

NEW CASTLE COUNTY FISCAL YEAR 2018



RECOMMENDED BUDGET OVERVIEW

March 28, 2017

Matthew Meyer
County Executive

FY 2018 Recommended Budgets

<u>Expenditures</u>	<u>Fiscal 2018</u>
General Fund	\$ 195,033,393
Sewer Fund	78,613,315
Light Tax Fund	6,533,747
<u>School Crossing Guards Fund</u>	<u>3,833,239</u>
TOTAL OPERATING	\$ 284,013,694
General Fund Capital	\$ 15,334,722
<u>Sewer Fund Capital</u>	<u>\$ 20,073,108</u>
TOTAL CAPITAL	\$ 35,407,830

General Fund Financial Projections

New Castle County General Fund Financial Projections

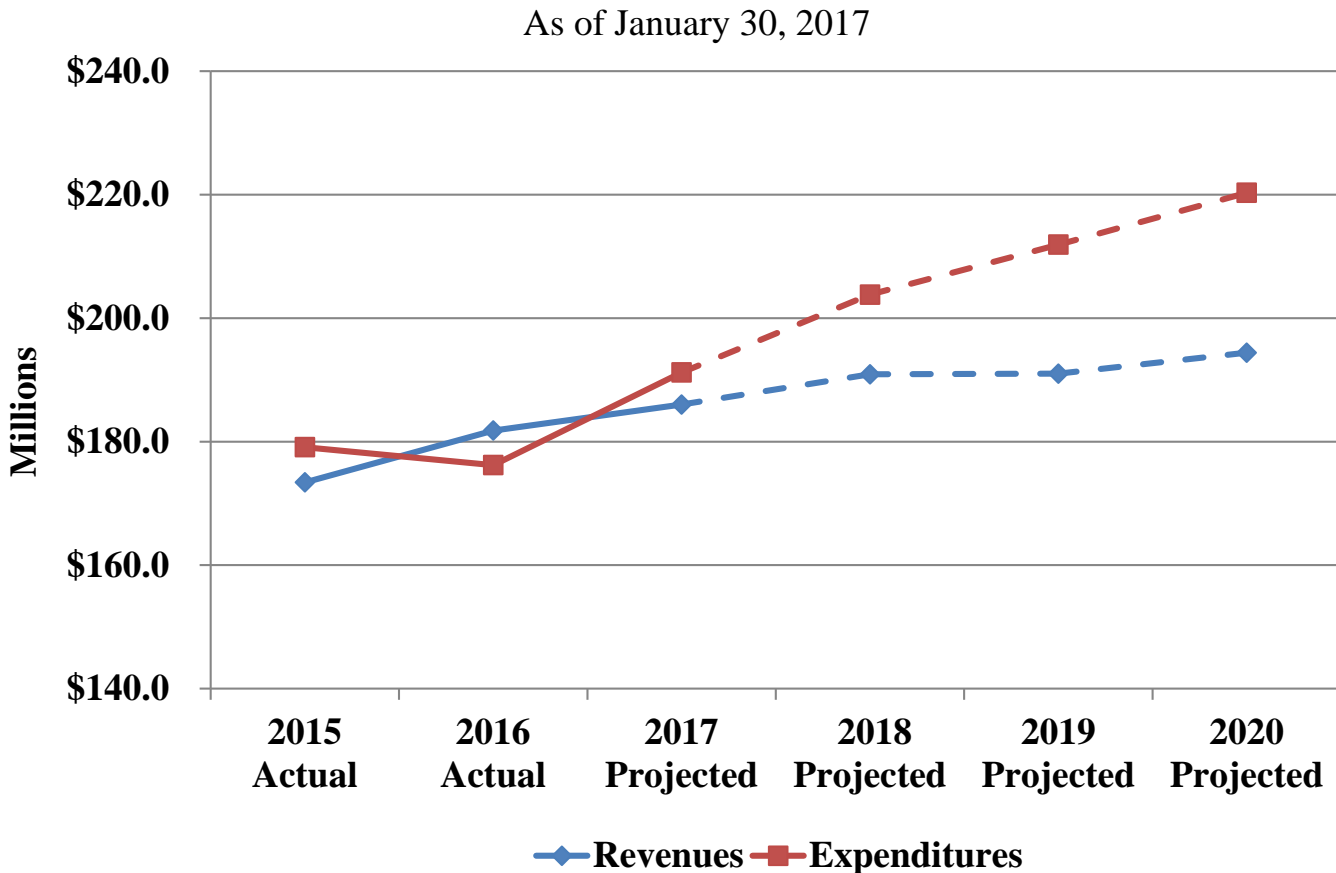
As of 1/30/2017

Fiscal Years 2017-2020



General Fund (in millions)	2017	2018	2019	2020
Resources:				
Property Tax Revenue	\$ 113.3	\$ 114.4	\$ 115.8	\$ 117.3
Transfer Tax Revenue	\$ 25.7	\$ 28.3	\$ 30.0	\$ 31.0
Transfer Tax Reserve	\$ 4.3	\$ 7.0	\$ 3.1	\$ 3.3
Other Revenues	\$ 42.7	\$ 41.2	\$ 42.0	\$ 42.9
Total Resources	\$ 186.0	\$ 190.9	\$ 191.0	\$ 194.4
Expenditures:				
Operating Budget	\$ 187.8	\$ 197.4	\$ 205.3	\$ 213.5
Cash to Capital	\$ 3.4	\$ 6.4	\$ 6.6	\$ 6.8
Total Expenditures	\$ 191.2	\$ 203.8	\$ 211.9	\$ 220.3
Resources over (under) Expenditures	(\$5.2)	(\$12.9)	(\$21.0)	(\$25.9)

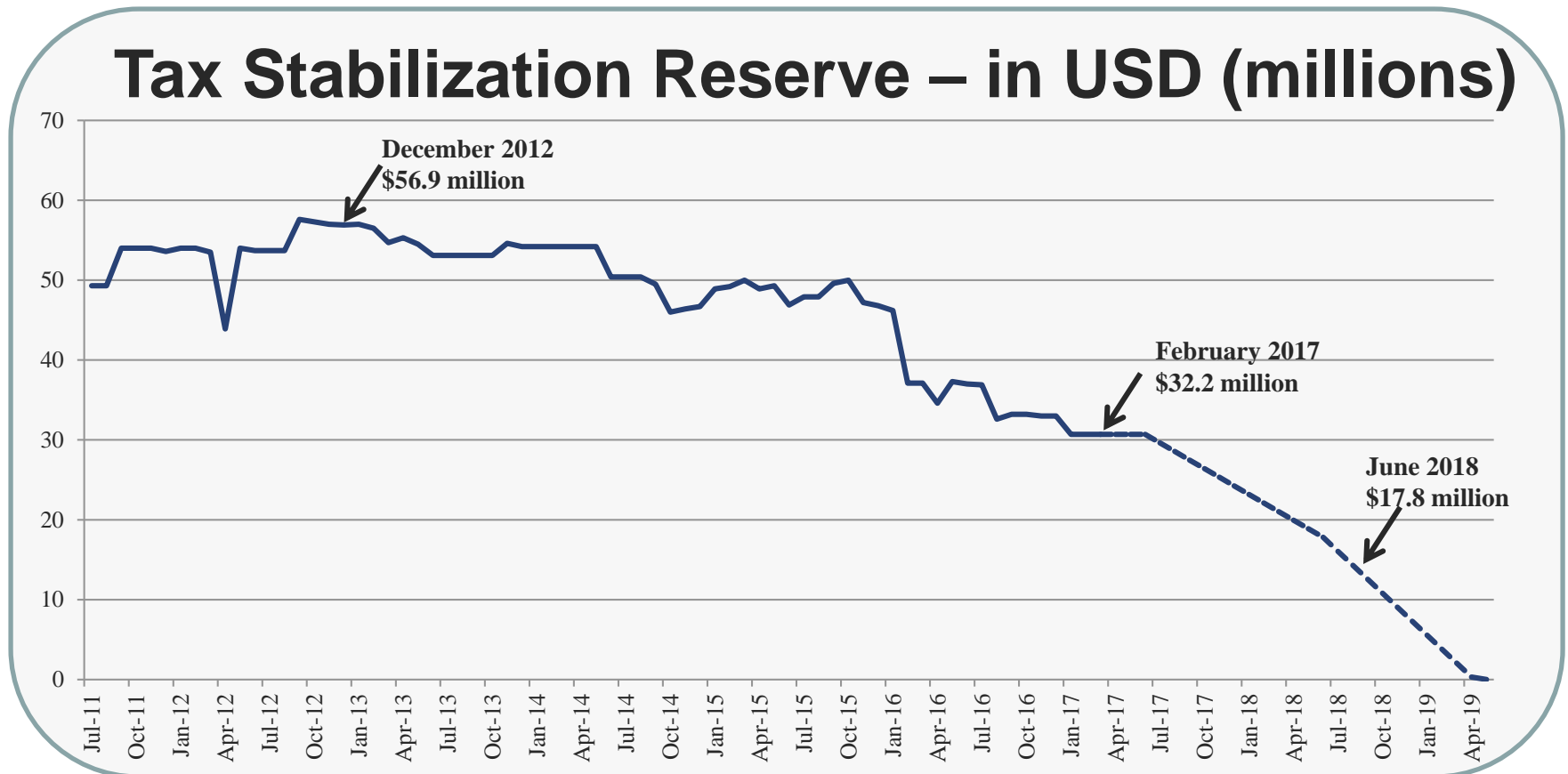
General Fund Revenues vs. Expenditures FY 2015 – FY 2020



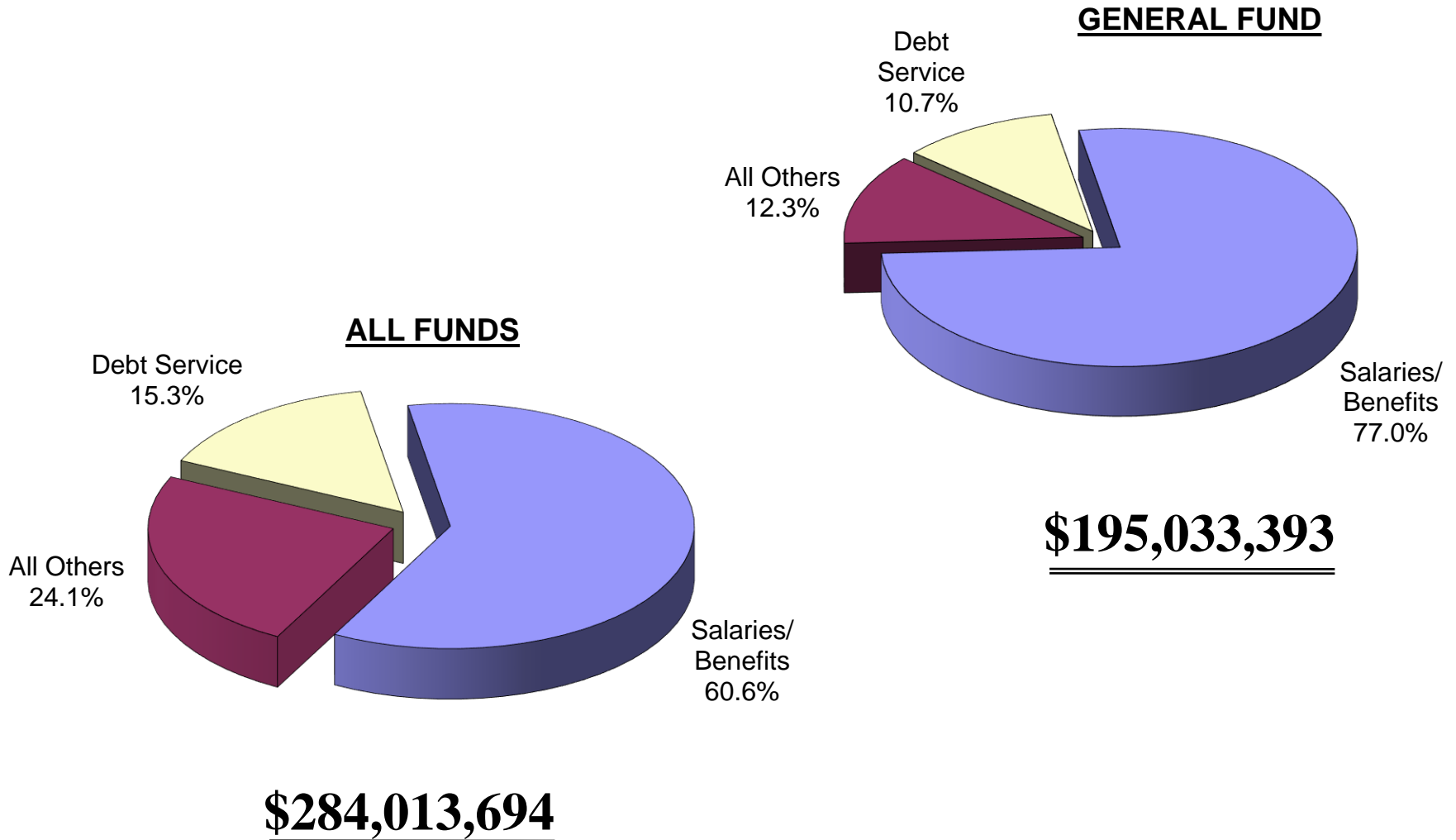
- Interest-only payments on debt financing (FY 2016-2018) creates balloon payments in future years.
- Employment contracts agreed to in August 2016 gave rise to salary and benefit expenditure growth that outpaces revenue growth.

Structural Deficit: Declining Reserve Balance

For years, our county government has been spending more money than it has been generating in revenue.



FY 2018 Recommended Operating Budget



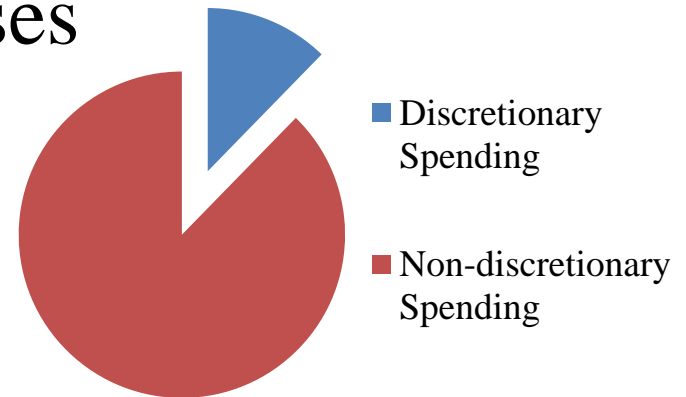
FY 2018: Two Problems

1. Structural Deficit

- General Fund and Sewer Fund: Spending beyond our means
- Structural deficit is growing in future years

2. Non-discretionary expenses are 87.7% of total General Fund expenses

- 77.0%: Salaries and Benefits
- 10.7%: Debt Service



Our Budgeting Priorities

We need to:

1. Live within our means:
 - Reduce spending to levels consistent with our revenue.
2. Reduce our debt spending.
3. Govern honestly, transparently and efficiently.
4. Collaborate for improved government service.
5. Invest aggressively in our future.

Immediate Cost Containment Measures

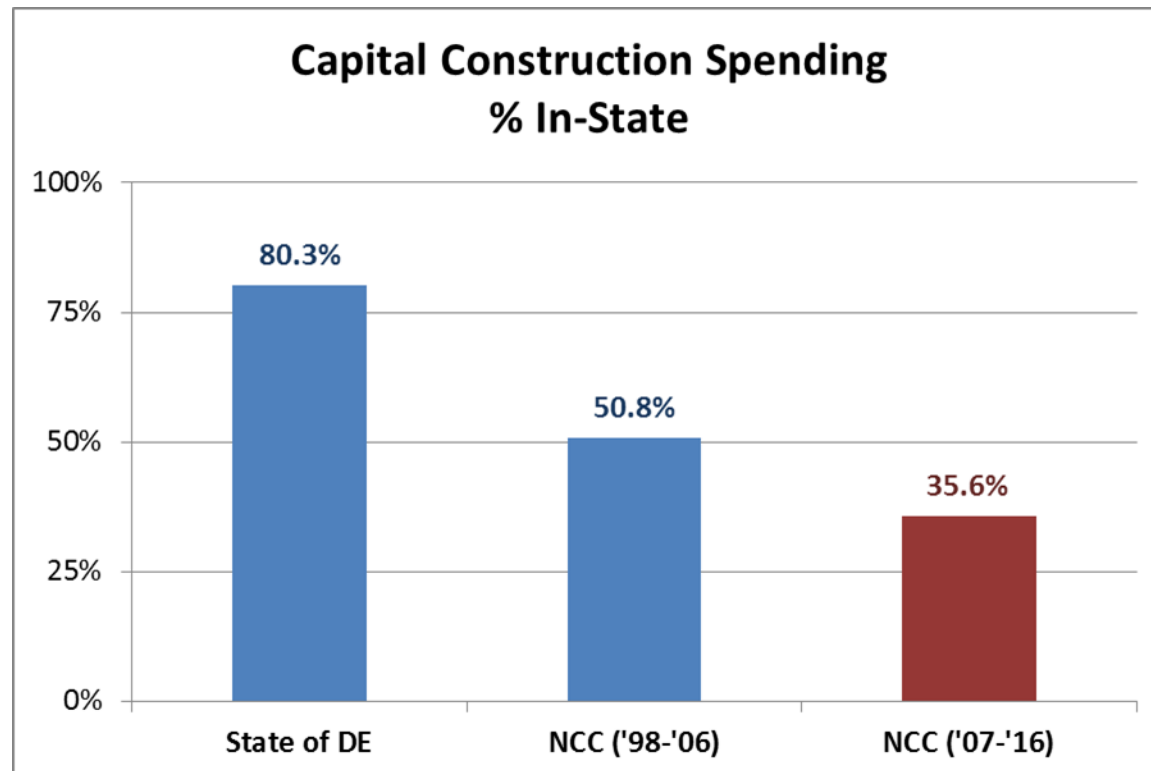
- FY 2017 budget deficit: \$5.2 million.
- Immediate cost containment measures:
 - Implemented intensive hiring review process;
 - Suspended overtime (except public safety/critical needs);
 - Suspended discretionary out-of-state travel;
 - Suspended payments in lieu of vacation for active employees; and
 - Reduced Executive Office spending including outside contracts.

Performance Review of County Government

- Solving budget deficit requires long-term solutions.
- Intensive performance review that evaluates performance and efficiency of each major function of county government at no cost to county taxpayers.
- Review will recommend ways to eliminate inefficiencies, restore fiscal balance, and ensure taxpayers receive a good deal from county government.

Modify Apprenticeship Contracting Requirements

- Apprenticeship programs are critically important.
- Since October 2006, Special Services contracts over \$100K have required contractors to participate in an apprenticeship program.



Ending the Deficit of Trust

- Implementing a culture of honesty and ethics.
- Enact good government package:
 - Expand anti-nepotism ordinance;
 - Prevent lame-duck political appointments; and
 - Provide additional oversight of county investments.

Investing in Public Safety

RAVE Panic Button

\$ 160,000

Innovative safety program that employs technology to government agencies, community organizations, and businesses which, when activated, activates faster emergency response through the 911 center and improves information sharing about participating facilities among the 911 Center, police and other public safety agencies during their response to calls for service. Since last fall, 110 public, private, and non-profit facilities have joined the program.

DNA Database (BODE)

\$ 120,000

In July 2016, New Castle County Police established a local DNA database through Bode Cellmark Forensics to improve its response to increases in property crimes through quicker testing of crime scene samples. The processing allows the police to prioritize DNA testing, solve crimes faster and provide suspect identification where no other evidence exists.

Fast Track DNA

\$ 134,000

Supports the New Castle County property crime initiative by providing operational expenses for a rapid DNA testing machine that was purchased through grant funding. This machine allows in-house processing of DNA samples at a much lower cost.

Commitment to Fire Companies

\$4,251,305

New Castle County continues to support the fire service by providing grants that fund a portion of their operating costs.

Investing in Libraries: Route 9 Library and Innovation Center

Scheduled to open in September 2017. Working with public and private partners, NCC will fully utilize the space to deliver those services to residents that will improve education and workforce development.

Examples:

- Work with Colonial School District to coordinate school curriculum with library programs and services offered to students after school and on weekends.
- Partner with computer science teachers and professors to support STEAM initiatives through community-based instruction in coding and software using the library's IT resources.
- Partner with local businesses and institutions of higher education to provide skills training in high-growth industries.



Additional FY 2018 Investments

Personnel Costs	\$289,093
Utilities, HVAC, Materials & Supplies	\$204,360
Janitorial, contractual services and cross charges	\$128,222
TOTAL:	\$621,675

FY 2018 General Fund Budget Overview

February FY 2018 NCCFAC General Fund Revenues		\$ 184,827,950
Estimated Realty Transfer Tax Reserve Balance 6/30/17		7,000,000
County Executive Recommended Revenue Changes		91,308
Total FY 2018 Available Resources		\$ 191,919,258
FY 2017 General Fund Appropriations		(188,197,473)
General Fund Operating Budget	(184,766,473)	
General Fund Cash to Capital	(3,431,000)	
Appropriation Surplus/(Deficit)		\$ 3,721,785
FY 2018 Cost Drivers		(17,600,638)
Appropriation Surplus/(Deficit)		\$ (13,878,853)

FY 2018 Cost Drivers

Personnel		\$ (8,864,155)
Salaries- Collective Bargaining	(2,985,132)	
Employee/Retiree Healthcare	(2,240,413)	
Workers Compensation	(954,738)	
Salaries- Merit Steps	(850,000)	
Pension Contribution	(821,417)	
Other Employment Costs (OEC)	(422,619)	
Route 9 Library Staffing	(289,093)	
911 Center Staffing	(167,750)	
Part Time/Seasonal/Temp	(132,993)	
Debt Service		\$ (3,384,172)
Cash to Capital		\$ (3,123,355)

FY 2018 General Fund Budget Overview

Public Safety		\$ (454,600)
RAVE Panic Button	(160,000)	
Fast Track DNA	(134,000)	
DNA Database (BODE)	(120,000)	
Vehicular repairs/radio repairs	(19,800)	
Simulator	(10,000)	
Other	(10,800)	
Community Services		\$ (330,523)
Rt. 9 Library	(109,700)	
Library security	(70,020)	
Printer cartridges	(65,756)	
Lease Cost	(25,793)	
Contractual Libraries	(24,636)	
Rockwood and Carousel Utilities	(10,345)	
Office supplies	(10,351)	
Other	(13,922)	
Other Operations		\$ (1,443,833)
Workers Compensation	(954,738)	
Ethics Attorney Fees	(110,895)	
Summer Jobs for Youth	(100,000)	
Council- Office Supplies	(54,868)	
Special Services- Contractual Services	(48,573)	
Executive- Contingency	(38,698)	
Special Services- Equipment	(33,752)	
Council- Office Training	(21,800)	
Special Services- Energy	(20,508)	
Other	(60,001)	
Total FY 2018 Cost Drivers		\$ (17,600,638)

Financial Plan to Address FY 2018 General Fund Gap

General Fund Appropriation Surplus/(Deficit)		<u>\$(13,878,853)</u>
Reductions		
Personnel Cost	\$ 2,117,209	
Net IGS Credits	1,157,663	
General Fund Cash to Capital	982,633	
Base Budget Reductions	713,342	
General and Administrative Charge Credit	222,149	<u>5,192,996</u>
Use of Available Cash Balances		
Tax Stabilization Reserve		<u>8,685,857</u>
General Fund Appropriation Surplus/(Deficit)		\$ -

FY 2018 Sewer Fund Budget Overview

February FY 2018 NCCFAC Sewer Fund Revenues		\$ 73,266,859
FY 2017 Sewer Fund Appropriations		(74,290,659)
Sewer Fund Operating Budget	(72,990,659)	
Sewer Fund Cash to Capital	(1,300,000)	
Appropriation Surplus/(Deficit)		\$ (1,023,800)
FY 2018 Cost Drivers		(6,266,952)
Appropriation Surplus/(Deficit)		\$ (7,290,752)

FY 2018 Cost Drivers

Debt Service		<u>\$ (4,589,538)</u>
Personnel		<u>\$ (751,300)</u>
Salaries and Wages	(320,031)	
Employee/Retiree Healthcare	(431,269)	
Cash to Capital		<u>\$ (515,108)</u>
Intergovernmental Service Charges		<u>\$ (243,658)</u>
General and Administrative Charge		<u>\$ (136,069)</u>
Materials and Supplies		<u>\$ (26,479)</u>
Training and Civil Affairs		<u>\$ (2,700)</u>
Equipment Replacement		<u>\$ (2,100)</u>
Total FY 2018 Cost Drivers		\$ (6,266,952)

Financial Plan to Address FY 2018 Sewer Fund Gap

Sewer Fund Appropriation Surplus/(Deficit)			\$ (7,290,752)
Reductions			
Communications and Utilities	\$	105,988	
Contractual Services		<u>23,200</u>	129,188
Use of Available Cash Balances			
Sewer Rate Stabilization Reserve			3,000,000
Capital Recovery Fees			4,161,564
Sewer Fund Appropriation Surplus/(Deficit)	\$		-

FY 2018 Capital Budget & Program Summary

DEPARTMENT/SOURCE OF FUNDS	FISCAL YEAR							Bal. To Complete	Total Cost
	2017	2018	2019	2020	2021	2022	2023		
SPECIAL SERVICES	\$41,919	\$32,032	\$ 69,825	\$ 44,521	\$ 39,776	\$ 36,662	\$ 37,359	\$ 156,250	\$964,589
Sewer/Stormwater	\$ 20,073,108								
Facilities/Equipment	\$ 9,059,272								
Parks	\$ 2,900,000								
COMMUNITY SERVICES	\$7,522	(\$1,870)	1,870	3,933	-	-	-	-	\$55,768
PUBLIC SAFETY	\$3,555	\$5,232	9,825	6,278	506	128	128	-	\$46,861
Emergency Communications	\$ 611,495								
Emergency Medical Services	\$ 2,000,000								
Law Enforcement	\$ 2,620,955								
ADMINISTRATION	\$2,559	\$13	2,209	2,196	2,196	1,696	1,696	-	\$16,311
COUNTY EXECUTIVE	-	-	-	-	-	-	-	-	634
	\$55,555	\$35,407	\$83,729	\$56,928	\$42,478	\$38,486	\$39,183	\$156,250	\$1,084,163
BONDS	\$48,954	\$27,666	\$70,788	\$42,483	\$32,362	\$30,261	\$30,567	\$156,250	\$899,053
FEDERAL	-	-	-	-	-	-	-	-	\$4,532
STATE	1,294	342	1,885	3,948	15	15	15	-	\$29,292
GENERAL FUND	3,434	5,571	7,871	7,169	7,276	5,935	6,550	-	\$57,126
SEWER FUND	1,589	1,815	3,085	3,228	2,725	2,175	1,951	-	\$20,180
OTHER	284	13	100	100	100	100	100	-	\$73,980
TOTAL - PROJECT FUNDING	\$55,555	\$35,407	\$83,729	\$56,928	\$42,478	\$38,486	\$39,183	\$156,250	\$1,084,163

Putting the County on a “Debt Diet”



Focusing on the County’s **core functions**,
and **deferring expenditures** until necessary.

FY 2018 Recommended Budgets

Expenditures	Fiscal 2018
General Fund	\$ 195,033,393
Sewer Fund	78,613,315
Light Tax Fund	6,533,747
School Crossing Guards Fund	3,833,239
TOTAL OPERATING	\$ 284,013,694
General Fund Capital	\$ 15,334,722
Sewer Fund Capital	\$ 20,073,108
TOTAL CAPITAL	\$ 35,407,830

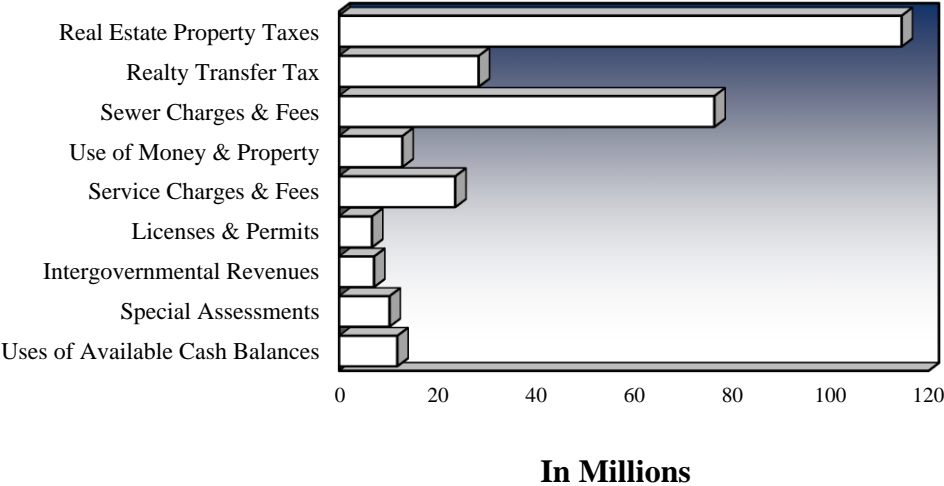




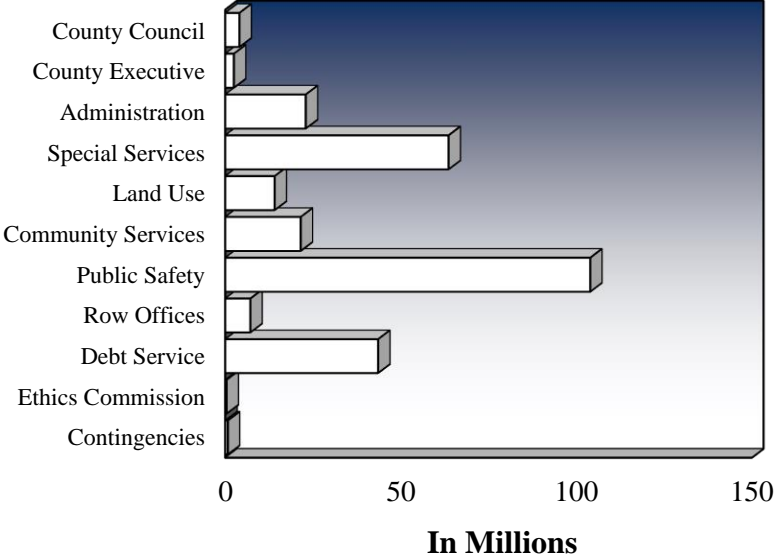
APPENDIX

FY 2018 Sources and Uses of Funds

Where the Money comes from...

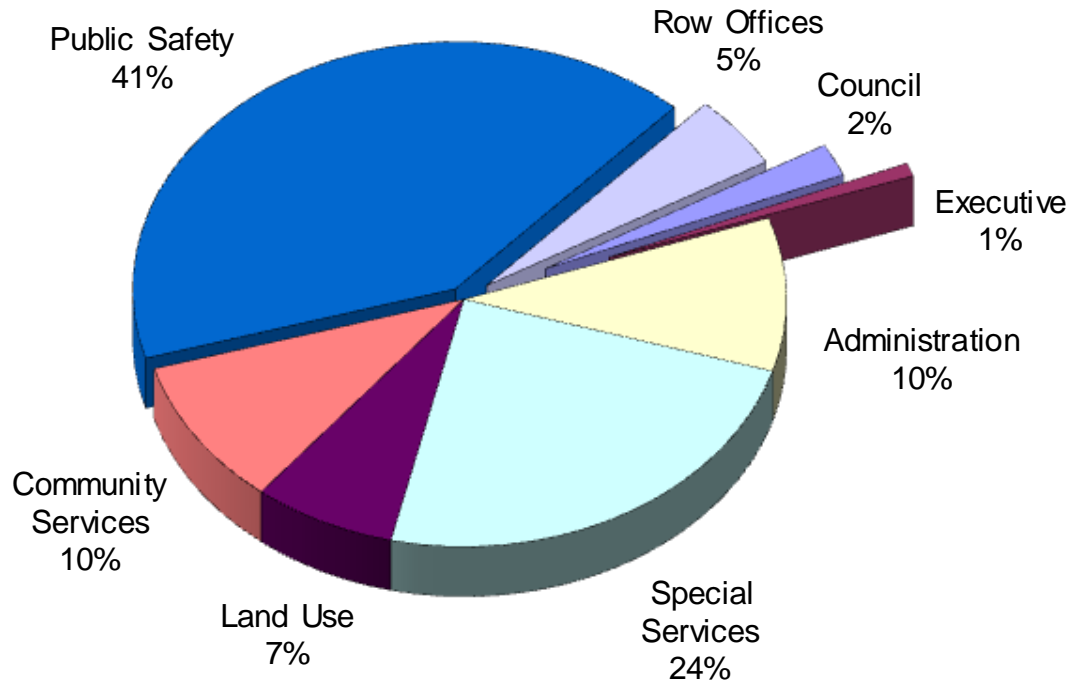


Where the Money goes...



**FY2018
RECOMMENDED
\$284,013,694**

FY 2018 Full-Time Positions by Department



	2018
Council	34
Executive	14
Administration	161
Special Services	384
Land Use	115
Community Services	155
Public Safety	664
Row Offices	77
	1,604 *

*Reflects the addition of four Telecommunicator I – Police positions added during FY 2017.

Personnel Cost Reductions

Personnel	<u>\$2,117,209</u>
Increase attrition rate from 1.5% to 2.5%	815,125
Reinstate premium for Medicare Retirees	726,108
Overtime	390,046
Part-Time Salaries- Community Intervention Program	100,000
Vacation cash out policy change	85,930

Cash to Capital Reductions

Cash to Capital

\$982,633

Police

Request (50 Tahoes) - Reduce 10 - Order 40 - budget 6 months lease payments	312,000
Request (16 Interceptors) -Reduce 8 - Order 8 - budget 6 months lease payments	88,949
Request (4 Silverados) - Reduce 4 - Order 0	41,600

EMS

Request (4 Ambulances) - Reduce 4 - Order 0	233,724
Request (1 Suburban) - Reduce - Order 0	29,348
Request (5) Response Vehicle - Order 5 - budget 6 months lease payments	121,606
Request (2) Interceptors - Order 2 - budget 6 months lease payments	7,141

All Other

Request (9 Passenger Vehicles) - Reduce 2 - Order 7 - budget 6 months lease payments	23,742
Request (18 Utility Vehicles) - Reduce 2 - Order 16 - budget 6 months lease payments	74,523
Agricultural Equipment Replacement	50,000

Base Budget Reductions

Base Budget Reductions	<u>\$713,342</u>
Contractual Services	403,611
Communication and Utilities	98,350
Contingencies	82,303
Equipment	65,241
Materials and Supplies	51,623
Training	12,214

FY 2018 Capital Budget

Sewer/Stormwater

Airport Road System Rehabilitation	\$ 1,000,000	Market Street System Rehabilitation	291,000
Asset Management	150,000	Muddy-6 Trunkline Improvements	2,000,000
Brandywine Hundred North Rehab Phase I	500,000	Port Penn System Rehabilitation	50,000
Brandywine Hundred South Rehab Phase I	1,500,000	Pump Station Rehabilitation	900,000
Delaware City Industrial Sewer Expansion	3,000,000	Richardson Park System Rehabilitation	1,500,000
Delaware City System Rehabilitation	250,000	Sewer Fleet Equipment	1,653,108
Delaware City Treatment Plant Rehabilitation	(3,000,000)	Sewer Repairs and Rehabilitation II	1,500,000
DelDOT Coordination Project II	1,000,000	Stormwater Basin Renovation II	1,500,000
Edgemoor System Rehabilitation	1,000,000	Stormwater Mitigation Projects	(1,200,000)
General Sewer Improvements	650,000	Terminal Ave. System Rehabilitation	1,693,000
General Stormwater Improvements	162,000	Water Farm 1 System Rehabilitation	595,000
Holloway Terrace Outfall Replacement	1,000,000	White Clay System Rehabilitation	1,000,000
Kirkwood Trunk Line Interceptor	1,500,000	Wilmington System Rehabilitation	<u>379,000</u>
Lea Eara Farms Treatment Plant Closure	(500,000)	Total Sewer/Stormwater	\$ 20,073,108

FY 2018 Capital Budget Facilities/Equipment

Building Rehabilitation	\$ 2,000,000
City/County Building Rehabilitation	500,000
Fleet Equipment	4,839,272
Garage Renovations	300,000
General Paving	500,000
PAL Building Rehabilitation	325,000
Security	500,000
Vehicle Lift System	<u>95,000</u>
Total Facilities/Equipment	\$ 9,059,272

FY 2018 Capital Budget Parks

General Parkland Improvements	\$ 350,000
Innovation District Tri-Parks Rehabilitation	300,000
Maintenance Base Renovations	1,750,000
Middle Run Valley Bicycle Skills Area	100,000
Middle Run Valley Reforestation	200,000
Play Area Improvements	<u>200,000</u>
Total Parks	\$ 2,900,000

FY 2018 Capital Budget

Public Safety

Emergency Communications Center

Computer System	\$	111,495
Communications Upgrade		500,000

Emergency Medical Services

EMS Stations	\$	2,000,000
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Law Enforcement

Crime Fighting Platform	\$	119,000
Public Safety Building Renovations		2,000,000
Public Safety Equipment		423,000
Public Safety Vest Protection Program		<u>78,955</u>

Total Public Safety	\$	5,232,450
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FY 2018 Capital Budget

Community Services & Administration

Southern Library*	<u>\$ (1,870,000)</u>
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Total Community Services	\$ (1,870,000)
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*Reprogrammed in the FY 2017 State of Delaware Bond and Capital Improvements Act.

Technology Imp. Electronic Plan Review	<u>\$ 13,000</u>
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Total Administration	\$ 13,000
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