

**Minutes of the  
New Castle County Financial Advisory Council  
New Castle County Government Center – Large Executive Conference Room  
November 9, 2016**

**Attendance:**

<b>Member</b>	<b>Present</b>
Richard F. Davis	Yes
Owen Mathews*	Yes
Jill Floore	No
Joseph Larotonda	No
Michael Ferretti**	Yes
Mark Oller	Yes
Lynette Scott	Yes

**Members in Attendance:** 5

**Members Absent:** 2

**Others Present:** Ron Russell, Mike Kapa, Mike Coupe, Russ Morris, Ed Milowicki, Ken Porter, Matthew Meyer, Maria Sacco, Bob Wasserbach, Rinku Banerji, Joanna Finnigan

\*Arrived at 8:24 a.m.

\*\*Arrived at 8:29 a.m.

**Opening Business:**

Chairman Rich Davis called the meeting to order at 8:20 a.m. Due to a lack of quorum at the start of the meeting, the approval of the minutes from the September 13, 2016 meeting was delayed until 8:35 a.m., at which time the minutes were approved as submitted.

**General and Sewer Fund Revenue by Major Categories for FY2017:**

Mr. Morris reviewed the details of Exhibit A – New Castle County General and Sewer Funds Revenues Summary as of October 31, 2016. He indicated that there had not been many significant changes since the June 30, 2016 report presented at the September meeting.

Real Estate Taxes were up \$2.2 million over the same time last year, but that is mostly a matter of timing.

Due to several large sales, RTT remained strong, up \$1 million over last year. As a result, the FY2017 estimate for RTT has been increased \$500,000 to \$26.5 million.

New Castle County's General Fund Revenue as of October 31, 2016 – \$181,469.6

Overall, General Fund revenues were \$5.8 million over last year, due almost entirely to the timing of Real Estate Taxes and stronger RTT.

New Castle County's Sewer Fund Revenue as of October 31, 2016 – \$73,016.1

**General and Sewer Fund Expenditures FY2017 Budget vs. FY2017 Estimated:**

Mr. Milowicki reviewed the details of Exhibit B – New Castle County's General and Sewer Fund Expenditures FY2017 Budget vs. FY2017 Estimated as of October 31, 2016.

There were no major variances in expenditures from the approved budget. Mr. Milowicki noted that most labor unions have newly ratified contracts. Some are awaiting Council approval. Most are three-year contracts which contain a 1% increase retroactive to April 1, 2016, a 2% increase as of April 1, 2017, and a 2% increase as of April 1, 2018. There were no changes to

healthcare coverage. Depending on how the retroactive payments made this year affect the budget, we may need to go to Council in the last quarter of the year to request an increase in Salaries & Wages line in both the General and Sewer Funds.

Mr. Milowicki noted that we are in the process of wrapping up negotiations with the City of Wilmington for our waste water treatment costs. Currently, last year's budget for Communications and Utilities was rolled over for FY2017. Depending on the outcome of the negotiations, budgetary action might be needed to cover an increase in that line item, or there may be some savings to report in that line item.

Mr. Coupe mentioned that the last debt issue occurred in 2014. Normally, bond sales occur every other year, so the next bond sale would take place in February or March 2017. New rates are not estimated because proposed rate changes are short-term.

Mr. Milowicki noted any debt issue occurring in January or February would not require payment until FY2018, so it would not affect the FY2017 budget. Also, there may be an opportunity for savings through refinancing.

### **General and Sewer Fund Cash Flow Projections (Checkbook):**

Mr. Milowicki reviewed the General and Sewer Fund Cash Flow Projections as of September 30, 2016 (Exhibit C). This is a four-year financial model for Fiscal Years 2017 through 2020. The projections assume no property tax or fee increases, and no State action. Mr. Milowicki noted that State Legislation was passed in the last General Assembly that a committee would be created in January to look at the relationship between the State and the Counties regarding services and revenues. The status of the transfer tax and the profitable row offices might be considered.

In the General Fund, with no tax or fee increases, and no State action, the Available Financial Reserve (Tax Stabilization Reserve or TSR) would be drawn down to fund the FY2018, FY2019, and FY2020 budgets. During that same period, the Rainy Day Reserve Fund would increase by \$500,000 each year. At the end of FY2020, the TSR would be at \$3.2 million, and the Rainy Day Reserve Fund would be at \$37.5 million, for a total in Reserves of \$40.7 million.

The projections include the rates established by all of the newly negotiated contracts.

In the Sewer Fund, with no tax or fee increases, and no State action, the Available Financial Reserve (Tax Stabilization Reserve or TSR) would be drawn down to fund the FY2018, FY2019, and FY2020 budgets. During that same period, the Rainy Day Reserve Fund would increase by \$300,000 each year. At the end of FY2020, the TSR would be at \$3.5 million, and the Rainy Day Reserve Fund would be at \$16.1 million, for a total in Sewer Fund Reserves of \$19.6 million.

### **Other Business:**

The NCCFAC members in attendance signed the Memo to Executive, Council and CFO signifying the information reviewed at this meeting.

**Schedule Date for Next Meeting:**

The next meeting will be Tuesday, February 14, 2017 at 8:15 a.m. at the Government Center in the Large Executive Conference Room.

Rich Davis and Lynette Scott will not be in attendance at the February meeting. Mark Oller will chair the meeting in the absence of Mr. Davis.

There being no further business, Chairman Davis adjourned the meeting at 8:49 a.m.