put on an agenda.

Mr. Markham asked if it was possible to consider alternates for the Board of Adjustments to serve in cases of conflicts of interest. Mr. Clifton thought it was an excellent point.

The Mayor opened the floor to public comment.

Nick Wasileski, District 3, reported he attended at meeting held by the Delaware Coalition for Open Government and spoke to Senator Paradee regarding FEMA's flood plain map. He did not think it was his place to generate interest in the flood plain and reiterated his suggestions from the last time he addressed Council.

Ms. Hughes thanked Mr. Wasileski and noted that FEMA had different classifications for flood plain positions. She suggested discussions at residents regarding the costs of flood insurance.

Mr. Clifton recalled discussions with DNREC regarding revised flood maps and explained they revised them depending on the streams. He stated that Mill Creek and Red Clay underwent new studies and DNREC remodeled and created new water surface elevation using more accurate topography. He understood that DNREC did not create a new model for both streams in Newark, White Clay and the Christina, and used the water surface elevations for the previous flood insurance study from the 1970's. They then took those elevations and superimposed them on modern flow topography with 2-foot elevation contours and changed the old water surface elevations depending on the real topography. Mr. Coleman revealed many of the properties to which Mr. Wasileski referred had always been in the flood plain and explained that the flood line did not have to reach a home for a property to be required to have flood insurance. He said if a home had a finished floor elevation at or below the flood elevation even if it were 100 feet away on the property, owners were required to have flood insurance. Mr. Coleman indicated it would be difficult for staff to determine what properties would be required to have flood insurance by their mortgage companies. He recommended reaching out to all properties and believed that DNREC would be open to hosting informational sessions. He cautioned there would an expense for direct mailings and would report to Council with numbers. Mr. Clifton found it to be an important endeavor.

**9. 3-B-1. PRESENTATION AND REQUEST FOR POTENTIAL VOTE ON LODGING TAX ALLOCATION – GREATER WILMINGTON VISITORS AND CONVENTION BUREAU (30 MINUTES)**

**1:45:49**

Sarah Willoughby, the Executive Director of the Greater Wilmington Convention & Visitors Bureau (GWCVB), stated the organization was the County's only dedicated marketing organization and said that the Chamber of Commerce only concentrated on marketing business and not leisure visitors, meetings, conventions or sports. She pointed that the GWCVB focused on the audience the Chamber of Commerce overlooked and described how Sussex County was more of a destination location versus New Castle County which was seen as a get-away location, with visitors coming Thursday through Sunday. She likened the organization to home version of TripAdvisor and explained that the bureau's website was a critical marketing tool. She stated the GWCVB also had a visitor guide and a visitor's center in downtown

Wilmington in the Community Service Building. She disclosed they once ran the I-95 Visitor's Center but cost \$100,000 a year and was not feasible.

Ms. Willoughby stated the organization created content and targeted a specific audience for the County. She stressed that short video clips were important and consumed a large portion of their budget and illustrated various types of advertising media. She explained the message GWCVB stressed during the Fair Hill International was to go visit Newark for food and tax-free shopping. She listed leisure marketing statistics and informed that the bureau could track web visitors for 90 days and explained that social media was a positive marketing tool. She announced the various media and PR highlights, including five FOX 29 Town Takeovers where members from the news organization visited and promoted the City. She continued that for every dollar spent on ads, the return was \$128.48. She cautioned that the City was not getting the 3% lodging tax from AirBnB and asked Council for assistance because the State was not pursuing it with the lodging and occupancy tax. She indicated that GWCVB, the Delaware State Chamber, and the Delaware Hotel Lodging Association were working with Senator Hansen and wanted resolution but thought there needed to be more education. She acknowledged AirBnB impacted Sussex county more than Newark.

Ms. Willoughby introduced members of the board of directors in the audience; Celeste Mozeik, Steven Chambliss, Bill Sullivan, Francis Kwansa, and Ken Grant, from AAA. She portrayed the organization as an investment and explained the ROI could be measured by the meetings market. She revealed that in 2019, her office had 119 leads with 21 confirmed bookings and 16 assisted which generated over 8,863 room nights and a conservative economic impact of \$2,362,878. She referred to a sports group and three assists that generated \$410,000 economic impact. She repeated the various means of calculating ROI and thanked Council.

Mr. Clifton appreciated the conversation around AirBnB and viewed the operation as a business running beneath the radar. He referred to comments he read online regarding the City properties advertised on the site and was disgusted by the low standards of the rentals and stressed the importance of protecting the public. He was embarrassed at visitors' experiences and acknowledged they had nothing to do with the hotel chains. Ms. Willoughby thought residents should be concerned for safety and revealed that some HOAs had a six-month minimum rental clause. Mr. Clifton agreed and asked if she was able to determine specific statistics for the corporate City limits. Ms. Willoughby confirmed the hotels visitors frequented were within City limits.

Mr. Horning thanked Ms. Willoughby and asked what she meant by "room nights" and "going through her office" and Ms. Willoughby explained that she had a Director of Sales that handled meetings, associations, reunions, and sports markets and frequented trade shows. She revealed the bureau spent \$32,000 in trade show registrations last year which did not include the cost of travel. She continued that the office received Requests for Proposals (RFP) and the Director of Sales received bids from hotels and performed site visits, and then the visitor chose where to book. She admitted the County was a third-tier destination but noted over-flow from Philadelphia. Mr. Horning asked how GWCVB would use additional funding. Ms. Willoughby wanted to be competitive and estimated the budget at \$1.8 million but said her Chester County partner had a budget of \$3.7 million and Valley Forge had \$4.8 million. She wanted to expand the reach for everyone and suggested concentrating on the area's chefs and doing more with UD for Parents Weekend. Mr. Horning asked if additional cities within the County were contributing funding and Ms. Willoughby answered there was some funding, but Wilmington, Middletown, and the County were involved in further discussions.

Mr. Horning asked about the current vacancy rates and how additional funding would help. Ms. Willoughby stated the occupancy was around 60% and had room to grow but admitted that vacationers were drawn to the beaches during the summer months. Mr. Horning asked if the statistics were within City limits and Ms. Willoughby confirmed. Mr. Horning recalled discussion that a portion of the lodging tax was allocated for marketing efforts but was then removed from the ordinance by code with the intent of revisiting the topic during budget talks. He did not want to enter discussion that evening without facts and Ms. Willoughby explained that she was present for dialogue but wanted to be considered for the budget going forward. Mr. Horning asked if a quarter percent of the three percent lodging tax was enough and Ms. Willoughby welcomed any amount and claimed that GWCVB promised \$25,000 to Fair Hill International which would focus on Newark. She thanked Mr. Coleman for giving the visitor guide to Ms. Gravell and indicated she was working with Ms. Gravell regarding content. Mr. Horning repeated his question and Ms. Willoughby thought it was a good starting number and wanted hotels to feel there was a fair balance and that there was reinvestment to raise occupancy.

Ms. Wallace appreciated the detailed presentation and agreed with Mr. Horning that discussion on funding was appropriate during budget. She explained that her constituents were not in favor of the

City contributing funds and had been vocal about the \$80,000 released to the Newark Partnership. She believed the GWCVB should pitch impacts to the residents because it was a less quantifiable benefit.

Mr. Markham requested a list of the hotels used in the occupancy data because he was concerned about how Newark-centric the process was. Ms. Willoughby explained that she was trying to attract visitors who did not necessarily know the boundaries of the City limits but would send him the information. Mr. Markham agreed that higher occupancy was better for all and explained that Newark was different because primetime for the City was winter and summer due to UD. Ms. Willoughby understood but claimed to not have attractions open in New Castle County during the winter months and said she would devote more time to summer. Mr. Markham suggested that the GWCVB needed a representative from Newark. Ms. Willoughby explained that board had 27 members with 21 selected by government officials – seven each from the Governor, the County Executive, and the Mayor of Wilmington. She said she would entertain suggestions and preferred those from the tourism industry. Mr. Markham explained if the GWCVB wanted to appeal to Newark, there had to be recognition of Newark as a partner and he was not confident in the make-up of the board because it was Wilmington and New Castle County-centric. Ms. Willoughby reiterated the GWCVB was created by legislation and wanted to create a partnership with Newark. Mr. Markham noted that City residents took pride in defining themselves and he wanted to be sure the City was better for the partnership.

Mr. Hamilton recalled the GWCVB spoke against Newark's lodging tax. He stated that the City was warned and was lobbied against in seeking the money. He claimed that the GWCVB ran its budget anticipating the bill not passing yet requested \$350,000 from the City a year later. He requested the hotel breakdown to include occupancy by hotel because his numbers indicated the hotels were full and the City was building more because of the market. Ms. Willoughby said she would forward the information to Council. Mr. Hamilton explained that the City initiated the hotel tax to recoup money for infrastructure, that was not paid for by visitors, to help reduce the burden on residents and referred to a County FAQ sheet supporting the move. Mr. Hamilton said there was no mention of Newark on the website and Ms. Willoughby completely disagreed. Mr. Hamilton amended his comment to there being no events listed for the City. Ms. Willoughby stated that the website was free, and residents were encouraged to add events. Mr. Hamilton asked about the coordination between GWCVB and the Newark Partnership, as the City had already invested \$150,000 with the partnership. Ms. Willoughby was open to working with the partnership and explained that she was not requesting the same amount as Valley Forge but stressed that any amount helped with marketing. Mr. Hamilton asked how much the realtors were contributing, and Ms. Willoughby explained they were not contributing money but were supportive with pushing the AirBnB legislation. She stated there was a membership base of 415 people that paid between \$150 to \$500 and the GWCVB also worked with restaurants to contribute \$75 cash and \$100 in gift cards. The gift cards were then turned over to meeting planners, press, or used as a social media boost.

Mr. Hamilton asked why the City's contribution could not be through the Newark Partnership and Ms. Willoughby responded that the partnership was more of a community organization and her website attracted visitors from all along the east coast. Mr. Hamilton asked how much hotels paid to GWCVB's budget and Ms. Willoughby explained that she did not get a breakdown and was under the impression the breakdown was illegal. Mr. Coleman confirmed and explained that the State could not share information with the City and the City relied on self-reporting from the hotels but informed that the County was working on a bill to allow the State to collect and disperse funds. Ms. Willoughby commented that there were no checks and balances.

Ms. Hughes asked how Ms. Willoughby determined if hotel occupancy was filled by the GWCVB's advertisements and she responded that she could only be sure of the meetings or group tours that came through her office. Ms. Hughes asked if the GWCVB ever received reviews and Ms. Willoughby confirmed and added that she often dispersed media stays throughout the County. Ms. Hughes asked if the reviews were on the GWCVB webpage and Ms. Willoughby said they were not because the bureau needed to be sensitive with identifying information. Ms. Hughes asked how the GWCVB could measure their impact and Ms. Willoughby said that they gauged impact by occupancy and were able to count clicks on specific hotels that generated from their website.

Ms. Hughes asked how the GWCVB chose the hotels and restaurants and Ms. Willoughby explained there was a restricted website only option for organizations that were not members, so those businesses were on GWCVB's website, but their websites were not included in the posting. Ms. Willoughby continued that the membership fee included website links, inclusion in the visitor guide, social media marketing, and press interaction. Ms. Hughes reiterated that the individual establishments paid a fee to be members of the website and Ms. Willoughby revealed that the GWCVB collected roughly \$80,000 from hotels and attractions but most restaurants did not pay. She continued that the GWCVB needed to differentiate membership benefits from non-members and repeated that only members had

their websites listed. Ms. Hughes asked what the ROI would be for the City if they contributed funds to the GWCVB and Ms. Willoughby did not want to answer without more data.

Mr. Lawhorn was interested in finding ways to generate revenue without increasing taxes for residents and hoped to fill the hotels to generate more lodging tax revenue. He acknowledged the need for an economic development engine and wanted to compare what neighboring towns offered visitors so the City could gauge competition. He referred to his experiences as a travel baseball coach and the steps he took to find suitable locations for his team. He agreed with comments regarding the Newark Partnership and thought it was critical that the Partnership work with the GWCVB. Mr. Lawhorn hoped that it was possible to get a Newark representative on the GWCVB and admitted it would be challenging to measure the ROI if the City were to contribute funds. He thought it was a possible to use a flat measurement of the lodging tax as a marker and agreed it would be helpful to have statistics for hotels in the City. He was pleased to learn that the GWCVB was working with the City's Communications Department and thought the City needed to consider its approach to economic development. He supported contributing financially to the mission of economic development and believed it should be discussed as part of the budget process and suggested that the City should be open to the GWCVB as part of the procedure. Ms. Willoughby added that Newark was prime for the sports market and indicated the GWCVB would be able to measure its impact as the groups would go through the organization for the incentives.

Mr. Clifton believed the discussion would be part of the Planning Department Budget Hearing process and wanted to see a recodification of the GWCVB to be more inclusive. Ms. Willoughby was open to sharing the breakdown of the board and explained the board's nomination process. Mr. Clifton stressed that he was suggesting the allocation of members and stated he would be concerned if there was resistance to that point. Ms. Willoughby said there were members of the board that were from other municipalities and he reiterated that if the City were going to contribute, Newark needed a representative. Mr. Hamilton pointed that the Newark had 32,000 residents and thought the City needed more than one representative for any serious amount of financial contribution and Mr. Clifton agreed.

Mr. Clifton asked if the RFPs would be Newark specific or generic for the County. He understood she could not specifically determine ROI and Ms. Willoughby replied that RFPs went out to whoever was able to handle the request. Mr. Clifton believed the City had a built-in economic development engine based on the quality of what the City was able to offer. He admitted he was disappointed in the hotel occupancy numbers she reported, and she explained that the occupancy rates were high during Monday through Wednesday and dropped down on the weekends which brought the total percentage down. He recalled the Embassy Suites were often full on NASCAR weekends and asked what other high intensity events would draw visitors to the City. Ms. Willoughby suggested the Firefly Music Festival in Dover was a possibility and explained how the Hilton organized shuttles to and from Dover in the past and believed the Embassy or Homewood could choose to participate in the same manner. Mr. Clifton interjected that it would require the GWCVB's help to convince potential members of the value in the organization. He reiterated the reasons behind the City's lodging tax and asked that she present a Newark-specific matrix at the next meeting. He wanted to know how the money would be utilized, what and where the outreaches were.

The Mayor opened the floor to public comment.

James Creque, District 4, was encouraged by the questions he heard from Council and agree that whatever money the City spent was prudently spent. He wanted to address the issues of AirBnB and was concerned about how it could undercut hotels.

The Mayor returned the discussion to the table.

Mr. Clifton thanked Ms. Willoughby for the presentation.

**10. Meeting adjourned at 10:07 p.m.**

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

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