

**Minutes of the
New Castle County Financial Advisory Council
New Castle County Government Center – Large Executive Conference Room
March 21, 2019**

Attendance:

Member	Present
Richard F. Davis	No
Kayode Abegunde*	Yes
Michael Butler	No
Michael Ferretti	No
Jill Floore	Yes
Owen Mathews	No
Edward Milowicki	Yes
Mark Oller	Yes
Ronald Simms**	Yes

Members in Attendance: 5

Members Absent: 4

Others Present: David Gregor, Vicki Ford, Russ Morris, Bob Wasserbach, Rinku Banerji, Lynne McIntosh, Joanna Finnigan, Joe Szczechowski

*Arrived at 8:09 a.m.

**Arrived at 8:12 a.m.

Opening Business:

Acting Chairman Mark Oller called the meeting to order at 8:06 a.m. Since there was no quorum present at the start of the meeting, the approval of the December 12, 2018 meeting minutes was deferred until later in the meeting.

General and Sewer Fund Revenue by Major Categories for FY2019:

Russ Morris reviewed the details of Exhibit B – General and Sewer Funds Revenues Summary as of February 28, 2019. He noted that the summary page includes columns for the original 2019 Budget (B), the November 2018 Estimate (C), the February 2019 Estimate (D), comparisons of the November and February Estimates in dollars (E), the February Estimate and 2019 Budget in dollars (F), and the February Estimate and 2019 Budget by percentage (G).

The Realty Transfer Tax (RTT) projection was decreased \$1 million since February due to fewer large sales compared to last year. The Service Charges projection decreased by \$562,000, Licenses and Permits increased by \$180,000 and Use of Money and Property increased by \$797,000. The Intergovernmental Revenues estimate increased by \$1.2 million, largely due to the paramedic reimbursement. The Total General Fund projection as of February 2019 shows an increase of \$255,800 over the original 2019 Budget.

In the Sewer Fund, the Sewer Current projection was increased \$1.3 million over the original Budget due to industrial and commercial doing better than expected. There were increases in the projections for Other Fees (\$444,600) and Use of Money and Property (\$180,000). The Total Sewer Fund projection as of February 2019 shows an increase of \$1.9 million over the original 2019 Budget.

Approval of Minutes

At 8:12 a.m. with a full quorum present, Acting Chairman Oller asked for a motion to approve the minutes from the December 12, 2018 meeting.

Ed Milowicki made a motion to approve the minutes from the December 12, 2018 meeting. Kayode Abegunde seconded the motion, and the minutes were approved as submitted.

General and Sewer Fund Revenue by Major Categories for FY2020:

Russ Morris reviewed the details of Exhibit A – General and Sewer Funds Revenues FY2020 Summary. He noted that the FY2020 Estimate does not include any pending fee increases. Mr. Milowicki noted however, that the Real Estate Taxes line in the General Fund does reflect the already-legislated expiration of a one-time 7.5% credit.

Mr. Morris noted that the Realty Transfer Tax estimate of \$32.5 million (\$30.8 million at the mandated 95% estimate) reflects a small increase over the current FY2019 Estimate due to an anticipated increase in the base. Mr. Oller raised a concern that since RTT was decreased in FY2019, he would expect it to remain flat in FY2020. There was some discussion among the group regarding the rationale for the anticipated base increase.

Mr. Morris continued reviewing the line items in the General Fund. The total General Fund Revenue Estimate is \$205,221.2, which is \$9,898.3 over the current FY2019 Estimate.

In the Sewer Fund, Mr. Morris noted that overall there is a slight increase over the current year estimates. Mr. Morris continued to review the details of the other Sewer Fund line items in Exhibit A. Overall, the FY2020 Revenue projections in the Sewer Fund are \$81,963.1. Interfund Transfers are \$2,792.6, so net Sewer Fund Revenues are \$79,170.5.

Starting on page 2 and continuing through page 4 of Exhibit A, Mr. Morris reviewed the details of the line items in the FY2020 General and Sewer Funds Revenues.

Approval of FY2020 Revenue Forecast:

Mr. Oller reviewed the FY2020 Revenue Forecast presented to the New Castle County Financial Advisory Council for certification:

General Fund – \$209,967.0*
Sewer Fund – \$81,963.1

*Included in the FY2020 General Fund Revenue Forecast amount is \$30,875.0 for RTT. This is 95% of the FY2020 estimated RTT of \$32,500.0.

The five board members present all voted in favor of certifying the FY2020 Revenue Forecast as presented.

Memorandum

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

NCCFAC 2018 Annual Report:

Mr. Oller gave the members a moment to review the NCCFAC 2018 Annual Report as submitted. He asked for a vote in favor of its approval and the vote was unanimous.

General and Sewer Fund Expenditures for FY2019 and Succeeding Fiscal Years:

Mr. Oller had to leave the meeting at 9:55 a.m., so he suggested that the time remaining be used to cover expenditures.

Mr. Morris reviewed Exhibit C – General and Sewer Fund FY2019 Budget vs. FY2019 Estimate as of February 28, 2019. He noted that in both the General and Sewer Fund Estimates, there was an estimated surplus in Salaries & Wages due to vacancies. In the General Fund, the estimate was \$1.7 million; and in the Sewer Fund, the estimate was \$1 million.

In the Sewer Fund, the Communications/Utilities line item estimate shows a \$4.6 million deficit due to the pending City of Wilmington true-up and capital costs for FY2017 and FY2018.

David Gregor then reviewed Exhibit D – General and Sewer Fund Projections as of 2/28/2019 for Fiscal Years 2019-2022. He noted that in both the General and Sewer Funds, revenues are relatively flat, while expenditures are growing at approximately 4% annually. Under the current scenario, the General Fund Tax Stabilization Reserve would be depleted by over 50% by FY2022. There are several issues which could significantly impact that scenario, including on-going collective bargaining and reassessment.

In the Sewer Fund, the main issue is the lack of an agreement with the City of Wilmington regarding the outstanding true-ups. He noted that serious consideration is being given to exploring a different rate structure.

There was some discussion among the group regarding possible measures for dealing with the impending projected FY2022 shortfalls.

Schedule Date for Next Meeting:

The next meeting will be Tuesday, May 14, 2019 at 8:15 a.m. at the Government Center in the Large Executive Conference Room.

There being no further business, the meeting was adjourned 9:15 a.m.