

**Minutes of the
New Castle County Financial Advisory Council
New Castle County Government Center – Large Executive Conference Room
March 13, 2018**

Attendance:

Member	Present
Richard F. Davis	No
Owen Mathews	Yes
Jill Floore	No
Mark Oller	Yes
Lynette Scott	No
Michael Ferretti	No
Edward Milowicki	Yes
Julie Pfeffer	No

Members in Attendance: 3

Members Absent: 5

Others Present: George Smiley, Dave Gregor, Vicki Ford, Russ Morris, Ken Porter, Bob Wasserbach, Rinku Banerji, Joanna Finnigan, Joe Szczechowski

Opening Business:

Acting Chairman Mark Oller called the meeting to order at 8:21 a.m. Due to a lack of a quorum, the approval of the minutes from the December 12, 2017 meeting was deferred.

General and Sewer Fund Revenue by Major Categories for FY2018:

Russ Morris reviewed the details of Exhibit A – New Castle County’s General and Sewer Funds Revenues Summary as of February 28, 2018.

He noted that he also provided a Word document that highlighted major changes since the Board’s last meeting in December.

In the General Fund, they included the following:

Property Taxes

There are no additional changes. We are tracking slightly ahead of where we expected to be at the end of February, but the balance of the Current Year unpaid taxes is lower than the same time in FY2017.

Realty Transfer Tax

The estimate has been increased by an additional \$1.5 million. Even though we aren’t seeing any very large sales, there are enough sales over one million and base level sales to exceed our minimum expectations. Since \$35 million was a conservative estimate, we can increase the RTT estimate to 36.5 million.

Sheriff

There are no additional changes. The Sherriff’s Office is projecting a higher number for FY2018, so this could increase by the end of the year.

Deeds

There are no additional changes. The Recorder of Deeds Office is projecting a lower number for FY2018, so this number could decrease by the end of the year.

Library Fines

The estimate has been decreased by \$0.1 million to reflect tracking.

Miscellaneous Revenues

The estimate has been decreased by \$0.2 million to reflect tracking.

Insurance Proceeds

The estimate has been increased by \$1.2 million to reflect revenue already received.

Building Permits

The estimate has been decreased by \$0.6 million to reflect tracking.

Overall, in the General Fund, FY2018 year-to-date revenues through February are \$169,523.3 – up \$7,477.0, or 4.6%, compared to the same time period in FY2017.

There were fewer changes to revenue in the Sewer Fund. They included:

Current Year Sewer

Based on the preliminary numbers for February, it looks like Residential Sewer and Contract Sewer are slightly down compared to last year. However, Commercial Sewer and Industrial Sewer are higher than last year. Over all, we may be slightly ahead for Current Year Sewer, but it is too early to make any changes.

Delinquent Sewer Fees

The estimate was increased by \$0.9 during the first half of the year and we continue to track above FY2017. This could go higher depending on the timing of the response from mortgage companies to delinquent sewer notices that will be mailed later in the year.

Interest

The estimate has been increased to reflect tracking.

Overall, in the Sewer Fund, FY2018 year-to-date revenues through February are \$52,804.1 – up \$913.0, or 1.8%, compared to the same time period in FY2017.

Mr. Morris reviewed the details of the line items in Exhibit A, pages 2 – 5.

Of note, in the General Fund RTT assumptions are at \$36.5 million due to several very large commercial transactions.

The volume of Sheriff Sales has increased, but we expect it to level off in the second half of the year. For Recorder of Deeds, property sales are up, but property refinancing is down. There was a \$400.0 decrease in Impact Fees.

In the Sewer Fund, Delinquent Charges are now projected at \$900.0 over budget. This was due to one mortgage company sending its delinquent sewer payments in August, after the start of the new fiscal year. Groundwater/Stormwater was increased \$100.0 to reflect year-to-date revenues.

Total FY2018 General Fund revenues are projected at \$186,230.2.

Total FY2018 Sewer Fund revenues are projected at \$73,692.3.

Mr. Morris then reviewed the details of the charts found in Exhibit A, pages 6 – 11.

General and Sewer Fund Revenue by Major Categories for FY2019:

Mr. Morris noted that the information provided in Exhibit B – General and Sewer Fund Revenue by Major Categories for FY2019 – would be presented to the board members as an advisory, since a quorum was not present to officially certify the numbers. There was some discussion as to how the board should proceed. It was decided that the three members present would certify the information and then it would be determined if that certification could be officially accepted.

Mr. Morris reviewed the details of the line items in Exhibit B. He noted that Real Estate Taxes are projected to increase by 2%. In Current Year collections, we do not anticipate the large credits that were a factor in FY2018. Prior Year collections should be better than average due to two initiatives – one that will go after older property tax delinquent cases; and a second that will take vacant houses to Sheriff Sale so that property taxes can be recouped. Councilman Smiley noted that the initiative will also target vacant commercial properties.

Mr. Morris noted that there were several demolitions of industrial properties that reduced that tax base. According to the current tax certification, we have regained that assessed value. There was some discussion regarding how use affects assessed value of industrial properties.

Mr. Morris continued reviewing the details of the line items found on pages 2 – 4 of Exhibit B.

Total FY2019 General Fund Revenues are \$186,865.7.

In the Sewer Fund, Mr. Morris noted that there are very few changes. Projections are based on no rate increases and current calculation methodology.

There has been only very small growth in Current Sewer Charges. At the residential level, even as more houses are added, total sewer usage has either remained the same or decreased due to the use of low-flow showers and more efficient washing machines. The small increases have come from the commercial and industrial side.

Total FY2019 Sewer Fund Revenues are \$70,420.1.

General and Sewer Fund Expenditures for FY2018 and Succeeding Fiscal Years:

David Gregor reviewed Exhibit C – General and Sewer Fund FY2018 Budget vs. FY2018 Estimate. He noted that in both the General and Sewer Fund Estimates, there was some modest savings in Salaries & Wages due to vacancies. In the General Fund, these were offset by increased healthcare costs.

Mr. Gregor then reviewed Exhibit D – General and Sewer Fund Projections as of 2/28/2018 for Fiscal Years 2018-2021. He noted that in both the General and Sewer Funds, revenues are relatively flat, while expenditures are growing at approximately 4% annually. Both scenarios project the depletion of the Stabilization Reserves by FY2020 and the Rainy Day Reserves by FY2021.

Memorandum:

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

NCCFAC 2017 Annual Report:

Owen Mathews made a motion that the NCCFAC members in attendance approve to submit the 2017 Annual Report. The motion was seconded by Ed Milowicki and unanimously approved.

Schedule Date for Next Meeting:

The next meeting date will be Tuesday, May 8, 2018 at 8:15 a.m. at the Government Center in the Large Executive Conference Room.

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