

**Minutes of the
New Castle County Financial Advisory Council
New Castle County Government Center – Large Executive Conference Room
May 14, 2019**

Attendance:

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

Members in Attendance: 5

Members Absent: 4

Others Present: George Smiley, David Gregor, Russ Morris, Bob Wasserbach, Rinku Banerji, Lynne McIntosh, Joanna Finnigan, Karen Gordy, Kathy Young, Joe Szczechowski

*Arrived at 8:22 a.m.

**Arrived at 8:38 a.m.

Opening Business:

Acting Chairman Mark Oller called the meeting to order at 8:20 a.m. Due to a lack of a quorum at the start of the meeting, the approval of the minutes from March 21, 2019 was deferred until later in the meeting.

General and Sewer Fund Revenues by Major Categories for FY2019:

Russ Morris reviewed the details of Exhibit A – New Castle County’s General and Sewer Funds Revenue Summary as of April 30, 2019. He noted that the exhibit includes columns for the original 2019 Budget (B), the February 2019 Estimate (C), the April 2019 Estimate (D), comparisons of the February and April Estimates in dollars (E), the April Estimate over the 2019 Budget in dollars (F), and the April Estimate over the 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. It is now \$2 million below the original estimate. Real Estate Taxes were decreased by \$110,000 but are still \$90,000 over the original estimate. Since the February estimate, the Service Charges projection increased by \$273,000, Licenses and Permits decreased by \$30,000, Use of Money and Property increased by \$257,000, and the Intergovernmental Revenues estimate increased by \$100,000. The Total General Fund Revenue projection as of April 2019 shows a decrease of \$354,400 under the original 2019 Budget.

In the Sewer Fund, the estimate for Sewer Delinquent revenues was increased \$300,000 since February. There was also an increase of \$184,400 in other fees. Overall, the Total Sewer Fund Revenue projection as of April 2019 shows an increase of \$2.4 million over the original 2019 Budget.

Mr. Morris continued reviewing the details of the General and Sewer Funds Revenues, found on pages 2 – 4 of Exhibit A. Overall, the final net General Fund Revenues estimate as of April 20, 2019 is \$194,548.0, which is \$354,400 less than the original Budget Estimate. The final net Sewer Fund Revenues estimate as of April 30, 2019 is \$79,728.7, which is \$2,408.9 more than

the original Budget Estimate, primarily due to Current, Delinquent, and Stormwater collections. Mr. Morris reviewed the remainder of Exhibit A (pages 5 to 9), which included supporting and historic charts and graphs.

General and Sewer Fund Expenditures for FY2019:

Mr. Morris reviewed the details of Exhibit B – New Castle County’s General and Sewer Fund Expenditures FY2019 Budget vs. FY2019 Estimate as of April 30, 2019.

In the General Fund, Mr. Morris noted that overall projected savings are \$9.3 million. Savings of \$2.8 million are projected for Salaries and Wages due to position vacancies. Additional savings of \$5.4 million are projected in Employee Benefits due to reduced workers compensation costs and reduced health insurance costs.

In the Sewer Fund, Mr. Morris stated that overall projected savings are \$2 million. Savings of \$1 million are projected for Salaries and Wages due to position vacancies. Additional savings of \$800,000 are projected in Employee Benefits due to reduced workers compensation costs and reduced health insurance costs. He also noted that the City of Wilmington had not yet submitted its true-up for FY18, so no expense was anticipated for the rest of the current fiscal year.

Approval of Minutes:

At 9:10 a.m. with a full quorum present, Acting Chairman Oller asked for a motion to approve the minutes from the March 21, 2019 meeting.

Ed Milowicki made a motion to approve the minutes from the March 21, 2019 meeting. Ronald Simms seconded the motion, and the minutes were approved as submitted.

FY2020 Budget Overview:

Chief Financial Officer David Gregor presented Exhibit C – New Castle County Fiscal Year 2020 Recommended Budgets Overview. He noted that the exhibit was an updated version of a presentation made to Council’s Finance Committee. He stated that the main purpose of the report was to present this year’s budget in the context of a broader three- or four-year outlook. Mr. Gregor noted that New Castle County was going to be selling bonds the next day, but the sale was associated with authorizations that have already occurred.

Mr. Milowicki congratulated the County Administration and the Office of Finance for attaining reaffirmation of the AAA Bond Rating from all three rating agencies.

General and Sewer Fund Revenue by Major Categories/Expenditures for FY2019 and Succeeding Fiscal Years:

Mr. Gregor reviewed the details of Exhibit D – General and Sewer Fund Financial Projections As of 4/30/2019 for Fiscal Years 2019-2022. He noted that in the General Fund, Property Tax Revenue for FY2020 reflects the 7.5% rate increase, accounting for a jump of approximately \$10 million. In FY2021 the projection returns to 1% annual growth.

The short-term outlook in both the General and Sewer Funds improved somewhat due to the cost savings in Personnel and Benefits. The long-term outlook, however, remains largely

unchanged, projecting significant depletions of our reserves starting in FY2022. Mr. Gregor stated that the Administration will not wait to consider proposals to address the situation.

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.

Schedule Date for Next Meeting:

The next meeting date will be Tuesday, September 10, 2019, and will take place 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 9:30 a.m.