

**Minutes of the
New Castle County Financial Advisory Council**

New Castle County Government Center – April 9, 2014

Attendance:

Member	Present
Richard F. Davis	Yes
George Danneman	Yes
Glenn Kocher, Jr.	Yes
Joseph Larotonda	Yes
Mark Oller	Yes
Jill Floore	Yes

Members in Attendance: 6

Members Absent: 0

Others Present: George Smiley, Dave Del Grande, Russ Morris, Bob Wasserbach, Mike Coupe, Ed Milowicki, Joanna Finnigan

Opening Business:

Chairman Rich Davis called the meeting to order at 8:09 a.m. Mr. Kocher made a motion to approve the minutes from the February 18, 2014 meeting, Mr. Oller seconded the motion, and the minutes were approved as submitted.

FY2014 General and Sewer Fund Revenue Activity a/o March:

Mr. Morris reviewed the NCC's General and Sewer Funds Revenue Summary as of March 31, 2014 (Exhibit A) and FY 2014 Revenue Changes (Exhibit B). The General Fund continues to improve and the Sewer Fund is a little lower than last time. We are now at almost \$6 million over budget for the General Fund revenue estimate at \$170,853.0 and the vast majority of that is from RTT.

General Fund

Real Estate Taxes is up \$200.0 which is due to Fisker. Original revenue estimates had Fisker with the abatement in it and when they failed to pay their taxes they incurred penalty and lost the abatement. When the property was sold recently and the back taxes paid we recovered all the back taxes plus the penalty which totaled around \$200.0 above what we had originally estimated we were going to receive.

We are doing very well in Real Estate Transfer Tax so far this year. We are \$5 million over last year at the same time in collections. This could very easily be much more.

Service Charges are down overall \$481.5 which includes a couple of big changes. Deeds are down and Wills have increased. There are other miscellaneous changes in fees. Overall, the big change was Deeds. Subdivision Review is streaky. No large plans have come through this year.

Licenses and Permits are up \$250.0 due to marriage licenses. This continues to be related to civil unions being converted to marriages.

Sewer Fund

Still in the wait and see on the residential sewer. Everything has been pushed back with residential sewer. Nonresidential in the most recent quarter was below expectations but some of that has come in during the past week. Everything will also be pushed back with Delinquent

Sewer. Things are coming in during different quarters and some might be pushed back to FY2015.

In summary, for the General Fund we are projecting a \$5,991.2 surplus and on the Sewer Fund we are projecting a deficit of \$2,045.9.

Exhibit A – Charts

RTT Revenue – Consistently above budget in every month except one.

Sheriff Revenue Average – Staying close to budget line. There are fewer setups but a higher percentage of sales due to mortgage mediation program.

Recorder of Deeds Revenue – Dropped because of decrease in refinancing. Only business they are seeing are from the real estate market.

Subdivision & Zoning Review Revenue – This has not picked up in the third quarter.

Building Permit Revenue – Fairly strong numbers in residential construction. Lagging in nonresidential construction.

FY2015 General and Sewer Funds Revenue Summary:

Mr. Morris reviewed NCC's General and Sewer Funds Revenue FY 2015 Summary (Exhibit C). The FY2015 General Fund Revenue Budget is \$171,934.1, which is \$1,081.0 over the FY2014 estimate. The FY2015 Sewer Fund Revenue Budget is \$72,344.3., which is \$1,080.0 over the FY2014 estimate.

General Fund

Real Estate Taxes – Right now we're projecting \$109,150.0 in our Initial Levy & Quarterly Adds, \$900.00 in Prior Year and \$498.0 in Tax Penalties, projecting a total of \$110,548.0. This is only \$683.0 more than current year. It's fairly safe and secure but doesn't grow very fast. Councilman Smiley noted that Council placed exemption on the company instead of the property.

Real Estate Transfer Tax – Budget is for \$22,500.0 which is 90% of \$25 million. Ordinance says we can only budget at 90% of what we expect it to be. Ordinance states that you can budget no more than 90%. Mr. Oller questions if we should budget even more conservatively than 90%. The number of transactions under \$1 million has increased and so even if some of the big sales fall through we should stay close to the \$25 million mark. Anything over that mark goes into the Capital Budget.

Service Charges/Fees – Most of these are very small increases over the current year estimate. One of the areas with a decrease is Wills because we do not expect to see large estates getting settled every year. Deeds is lower than current budget but higher than the estimate. Monition Fees are part of a fee charged in setting up the Sheriff sales.

32.29

Recreation – Biggest difference is Carousel where that goes down \$120.0 because we are treating board fees for the mounted patrols slightly differently. In the past Public Safety has paid a boarding fee to board the horses at Carousel and now it's going to be a cross charge so

it's only an administrative change. This is in line with our other practices for fleet and IS charges.

Use of Money & Property – Impact Fees are fees on building permits which are being used for the General Fund to pay for debt service on capital projects like libraries. They are being used to pay the debt associated with capital projects. It has not shown up before because it has not been that much. Interest and Investments has a small increase over current year budget of \$100.0, in line with actuals received in 2013. Interest from Row Offices have mostly been reduced.

Rentals, Concessions & Sales – Building Rental for City of Wilmington is down \$100.0 for this year only because there was a late payment made in FY2013 which makes it look low but it was received in FY2014 and so now it is going back to normal. Land Rental includes estimated revenues for rentals to companies to build cell phone towers on county land. We have a signed contract with a company that is exploring that now so this assumes nine months of land rental.

Intergovernmental Revenues – Paramedic Reimbursement is simply calculated based on the expenses anticipated next year and calculating 30% and there are 7 new paramedics that have been added.

Miscellaneous Revenues – Insurance Proceeds is from receiving settlements from Workers Comp, Catastrophic Healthcare, Stop Loss, etc.

Transfers – Estimated Transfers is estimated dollars that we will be using to pay for fleet, computer purchases, and other equipment.

These revenues reflect our current fees and taxes. State may scale back the transfer tax or the paramedic reimbursement. Our budget has to be approved by June 1 and the State's budget has to be approved by July 1. What the State decides could affect our current revenue stream. We are exempt from the gas tax.

Sewer Fund

No fee increase is anticipated or built into these revenue estimates. The \$3,500.0 in delinquent charges is probably three quarters residential and one quarter commercial. We do not carry nonresidential delinquent very long. Very small increase of \$424.2 on the current and that is about a 50-50 split between residential and nonresidential. Stormwater/Groundwater has seen a drop this year but we are going back to more historical numbers. There are proposals to change the fee structure for Septic Waste Haulers with the intention of a lower fee generates more business and more revenue. Treatment Expansion Fees for costs associated with the City of Wilmington Treatment Plant paying for direct improvements to that plant. RZEDB are Recovery Zone Bonds from the federal government. The Sewer Fund Revenue Subtotal before the Capital Projects Fund is \$72,344.3. There is a transfer from the revenues to the Capital Fund to pay for equipment and that transfer this year is going to be \$1,337.4. The number we are certifying is the \$72,344.3.

Light Tax Fund

Right now we are looking at \$5,310,491 with delinquents, and we will be using some available surplus from within the Light Tax Fund. Delmarva tells us what the rates are going to be. Our goal is to keep \$100.0 in the Fund at the end of each year in order to cover expenses.

Crossing Guard Fund

Separate fee that changes between school districts depending on how many crossing guards each district requests. The available surplus is only from within the Crossing Guard Fund.

Approval of FY2015 General and Sewer Fund Revenue Forecast:

Mr. Danneman made a motion to approve the New Castle County FY2015 revenue estimates of \$171,934.1 for the General Fund and \$72,344.3 for the Sewer Fund. Mr. Larotonda seconded the motion and they were unanimously approved.

It was noted that the numbers certified here will be the numbers County Council will use for approving their budget.

FY2014 General and Sewer Fund Expenditure Activity A/O March and Forecast:

Mr. Del Grande reviewed the FY2014 Budget vs. FY2014 Estimated as of March 31, 2014 (Exhibit D).

General Fund

Since we met there have been no changes with the size of the budget. There have been several ordinances passed since July 1 that have adjusted the budget. Based on today's numbers we are anticipating an overall surplus to the General Fund of \$3 million comprised solely of salaries and wages. We are about \$1.0 million under budget there due primarily to vacancies. As of today we are carrying about 125 vacancies in both the General Fund and Sewer Fund combined. Council approved the hiring of 7 additional paramedics and 5 additional police officers. There are 50 new police vehicles on the road. Total for the General Fund is at \$3.0 for the year. There is an ordinance being introduced to County Council for Special Services to add roughly \$400,000 for salaries and materials and supplies for expenses incurred due to the snow this winter. There was a lot of overtime incurred.

Sewer Fund

Sewer Fund is running consistent right now. Budget of \$72.3 passed. Savings are generally in the same areas. The City of Wilmington came in with the true up costs for the wastewater treatment plant that the County should be contesting due to some costs that were not notified properly. In total we are looking to save about \$1.5 at the end of this year compared to our budget.

Mr. Del Grande reviewed the FY2014 Budget vs. FY2015 Recommended as of March 31, 2014 (Exhibit D).

General Fund

Overall our recommended budget to Council is \$172.6 million for the General Fund, which is a \$5.7 million increase over the FY2014 approved budget. This increase is primarily due to salaries and benefits including new personnel and merit increases. The County Executive and County Council also support increasing the minimum wage to \$10.10 per hour. There was an Employee Benefit increase to 51.3% of full time wages, which is an increase from 50.9% in FY2014. The employee training budgets have increase across all departments. Contractual Services is up \$1.3 million due to Land Use asking for an additional \$400K for planning support; \$100K for instructor fees; \$400K for the EMS instructional class; and \$200K for

Information Systems. Contingencies have gone up 50% primarily due to the County Executive launching a Heroin Program initiative that will come entirely from Public Safety. Some of the 125 vacancies are unfunded. 5 new police officers are from a federal grant. The 7 paramedics are an overfill right now and will be coming off because other people will be retiring. 24 unfunded positions in the budget for FY2015.

Sewer Fund

The Sewer Fund is only going up \$0.1 for FY2015. The main difference is Employee Benefits going up \$0.1 because of the employee benefit rate increase.

Other Business:

The next meeting will be Wednesday, September 10, 2014 at 8:00 a.m. at the Government Center in the Large Executive Conference Room.

Mr. Kocher stated that this would be his last meeting as he is letting his appointment expire.

There being no further business, Chairman Davis adjourned the meeting at 9:27 a.m.