

**Minutes of the
New Castle County Financial Advisory Council
Via Teams Teleconference
May 11, 2021**

Attendance:

Member	Present
Mark Oller	Yes
Kayode Abegunde	Yes
Michael Butler	Yes
Richard F. Davis	No
Jill Floore	Yes
Edward Milowicki	Yes
Ronald Simms	No
Richard Schneider	No
Bill Smith*	Yes

Members in Attendance: 6

Members Absent: 3

Others Attending: George Smiley, Michael Smith, Vicki Ford, Russ Morris, Bob Wasserbach, Rinku Banerji, Joanna Finnigan, Karen Gordy, Joe Szczechowski

*Joined the meeting at 8:29 a.m.

Opening Business:

Chairman Mark Oller called the meeting to order at 8:21 a.m. He noted that former Governor Pete DuPont had passed away over the weekend. Gov. DuPont had spearheaded the Delaware Economic and Financial Advisory Council, which was the model on which NCCFAC was founded. Mr. Oller asked for a moment of silence in honor of Gov. DuPont and his contributions to the state.

Ed Milowicki made a motion to approve the minutes from the February 9, 2021 meeting. Michael Butler seconded the motion, and the minutes were approved as submitted.

General and Sewer Fund Revenues by Major Categories for FY2021:

Russ Morris reviewed the details of Exhibit A – New Castle County’s General and Sewer Funds Revenue Summary as of April 30, 2021. He noted that the exhibit includes columns for the original 2021 Budget (B), the January 2021 Estimate (C), the April 2021 Estimate (D), comparisons of the January and April Estimates in dollars (E), the April Estimate over the 2021 Budget in dollars (F), and the April Estimate over the 2021 Budget by percentage (G).

In January, the General Fund estimate was \$213,789.7. As of April 30, that estimate was reduced \$2,071.0 to \$211,718.7. Mr. Morris noted that the estimate is still \$1,219.4 above the original budget of \$210,499.3.

In the Sewer Fund, the April 30 estimate of \$81,083.5 is down \$1,079.6 from the original budget of \$82,163.1.

Real Estate Taxes are down \$100.0 and Hotel Tax estimates have been lowered \$783.2 since January to \$2,016.8. The Realty Transfer Tax (RTT) projection was increased \$1.6 million since January to \$33,000.0. However, Mr. Morris noted that the budgeted amount of \$30,875.0 remains unchanged, with the difference going into the RTT Reserve.

Mr. Morris continued reviewing the line items in the General Fund listed on pages 2 to 4 of Exhibit A, highlighting the areas that have been impacted by COVID-19. Since the January estimate, the Service Charges projection decreased by \$974,300, Licenses and Permits

decreased by \$70,000, Use of Money and Property decreased by \$213,500, and the Intergovernmental Revenues estimate increased by \$70,000.

Karen Gordy reviewed the details of the line items in the Sewer Fund, listed on page 5 of Exhibit A. She noted that Sewer Service Charges were decreased \$2.5 million (\$1.5 million in industrial and \$1 million in commercial) since January. The estimate for Sewer Delinquent revenues was increased \$20,000 due to tracking. There was also an increase of \$220,000 in Stormwater / Groundwater Fees. Septic Waste Hauler Fees was decreased \$180,000. Overall, the Total Sewer Fund Revenue projection as of April 2020 is \$81,083.5, which is \$1,079.6 less than the original budget of \$82,163.1.

General and Sewer Fund Expenditures for FY2020:

Mr. Morris reviewed the details of Exhibit B – New Castle County’s General and Sewer Fund Expenditures FY2020 Budget vs. FY2020 Estimate as of April 30, 2020.

In the General Fund, Mr. Morris noted that there had been several emergency ordinances passed by County Council in response to COVID-19, which increased the budget by \$2.5 million. These included:

- E20-0001 appropriate \$500,000 to Delaware Community Foundation to support nonprofits
- E20-0002 appropriate \$1,000,000 for supplies and equipment to protect NCC employees and residents
- E20-0002 appropriate \$1,000,000 for COVID-19 expenses.

Savings of \$1 million are projected for Salaries and Wages due to attrition. Additional savings of \$2 million are projected in Employee Benefits due to reduced workers compensation costs and reduced health insurance costs.

Councilman Smiley asked if the \$2.5 million increase would be reimbursed by the CARES Act. Chief Financial Officer Michael Smith stated that it is anticipated that those would be legitimate reimbursable expenses under the CARES Act. Once they are, those funds would be returned to the Tax Stabilization Fund, from where they were taken.

In the Sewer Fund, Mr. Morris stated that overall projected savings are \$1.9 million. Savings of \$1.1 million are projected for Salaries and Wages due to position vacancies. Additional savings of \$500,000 are projected in Employee Benefits due to reduced workers compensation costs and reduced health insurance costs. In Debt Service, \$300,000 in savings are projected due to the debt schedule.

FY2021 Budget Overview:

Chief Financial Officer Michael Smith presented a brief overview of the FY2021 Budget. On March 31, the County Executive presented the Recommended Operating Budgets for the General and Sewer Fund to County Council. The budgets were balanced as required. Among the highlights, Mr. Smith noted that there are no new tax or sewer rate increases or revenue categories. The personnel costs include the collective bargaining agreements settled with the FOP and 1608 unions. There were no assumptions made due to the effect of COVID-19. Sixty

percent of the General Fund is funded by property taxes, and more than half of those are escrowed. RTT currently appears stable. Mr. Smith said that the budgets will be monitored closely for areas that might be impacted by COVID-19.

General and Sewer Fund Revenue by Major Categories/Expenditures for FY2020 and Succeeding Fiscal Years:

Mr. Smith reviewed the details of Exhibit C – General and Sewer Fund Financial Projections As of 4/30/2020 for Fiscal Years 2020-2023. He noted that in the General Fund, decreases in Real Estate Taxes and Other Revenues, have been offset by savings in Personnel Costs, so that for FY2020, Revenues exceed Expenditures by \$1.8 million. In the Sewer Fund, Revenues will exceed Expenditures by \$500,000.

Mr. Oller commented that he believed the effects of COVID-19 might have a greater financial impact in the fall. Mr. Smith stated that the budgets will be monitored closely, and that any decrease in property tax revenues will be evident by the end of October.

Jill Floore asked if there was any indication as to how the lawsuit regarding reassessment would impact the financial projections. Mr. Smith stated that the impact of any possible reassessment would be beyond FY2023.

Other Business: Mr. Oller discussed the vacant positions on NCCFAC and stated that he had been in contact with Councilwoman Durham regarding filling those vacancies. Councilman Smiley stated that one appointment might be on Council's agenda that evening.

Memorandum:

The NCCFAC members in attendance were polled regarding their approval of 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, October 27, 2020, and will take place at 8:15 a.m. either in person at the Government Center or online via Zoom webinar.

There being no further business, Chairman Oller adjourned the meeting at 9:15 a.m.