

**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 (after interfund transfers) was \$204,151.2. As of April 30, that estimate was increased slightly to \$204,391.1.

In the Sewer Fund, the April 30 estimate of \$80,091.2 (after interfund transfers) is down \$1,113.9 from the original budget of \$81,205.1.

Real Estate Taxes and Hotel Tax estimates remain unchanged since January. The Realty Transfer Tax (RTT) projection was increased \$1.07 million since January to \$33,700.0. However, Mr. Morris noted that the budgeted amount of \$31,000.0 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, pointing out that COVID-19 has negatively impacted several revenue sources. Since the January estimate, the Service Charges projection increased by \$1,587.9, Licenses and

Permits decreased by \$200,000, Use of Money and Property decreased by \$613,900, and the Intergovernmental Revenues estimate decreased by \$434,100.

Mr. Butler commented that one of the reasons the price of home sales has increased is due to a lack of inventory. He said that as the market moves to correct, it may impact revenues in both RTT and Recorder of Deeds. He also noted that Treasury Secretary Janet Yellen has indicated that interest rates may need to rise. We may see rising interest rates in the next year.

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 \$1.3 million since January. The estimate for Sewer Delinquent revenues was increased \$400,000. There was also an increase of \$65,000 in Stormwater / Groundwater Fees. Septic Waste Hauler Fees was decreased \$170,000. Overall, the Total Sewer Fund Revenue projection (after interfund transfers) as of April 2021 is \$80,091.2, which is \$1,113.9 less than the original budget of \$81,205.1.

General and Sewer Fund Expenditures for FY2021:

Mr. Morris reviewed the details of Exhibit B – New Castle County’s General and Sewer Fund Expenditures FY2021 Budget vs. FY2021 Estimate as of April 30, 2021.

In the General Fund, Mr. Morris noted that there had been no change in the overall expenditures of \$208.8 million.

In the Sewer Fund, Mr. Morris stated that in Debt Service, \$300,000 in savings are projected due to the debt schedule, but all other lines are expected to spend out.

General and Sewer Fund Checkbook Overview for FY2021 and Succeeding Fiscal Years:

Chief Financial Officer Michael Smith reviewed the details of Exhibit C – General and Sewer Fund Financial Projections As of 3/31/2021 for Fiscal Years 2021-2024. He noted that collections of Property Tax Revenue, which is 63% of our General Fund Revenue, has gone well. So has collections of RTT, which is 15% of our General Fund Revenue. In fact, there’s no indication that RTT is slowing down, so the 4.5% annual growth that had been removed in the previous budget due to COVID-19 concerns is back in the FY2022 budget.

Mr. Smith noted that funds available in both the CARES Act and the American Rescue Plan had not yet been fully utilized and could address any potential shortfall in the current budget. The American Rescue Plan could be used to address any shortfalls through FY2024.

In the Sewer Fund, Mr. Smith noted that there are no fixed charges attached to sewer service fees; all revenue is based on consumption. Currently, the FY2021 Sewer Fund shows a \$1.6 million shortfall, but again New Castle County anticipates that funds available in both the CARES Act and the American Rescue Plan could be used to make up that shortfall.

In the FY2022 Budget, an Equivalent Dwelling Unit (EDU) charge is proposed which would charge an annual fee (based on meter size) to be attached to the sewer system. Residential accounts would be billed annually, while commercial accounts would be billed quarterly. There would be exemptions for disabled residents and senior citizens. Eventually, the hope is that the EDU revenue will cover some percentage of capital expenses and consumption revenue will cover operations and management expenses.

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 26, 2021, and will take place at 8:15 a.m. either in person at the Government Center or online via Teams teleconference.

There being no further business, Chairman Oller adjourned the meeting at 9:33 a.m.