

**MAYOR & CITY COUNCIL**  
**March 15, 2019**  
**Budget Workshop**  
**MINUTES**

The Mayor & City Council met on **March 15, 2019 in Council Chambers at Lewes City Hall**, in accordance with proper notification, with the following members present: Mayor Ted Becker, Deputy Mayor Fred Beaufait, Councilpersons Bonnie Osler, Rob Morgan & Dennis Reardon. Also in attendance were: Financial Officer Ellen Lorraine McCabe and Recording Secretary Alice Erickson. City Manager Ann Marie Townshend was available on speaker phone. Chief of Police Tom Spell and Lt. James Azato were present.

1. **CALL TO ORDER:** *Mayor Becker* called the meeting to order at **10:00pm**
2. **CONTINUED CONSIDERATION OF THE DRAFT BUDGET FOR THE FY 2019-2020.**

**Credit Card Convenience Fee:** There was continued discussion regarding imposing a credit card convenience fee for the use of credit cards in the parking meters. If they charge a 50¢ it would zero-out the credit card charges to the city. Of the 50¢ fee charged by Parkmobile, the city retains 15¢, which reduces the cost to the city. *Mayor Becker* stated this is one component council needs to make a decision on. There are other municipalities in the country that are doing this. He feels it would be easier to the consumer to have a consistent fee of 50¢.

**Extending Parking Meter Hours:** There was continued discussion regarding extending of meter hours to 8:00pm. *Chief Spell* has stated there would not be a significant increase in manpower to operate this, therefore, it would be cost neutral.

*Councilperson Osler* questioned if the increase in revenue would balance out the cost in personnel. *Ms. McCabe* stated the increase at the beach and the commercial district, based on a 25% occupancy would result in \$72,000 for an increase of 2 hours. The cost of the part-time meter person would be approximately \$8,000, with no benefits.

*Councilperson Morgan* questioned the need for a new part-time meter person. *Chief Spell* explained they were just getting by last year and it made sense to add a part-time person this year.

*Mayor Becker* stated the assumption of 25% occupancy is very low and would probably be more. *Councilperson Osler* agreed the anticipated revenue from extending the parking meter hours should be higher than 25%. She felt that 50% occupancy would be more realistic in approving the final budget. *Ms. Townshend* stated her concern with going higher than 25% is they don't know what the impact on the beach will be. They could assume almost 100% occupancy for the downtown district. She would be comfortable going to 50% but doesn't want to over anticipate.

*Council* agreed to increase the occupancy rate to 50%.

**Increasing Parking Meter Rates:** *Ms. McCabe* stated the last time meters rates were increased in the business district was in 2014, which went from .75¢ to \$1.00, and the beach was in 2017, which went from \$1.50 to \$2.00.

*Ms. Osler* questioned at what point does the meter rate discourage use of the metered parking lots and pressure vehicles to go looking for free parking in the residential neighborhoods. How do they encourage the turn over use at the beaches?

*Ms. McCabe* reported that as of the end of February, the city received \$166,000 in coins, \$254,630 in credit cards, \$120,254 in Parkmobile.

*Ms. Osler* stated 80% are paying by credit card and cash, which can be extended beyond 3 hours. It would help to understand how visitors would react to an increase. They may not want to pay the meters and would go park in the residential neighborhoods. *Chief Spell* stated that would be difficult to predict. The late afternoon beachgoers are probably more cash payers.

*Mr. Reardon* agreed. At what point do they force people out of the parking lots into the residential beach area. There are those people that have already figured out there are no meters in the residential areas so they park there. There is a parking issue during the day and a consideration for extending the hours and/or increasing the meter fees on the beach could force more people down into the residential areas.

*Betsy Reamer, Executive Director, Lewes Chamber of Commerce*, stated most of the visitors are used to paying parking meters where they came from and also in the other beach towns in Delaware. The local residents already know where to park for free. She believes that by increasing the meter hours, it will increase the turnover. The church has voiced concern over any changes in parking because of their evening meetings.

*Deputy Mayor Beaufait* stated they could look at extending the meter hours in the downtown area first to see how it works with a reasonable convenience fee on credit card use, such as 25¢.

*Councilperson Morgan* stated he would support a 50¢ convenience fee, the same as Parkmobile.

*Deputy Mayor Beaufait* stated Parkmobile offers more services than credit cards.

*Councilperson Reardon* stated he would support a 25¢ convenience fee.

*Councilperson Osler* stated the convenience is to the consumer and the city shouldn't have to pay to support that convenience. If they want to go to Parkmobile they can. She would support a fee up to 50¢, which would allow for full recovery by the city. She feels they raised the cost of parking recently and is not as supportive of increasing the meter rate at this time. They have discussed extending the meter hours in the past and she feels they should try it. The beach would result in more additional revenues than downtown and they have just repaved Beach 2 parking lot, which was a big expense to the city. It will be more a cost recovery than a revenue source. In downtown, there are reasons not to do it. She is more inclined to try it at the beach and not downtown. From a budget perspective it doesn't give the city a whole lot, but she is sensitive to the churn issue. It would also be easier for the police to enforce one location and not all.

*Ms. Townshend* stated the beach is used during evening, and therefore, restrooms are heavily used. They have just renovated the restrooms and there is the cost of staff to maintain. It could also be a cost recovery source.

*Chief Spell* stated the downtown would have a much higher occupancy rate during the two additional hours, and bad weather will reduce beach use.

*Councilperson Morgan* stated he feels they should extend the hours at both locations. He agrees with Ms. Osler on extending the hours, the convenience fee and not increasing the meter rates.

*Mayor Becker* agreed. He is very sensitive to the church's concerns but there are ways to address that. The downtown has very heavy use by restaurants during the evenings.

*Ms. Reamer* stated there is a big issue with parking in Lewes due to lack of inventory. She supports extending the meter hours.

**ACTION:** *Deputy Mayor Beaufait made a motion to charge a convenience fee for use of credit cards in the parking meters in the amount of 25¢, seconded by Councilperson Reardon.*

**ACTION:** *Councilperson Morgan made a motion to amend the motion for a 50¢ fee, seconded by Councilperson Osler.*

Mayor Becker called for the vote on the amendment.

**ACTION:** *Councilpersons Osler, Councilperson Morgan and Mayor Becker voted in favor of the amendment, Deputy Mayor Beaufait and Councilperson Reardon voted against the amendment. The amendment carried with a majority vote.*

Mayor Becker called for the vote on the motion with a 50¢ convenience fee.

**ACTION:** *4 voting in favor and Councilperson Reardon voting against. The motion carried with a majority vote.*

**ACTION:** Deputy Mayor Beaufait made a motion to extend the meter hours in the downtown district to 8:00pm, seconded by Councilperson Morgan. All voting in favor, motion carried.

**ACTION:** Councilperson Osler made a motion to extend the meter hours in the beach parking lots to 8:00pm, seconded by Councilperson Reardon. All voting in favor, motion carried.

Mayor Becker noted that the meter rates will remain unchanged.

**Lewes Fire Department Donation:** Mayor Becker introduced discussion on increasing the fire department's donation.

Councilperson Beaufait stated he would like to increase the donation to \$50,000 to show increased support to the fire department and they need to encourage the BPW to do the same.

Councilperson Morgan agreed the city needs to increase their donation. Inflation would be approximately \$6,000, but he is open to more.

Councilperson Reardon stated \$35-40,000 would be appropriate but he would agree to going with \$50,000.

Councilperson Osler stated she feels the \$30,000 donation is an arbitrary amount and figuring inflation on it would still be arbitrary. Two things made an impression from the fire department's presentation. The cost of their equipment is very high and is not tied to inflation. They are looking for a stream of income from the city and is something to bear in mind. She is not sure how to get the word to the city residents to increase their donations. Only 25% of the population has donated to the fire department and therefore, public education is really important. The city's donation hasn't increased in a while and it is a very important service. It would be a nice gesture to this volunteer organization to increase the city's donation to \$50,000 without losing site of finding a revenue stream. She agrees they need to encourage the BPW to increase their donation also.

**ACTION:** Deputy Mayor Beaufait made a motion to increase the city's donation to the Lewes Fire Department to \$50,000, seconded by Councilperson Osler. All voting in favor, the motion carried.

Councilperson Morgan stated he doesn't want to lose sight of considering an impact fee on new developments. Ms. Townshend agreed, and they will survey other towns to see what they are doing.

**City Employee Salary Increases:** There was discussion regarding salary increases to city employees. Mayor Becker stated for the past 6-7 years, employees have received a 3% increase which is well ahead of the cost of living. There is already a 1% increase included in the proposed budget. There was discussion at yesterday's meeting about giving lower paid employees an increase of a flat \$1,000 and the balance of employees would receive a 2 to 2½% increase. At the 2% level it would impact 12 employees.

Councilperson Reardon agreed with a flat amount of \$1,000 for lower paid employees and a 2-2 ½% increase for other employees.

Deputy Mayor Beaufait agreed with a 2 ½% increase because the city has been giving 3% increase for a number of years and he doesn't want to drop it too much. He favors the flat fee of \$1,000 to lower paid employees.

Councilperson Morgan requested clarification that next year they are looking into a lower base increase and then a merit increase where appropriate. Ms. Townshend agreed. This is currently what is being done by the BPW.

Mr. Morgan stated he doesn't want to tie council hands too much before they enter into the new system. He is OK with either 2 or 2½%.

Councilperson Osler stated since 2013 the employee raise has been 3%, which is well ahead of inflation. Going down to 2½%, would not be a disservice to city employees. The city has gotten employees through the Great Recession, which is a good thing. Inflation this year is anticipated to be around 2½% and she agrees with a minimum raise of \$1,000 guaranteed.

**ACTION:** *Deputy Mayor Beaufait made a motion to increase non-bargaining non-contractual city employee salaries 2½% with a minimum increase of \$1,000 to lower paid employees, Councilperson Osler seconded. All voting in favor, the motion carried.*

*Councilperson Morgan stated he would like them to consider applying the entire salary increase to be merit based, without an inflation increase for next year.*

**Capital Projects:** *Mayor Becker explained council agreed at yesterday's meeting to increase the Capital Projects budget by \$1,000 for maintenance of the new planting beds in 1812 Park, funds for the irrigation system in Canalfront Park and \$17,000 for the bump-outs on Second Street.*

*Council still needed to discussion the Lewes in Bloom donation. Lewes in Bloom has requested \$12,000 and the parks & recreation commission has requested \$15,000.*

*Councilperson Morgan questioned if there are any amounts paid to LIB for other services. Ms. Townshend explained they are reimbursed for planting materials in the individual park budgets and the city pays for watering. The street department will be watering along Second Street.*

*Councilperson Osler stated there is no doubt that LIB provides a tremendous service to the city. LIB requested \$12,000 assuming that is what they thought they needed, and the parks & recreation commission requested a donation of \$15,000. She questioned why they would give them more than requested.*

**ACTION:** *Deputy Mayor Beaufait made a motion to budget \$12,000 to Lewes in Bloom, seconded by Councilperson Reardon, all voting in favor, motion carried.*

**Beach Parking Lot Lighting:** *Mayor Becker stated the BPW is willing to take on the design and installation of the parking lot lights. They will require paying an engineer to ensure the lights are done correctly.*

**Christmas Decorations/Snowflakes:** *Ms. Townshend explained Darrin Gordon believes there needs to be a discussion about this before committing to more snowflakes due to the amount of staff time needed to put them up and take them down and where they could be located.*

**Contractor License Fees:** *Ms. McCabe explained a 20% increase in contractor license fees, which were last increased in 2009, would result in additional revenues of \$23,525 and a 50% increase would result in additional revenue of \$30,750.*

**ACTION:** *Councilperson Osler made a motion to raise contractor licenses fees by 20%, seconded by Councilperson Reardon. All voting in favor, the motion carried.*

**Employee Health Insurance:** *Ms. Townshend requested discussion of the payment of benefits for new employees, specifically having them pay for a portion of their health care insurance. This would be for new hire only, not for current city employees.*

*Mayor Becker stated this has been discussed several times. He spoke with different individuals and they were surprised that the city of Lewes is stilling pay for employee health insurance without an employee contribution to it and contributing to their 401K plan without requiring an employee match. Both of these things could be additions as they look at new hires.*

**ACTION:** *Councilperson Morgan made a motion that non-bargaining new hires as of April 1, 2019, would require a 20% individual employee contribution to the cost of their health insurance, seconded by Councilperson Osler. All voting in favor, the motion carried.*

*Councilperson Reardon left the meeting at 11:30am.*

**ACTION:** *Councilperson Morgan made a motion that for non-bargaining new hires as of April 1, 2019, the city will follow the State of Delaware Health Insurance in terms of Spousal Health Insurance Coverage, seconded by Councilperson Osler, all voting in favor, motion carried on a vote of 4-0.*

**401K Plan Employee Contributions:** There was discussion about employee contributions to their 401K plan. The city currently contributes 10% of an employee's annual salary into their plan and does not require an employee match.

*Ms. Osler* stated a 1% required contribution has been discussed in the past, but the question is should the city mandate it.

*Mr. Morgan* stated he has never heard of it being mandated but could it just be the default? He understands having a match requirement but is not sure about mandating a contribution. Would the contribution be a match to the city's contribution? *Mayor Becker* clarified it could be a condition of the match.

*Ms. Townshend* suggested agreeing on the concept and then give it to the city solicitor to review.

*Ms. Osler* stated she is not willing to take that step at this point. She doesn't necessarily agree that an employee needs to have "Skin in the Game". She thinks they need to do a much better job of explaining to city employees what the city's compensation package is. 10% is a very generous contribution but the employee doesn't see it and therefore, may not appreciate it. She would prefer an educational approach and encourage voluntary contribution as opposed to mandating. We don't know to what extent an employee is living paycheck to paycheck and taking away 1% could make a big difference.

*Ms. Townshend* stated they have spoken with the city's investment representative to come in to do some educational sessions with employees. She would do some general overview of saving for retirement.

*Mr. Beaufait* stated he has always been required to pay a percentage into a retirement plan. It gives the employee ownership and it is not just an entitlement. He would agree to a contribution by the employee.

*Ms. Osler* stated she agrees when it comes to a defined pension plan, but this is not a pension plan, it is a 401K.

*Mr. Morgan* stated he would support a contribution by an employee. He proposed they require a 1% contribution by the employee to their retirement plan as a condition of the city's 10% match and would make the 1% an opt out provision so that they know if they don't contribute the 1%, they won't get the 10%. This has been found to be very effective.

*Ms. Osler* stated it is affective because it would be outrageously punitive. *Mr. Morgan* disagreed, this is offering the employee 10% if they will contribute 1%. They would never know if an educational component is encouraging an employee to contribute. This would only apply to new hires. *Ms. Osler* stated it is very punitive to tell an employee that they have to contribute 1% or they will not get the 10%.

*Mr. Beaufait* suggest the if an employee does not want to contribute 1%, then the city will only contribute 9% instead of 10%.

*Ms. Osler* stated she could go with that, but she still feels it is better to educate people first.

*Mayor Becker* stated he believes education is very important, but they are talking about prospective employees, not current employees.

After discussion, *Mayor Becker* suggested the city would contribute 9% and if the employee should elect to contribute at least 1%, then the city would increase their contribution to 10%.

*Ms. Osler* stated she would agree to this.

**ACTION:** *Deputy Mayor Beaufait made a motion that for new hires, effect April 1, 2019, the city would offer a 9% contribution to the employee's 401K Pension Plan, and if the employee elects to contribute a minimum of 1% then the city would increase its contribution to 10%, as an opt out provision, seconded by Councilperson Morgan. All voting in favor, the motion carried with a vote of 4-1, Councilperson Reardon was absent.*

**Police Department:** *Chief Spell* distributed and reviewed a memo regarding the police fleet.

*Councilperson Morgan* stated he feels the police department needs to continue with the current fleet and not purchase a new vehicle.

*Chief Spell* disagreed. The maintenance costs will only increase on older vehicles. It is a function of the job that vehicles are used more. Last year council only approved one additional vehicle which still put them below what they should be in terms of the police vehicles. This would put them even further behind.

*Ms. Townshend* stated there is a vehicle that will be delivered in this year's budget.

*Councilperson Morgan* stated he understands they get wear, but those vehicles could be used as back up.

There was discussion about rotating older vehicles with vehicles that get less use.

*Deputy Mayor Beaufait* stated he feels they need to listen to the chief and stop micromanaging. He is uncomfortable with this discussion and disagrees with trying to manage the police department's fleet.

*Councilperson Morgan* stated council is responsible for the budget and the police department represents 24% of that budget. It shouldn't be delegated to the chief. He would appreciate an attempt to look for economies in the police fleet.

*Councilperson Osler* stated she is concerned that the police department has only been able to maintain 2 officers on patrol 57% of the time, despite having staffing levels at 100%. This concerns her and she needs to understand this better. She supports the police, but she needs to understand where 25% of budget is the going.

*Chief Spell* stated this is not atypical of any organization, certainly not the police.

*Councilperson Osler* stated this is not in line with what she thought was going on and will be a topic for future discussion so she can understand.

*Councilperson Morgan* questioned how much will need to be transferred from the reserves to balance the budget? *Ms. McCabe* stated the budget may be balanced or have some surplus.

There being no further discussion, the meeting adjourned at **12:02pm**.

Minutes submitted by

Alice M. Erickson  
Recording Secretary