

City of Wilmington Delaware



Proposed Budget Summary FY 2022

Michael S. Purzycki
Mayor

Prepared by the
Office of Management and Budget

Fiscal Year 2022 • Proposed to City Council • March 18, 2021

City of Wilmington
FY 2022 Proposed Budget
Projected Revenues & Expenditures

	FY 2022 General Fund	FY 2022 Water/Sewer Fund	FY 2022 Total
Revenues	\$166,257,308	\$83,134,269	\$249,391,577
Expenditures	172,176,798	79,567,575	251,744,373
Surplus/(Deficit)	(\$5,919,490)	\$3,566,694	(\$2,352,796)
Transfer in from WPA	275,000	0	275,000
Net Surplus/(Deficit)	(\$5,644,490)	\$3,566,694	(\$2,077,796)

Use of Tax Stabilization Reserve to Balance the Budget	\$5,644,490
---	--------------------

No Property Tax Rate Increase.

Water and Sewer Rates increased 3.0%; Stormwater Rates increased 2.0%.

Water/Sewer Fund rate increases yield an additional \$1.58 million in revenue.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2022

The General Fund

- The FY 2022 General Fund operating budget expenditures total **\$172,176,798** – up \$8,675,749 or 5.3% from FY 2021. The budget was balanced with use of \$5.64 million from the Tax Stabilization Reserve.
- The budget contains a \$1.9 million allowance for up to a 2.0% cost-of-living-adjustment (COLA) salary increase for eligible employees. In addition, mandatory anniversary salary step increases for certain employees added almost \$754,200 to the budget.
- Staffing decreased by a net total of 2.92 full-time equivalents (FTE), and includes changes made in the mid-FY 2021 budget amendment, along with the results of the latest biennial employee appeals process. Those changes, along with other personnel actions, including changes in grades and salary adjustments, resulted in a total net decrease of \$443,502. The component cost of the appeals process in the General Fund was \$108,792. The appeals are not included in the departmental staffing discussion below.
 - The Policy Analyst in the Mayor’s Office Administration Division was upgraded to the position of Deputy Chief of Staff of Operations at cost of \$16,347.
 - The Finance Department decreased by a net 0.80 FTE. A Parking Regulation Enforcement Officer (PREO) position was eliminated for a savings of \$66,860. The Senior Financial Analyst was upgraded to a Senior Financial Officer at a cost of \$6,564. The Customer Service Representative II was upgraded to a Settlement Clerk and the funding for the position was changed from 50% General Fund and 50% Water/Sewer Fund to 20% General Fund and 80% Water/Sewer Fund, resulting in a 0.30 FTE decrease and a savings of \$22,291. Lastly, a Delinquent Accounts Officer position was upgraded to a Delinquent Accounts Agent and the funding for the position was changed from 100% Water/Sewer Fund to 50% General Fund and 50% Water/Sewer Fund. This added 0.50 FTE to the General Fund at a cost of \$39,193.
 - The vacant Administrative Assistant II position in the Planning Department was eliminated for a savings of \$85,799 and a reduction of 1.00 FTE.
 - The Real Estate & Housing Department increased by a net 0.13 FTE for a cost of \$13,425. The split-funded (50% General Fund and 50% Federal HUD Funds) Acquisition and Disposition Manager was eliminated (saving \$57,874) and replaced with a new split-funded (75% General Fund and 25% Federal HUD Funds) position of Director of Development for a cost of \$83,585. Finally, because of additional federal funding, the split-funded Program Administrator position was changed from being funded 21% General Fund and 79% Federal HUD Funds to 9% General Fund and 91% Federal HUD Funds, saving the General Fund \$12,286 and resulting in a reduction of 0.12 FTE.
 - In the Parks & Recreation Department, a vacant General Laborer I was eliminated for a \$59,205 savings and a reduction of 1.00 FTE.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2022

The General Fund (continued)

- The Fire Department has converted two Battalion Chief positions, one Captain position, and seven Lieutenant positions into 10 firefighter positions that will save \$497,310 and increase personnel available to ensure minimum staffing of apparatus is met without incurring excessive overtime. In addition, the vacant Fire Plans Examiner position was deleted, saving \$94,732 and reducing the Department by a net 1.00 FTE.
- The Police Department increased a net 1.00 FTE. The mid-FY 2021 budget amendment added funding for a Police body camera program that included expanding the authorized strength of the Department by adding a Sergeant and three Patrol Officer positions at a cost of \$384,635. For the FY 2022 budget, three vacant civilian positions (a Police Records Specialist, a Communications & Data Specialist, and a Document Management Technician) were eliminated for a total savings of \$198,505. This savings was slightly offset by the \$2,073 increase resulting from the upgrade of two Teleserve Operator positions to Emergency Call Operators.
- Total Debt Service increased a net \$3.38 million. Last fiscal year's budget was reduced by \$3.81 million to reflect the projected one-time savings from the then-pending refinancing of two older bond issues. The refinancing took place November 2020 and resulted in unexpected additional savings of \$552,000 that carries over into FY 2022. This carryover savings helped offset the increase to FY 2022 caused by the elimination of last fiscal year's \$3.81 million in one-time budgeted savings.
- To meet the requirements of GASB pronouncement #24 (regarding on-behalf payments), annual funding received from the State of Delaware supporting the City's Police and Fire pension trust funds is booked as a pass-through in the General Fund. This means that the State funding is shown as a General Fund revenue source offset by an equal amount budgeted in the State Pension Contribution expenditure accounts in the Police and Fire departments. For FY 2022, the State grant was increased by almost \$586,300, which in turn increased the State Pension Contribution account by the same amount.
- Contracted Maintenance Services increased by almost \$567,000 in the Police Department for a variety of projects and issues. The Department entered into a five-year contract with Axon to supply body camera equipment. The cost of that contract in FY 2022 is \$265,500. The Department is upgrading the security camera system in the Public Safety building at a cost of \$185,000. Finally, the annual contract cost for ShotSpotter (the gunshot detection system) is increasing by \$81,156 because the cost of the expansion in area coverage made last fiscal year was covered by a grant that will not carry over into FY 2022.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON FISCAL YEAR 2022

The General Fund (continued)

- As part of a broad initiative to increase the speed, effectiveness, and return on its collection efforts regarding Wage Tax, Net Profits Tax, and Head Tax, the Finance Department requested \$570,000 in additional funding. \$400,000 will pay for the services of collection specialists, with the remaining \$170,000 to pay for the services of a law firm with expertise in scofflaw issues and debt collection legal proceedings. The \$570,000 increase in expense is projected to result in a three-to-one return of \$1.71 million in additional revenue in FY 2022.
- There were major increases in Consultants in Fire (up \$156,900), Police (up \$125,000), the Mayor's Office (up \$105,900), Finance (up \$100,000), HR (up \$100,000) and Licenses & Inspections (up \$92,000). Police and Fire have biennial employee job promotion processes administered by specialized consultants. Because FY 2022 will be an active year, a large part of the increases in Police and Fire are to cover the fees of those consultants. Fire and Licenses & Inspections each deleted their vacant plans examiner positions and replaced them with one consultant that will split his time between the two departments. The Mayor's Office increase will be used to provide more support for arts and cultural activities and to hire a federal grants consultant. The increase in Finance is to assess the feasibility and implementation of an online wage tax filing system. Finally, in HR the \$100,000 increase will fund two separate items. One is a study regarding the implementation of a new classification and compensation system for \$50,000. The remaining \$50,000 is for what is being called City University, a varied series of employee training and development opportunities provided by consultants.
- The Department of Information Technologies added funding for the migration of the City's on-site computer system (MUNIS) to the cloud. Tyler Tech will provide MUNIS application services over the internet while retaining all data in a cloud environment much like Microsoft Office 365. In addition, funding to purchase Winston Benefits software will provide remote employee benefits on-boarding services. Together, these initiatives increased the Computer Software Licenses account by \$455,000.
- Funding for Wilmington's Beautiful City Initiative was increased by \$300,000 (from \$400,000 to \$700,000) to support the expansion of the highly successful day-employment clean-up program into more neighborhoods. This program, now heading into its fourth year, hires local residents to clean streets and neighborhoods, giving them an opportunity to earn money throughout the summer while providing an important benefit for the entire City.
- The Motor Vehicle Costs account increased by over \$223,000, driven largely by the expansion of specialized equipment in the Parks & Recreation Department.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2022

The General Fund (continued)

- Support for the Wilmington Neighborhood Conservancy Land Bank in the form of a \$500,000 grant was put into the budget of the Department of Real Estate & Housing. This is a decrease from the \$1.0 million grant given last fiscal year. The Land Bank was established to acquire, manage, and maintain vacant, abandoned, and foreclosed properties to restore and re-purpose them to productive use. To successfully accomplish its mission, the Land Bank requires periodic infusions of cash from the City as outlined in a memorandum of understanding.
- There is no increase to the Property Tax rate. The Budget is balanced with the use of \$5.64 million from the Tax Stabilization Reserve.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2022

The Water/Sewer Fund

- The FY 2022 Water/Sewer Fund operating budget expenditures total **\$79,567,575** – up \$1,759,742 or 2.3% from FY 2021. The FY 2022 Budget continues to support the high-priority initiatives essential to achieving financially self-sustaining and environmentally-sound water, sewer, and stormwater utilities. These include an accelerated Combined Sewer Overflow (CSO) mitigation effort, and finished water filtration and supply improvements that exceed EPA standards, contributing to the stability of northern Delaware’s water supply, especially in times of drought.
- The budget contains a \$254,000 allowance for up to a 2.0% cost-of-living-adjustment (COLA) salary increase for eligible employees. In addition, mandatory anniversary salary step increases for certain employees added almost \$82,300 to the budget.
- Staffing increased by a net total of 0.80 FTE, and includes the results of the latest biennial employee appeals process. Those changes, along with other personnel actions, including changes in grades and salary adjustments, resulted in a total net increase of \$72,758. The component cost of the appeals process in the Water/Fund was \$17,204. The appeals are not included in the departmental staffing discussion below.
 - The Finance Department increased by a net 0.80 FTE. A Meter Reader position was added for a cost of \$63,376. The Customer Service Representative II was upgraded to a Settlement Clerk and the funding for the position was changed from 50% Water/Sewer Fund and 50% General Fund to 80% Water/Sewer Fund and 20% General Fund, resulting in a 0.30 FTE increase and a cost of \$22,291. Lastly, a Delinquent Accounts Officer position was upgraded to a Delinquent Accounts Agent and the funding for the position was changed from 100% Water/Sewer Fund to 50% Water/Sewer Fund and 50% General Fund. This reduced the Water/Sewer Fund by 0.50 FTE for a savings of \$39,193.
- The Finance Department added almost \$393,000 in the Consultants account to assist in the replacement of the current water utility billing system. Some of the major tasks expected to be performed would be defining system requirements, assisting in the preparation and issuance of requests-for-proposals, and vetting and selecting the best vendor.
- The Contracted Maintenance Services account increased a net \$353,500. Two items explain nearly all the change in funding in the account. The contract fee to Jacobs to operate and maintain the City's sewage treatment plant and help manage the City’s renewable energy bio-solids facility increased 2.8%. This resulted in an increase of \$550,000. However, this was offset by a reduction of \$200,000 in the water tank painting maintenance program.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2022

The Water/Sewer Fund (continued)

- The Repairs to Equipment account in the Water System Division increased by over \$234,000. The projected cost for the replacement of the solar invertors and panels at the Porter Filter Plant and the Turner Building was increased \$100,000 (from \$600,000 to \$700,000). In addition, \$100,000 was added for the replacement of steam and condensate piping at the Porter Filter Plant.
- \$211,000 was added to cover a wide-ranging list of items in the Repairs to Buildings and Structures account in the Water System Division, such as raceway building maintenance, along with repairs and maintenance to parking lots, sidewalks, and driveways at Water System facilities.
- Legal fees were increased 25% (from \$400,000 to \$500,000) to cover arbitration and legal proceedings against New Castle County (wastewater treatment contract), the Army Corps of Engineers (unpaid stormwater bills), and Honeywell (breach of contract regarding the renewable energy bio-solids facility).
- The Repairs to Water Lines account in the Water System Division increased by over \$200,000, reflecting the almost 9.1% increase in the annual contract that covers the replacement of broken water mains and valves.
- Depreciation increased by \$342,023, reflecting the aggressive infrastructure replacement program adopted by the Public Works Department that increased both the number and value of the City's water, sewer, and stormwater infrastructure fixed assets.
- Debt service decreased by a net \$250,452. The recent refunding of two older bond issues, along with the issuance of new money for the FY 2018 Capital Budget at record low interest rates combined to lower Interest Payments by \$170,888. The net decrease in the recalculation of the amortized premium and refunding gains reduced the debt service another \$79,564.
- Indirect Costs, which are charges to the Water/Sewer Fund reimbursing costs incurred by the General Fund in support of the water, sewer, and stormwater utilities, are budgeted to decline by \$427,349, reflecting the recent revisions to the cost allocation model based on new usage surveys.
- There was a 3.0% increase to water and sewer rates and a 2.0% increase to stormwater rates. The projected fiscal impact of the rate changes is an increase of almost \$1.58 million in revenue (net of bad debt) to the Water/Sewer Fund in FY 2022. The typical residential customer in the City using 4,000 gallons of water per month will see an increase of \$1.75 to their monthly bill.

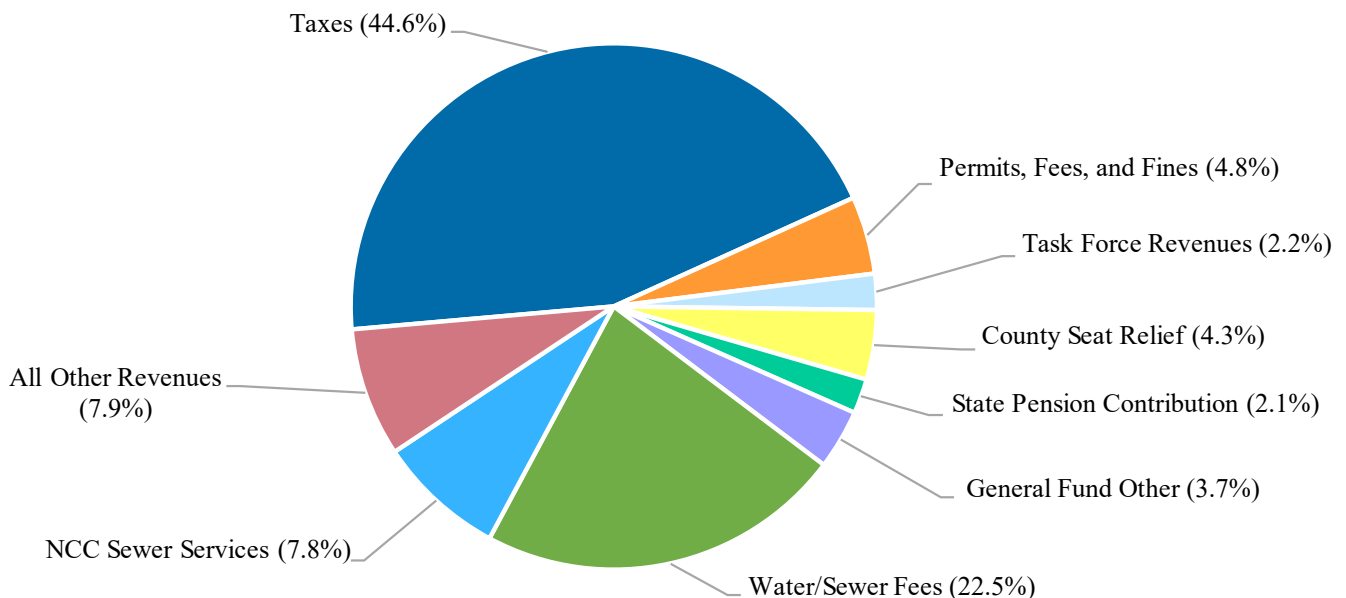
Summary of All Funds Combined Fiscal Year 2022

All Funds Revenues	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Taxes	\$119,352,688	\$119,550,903	\$113,960,832	\$120,445,778	\$6,484,946	5.7%
Permits, Fees, and Fines	11,727,418	11,127,335	12,037,613	12,898,806	861,193	7.2%
Task Force Revenues	5,775,578	5,624,656	5,063,006	5,990,845	927,839	18.3%
County Seat Relief	11,547,947	11,640,434	10,876,287	11,520,686	644,399	5.9%
State Pension Contribution	5,199,177	5,785,466	5,199,177	5,785,466	586,289	11.3%
General Fund Other	11,170,178	13,469,945	10,997,103	9,890,727	(1,106,376)	-10.1%
Use of Fund Balance*	0	0	5,367,031	5,644,490	277,459	5.2%
Water/Sewer Fees	61,890,104	55,086,653	56,239,541	60,873,830	4,634,289	8.2%
NCC Sewer Services	21,599,273	22,489,162	21,882,000	21,173,439	(708,561)	-3.2%
Water/Sewer Other	1,253,701	1,247,796	1,095,000	1,087,000	(8,000)	-0.7%
Special Funds Grants	8,264,215	8,702,586	7,986,292	7,808,643	(177,649)	-2.2%
Special Funds Other	6,031,621	6,133,298	6,726,138	6,880,961	154,823	2.3%
Total Revenues	\$263,811,900	\$260,858,234	\$257,430,020	\$270,000,671	\$12,570,651	4.9%

* Includes use of General Fund Rate Stabilization Reserve.

Taxes includes Wage Tax, Property Tax, and Other Taxes. State Transfers includes Task Force Revenues, County Seat Relief, and State Pension Contribution. General Fund Other includes Interest, Other Revenues, Port Debt Reimbursement, Transfer In/Out, and User of Fund Balance. Water/Sewer Fees includes Water/Sewer User Fees and Stormwater Billings. Water/Sewer Other includes Rentals/Misc. and Solar Panels.

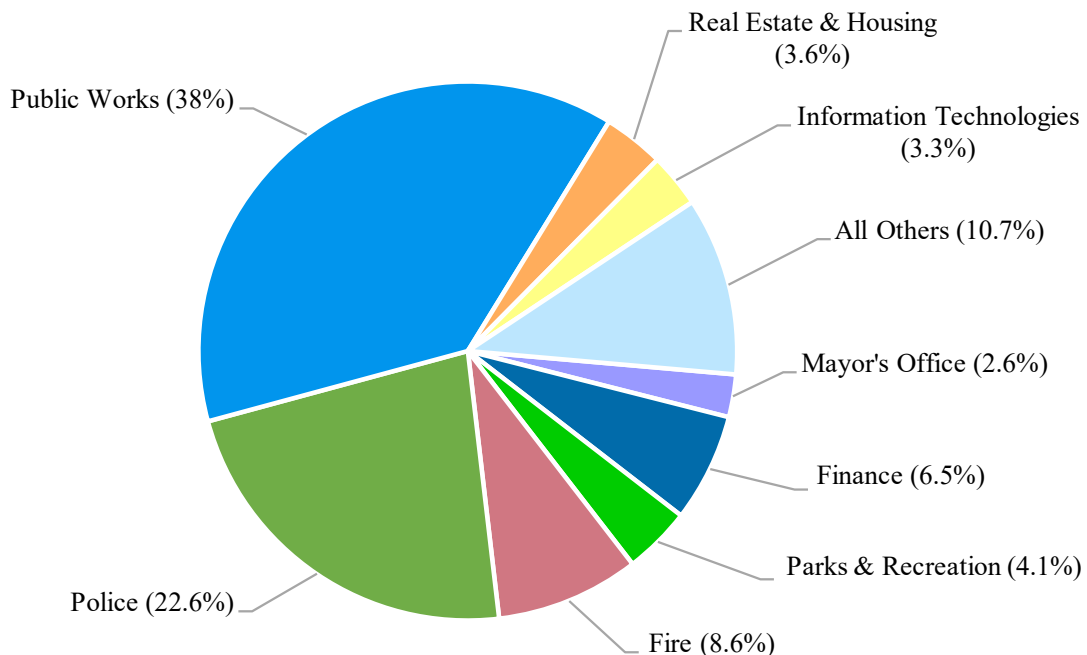
All Funds Revenues Fiscal Year 2022



Summary of All Funds Combined Fiscal Year 2022

All Funds Expenditures	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Mayor's Office	\$9,960,007	\$9,902,257	\$8,309,243	\$6,821,462	(\$1,487,781)	-17.9%
Council	3,214,036	2,925,259	2,737,212	2,870,272	133,060	4.9%
Treasurer	5,425,879	5,471,153	6,079,689	6,222,796	143,107	2.4%
Planning	1,895,497	1,537,033	1,483,502	1,445,069	(38,433)	-2.6%
Audit	933,300	892,390	956,341	932,814	(23,527)	-2.5%
Law	2,828,029	2,571,510	2,543,255	2,536,273	(6,982)	-0.3%
Finance	15,246,790	15,823,985	16,550,683	17,347,954	797,271	4.8%
Human Resources	2,137,850	1,589,163	2,174,869	2,261,745	86,876	4.0%
Licenses & Inspections	5,398,788	5,227,601	5,469,246	5,660,319	191,073	3.5%
Parks & Recreation	10,292,395	9,584,495	9,684,619	10,814,879	1,130,260	11.7%
Fire	22,556,894	22,984,012	22,039,549	22,980,946	941,397	4.3%
Police	60,163,058	60,835,672	59,033,541	60,350,614	1,317,073	2.2%
Public Works	94,496,129	98,702,240	97,818,981	101,237,655	3,418,674	3.5%
Real Estate & Housing	5,225,246	5,615,576	6,681,522	9,697,226	3,015,704	45.1%
Commerce (Port Debt)	501,661	720,226	73,269	154,941	81,672	111.5%
Information Technologies	0	7,929,242	8,501,643	8,664,381	162,738	1.9%
State Pension Contribution	5,199,177	5,785,466	5,199,177	5,785,466	586,289	11.3%
Contingent Reserves	0	0	672,000	672,000	0	0.0%
Total Expenditures	\$245,474,736	\$258,097,280	\$256,008,341	\$266,456,812	\$10,448,471	4.1%

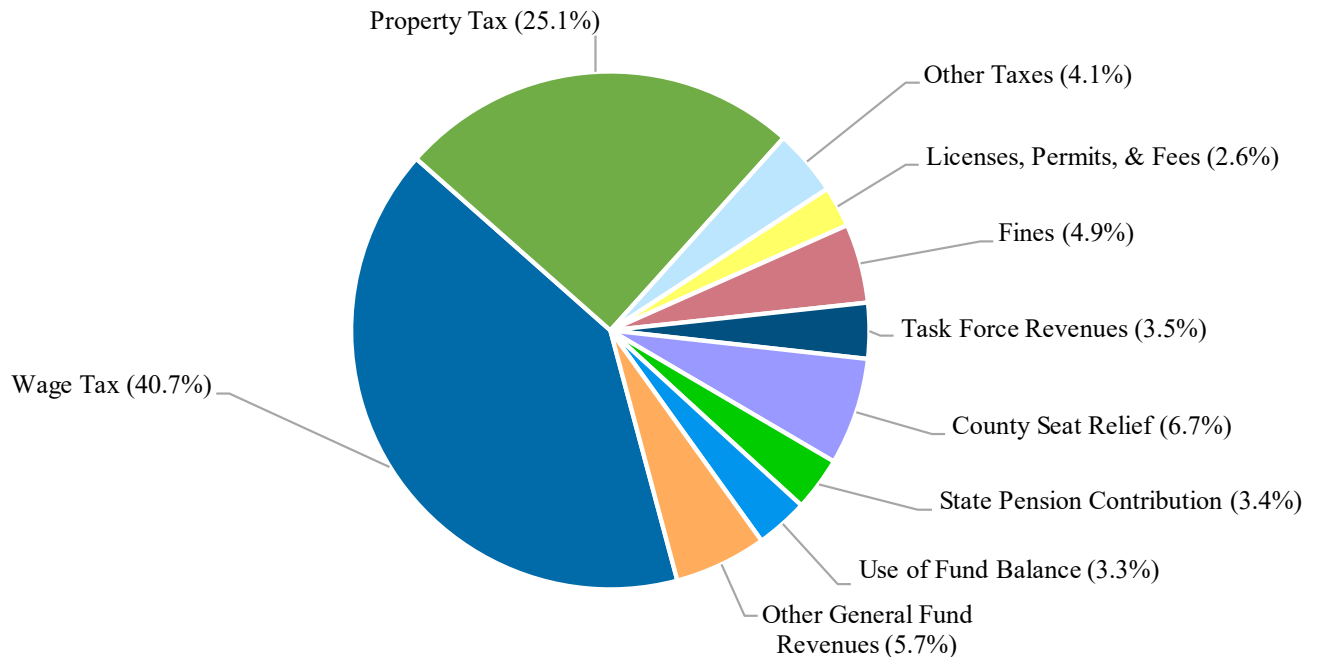
All Funds Expenditures Fiscal Year 2022



Summary of General Fund Fiscal Year 2022

General Fund Revenues	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Wage Tax	\$68,433,280	\$65,637,184	\$65,840,370	\$70,079,093	\$4,238,723	6.4%
Property Tax	42,747,586	43,698,151	42,142,742	43,256,728	1,113,986	2.6%
Other Taxes	8,171,822	10,215,568	5,977,720	7,109,957	1,132,237	18.9%
Licenses, Permits, & Fees	4,782,091	5,746,733	3,883,472	4,403,653	520,181	13.4%
Fines	6,945,327	5,380,602	8,154,141	8,495,153	341,012	4.2%
Interest	1,947,184	1,301,142	184,500	336,000	151,500	82.1%
Other Revenues	8,551,420	11,324,447	9,666,746	8,725,523	(941,223)	-9.7%
Task Force Revenues	5,775,578	5,624,656	5,063,006	5,990,845	927,839	18.3%
County Seat Relief	11,547,947	11,640,434	10,876,287	11,520,686	644,399	5.9%
State Pension Contribution	5,199,177	5,785,466	5,199,177	5,785,466	586,289	11.3%
Port Debt Reimbursement	396,574	569,356	870,857	554,204	(316,653)	-36.4%
Transfers In/(Out)	275,000	275,000	275,000	275,000	0	0.0%
Use of Fund Balance	0	0	5,367,031	5,644,490	277,459	5.2%
Total Revenues	\$164,772,986	\$167,198,739	\$163,501,049	\$172,176,798	\$8,675,749	5.3%

General Fund Revenues Fiscal Year 2022

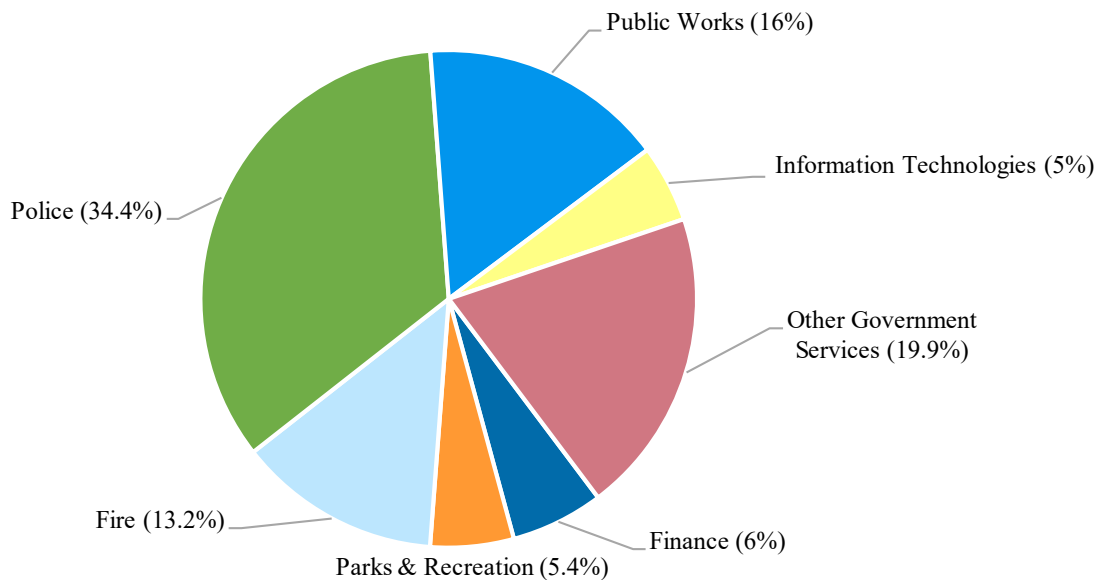


Summary of General Fund Fiscal Year 2022

General Fund Expenditures	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Mayor's Office	\$9,867,248	\$9,687,144	\$8,232,211	\$6,745,911	(\$1,486,300)	-18.1%
Council	2,093,767	1,785,400	1,750,183	1,847,437	97,254	5.6%
Treasurer	572,683	465,306	460,457	449,510	(10,947)	-2.4%
Planning	1,865,071	1,528,478	1,444,853	1,405,500	(39,353)	-2.7%
Audit	860,877	807,406	859,261	849,136	(10,125)	-1.2%
Law	2,828,029	2,571,510	2,543,255	2,536,273	(6,982)	-0.3%
Finance	9,544,211	9,392,066	9,635,303	10,409,920	774,617	8.0%
Human Resources	2,137,850	1,589,163	2,174,869	2,261,745	86,876	4.0%
Licenses & Inspections	5,398,788	5,227,601	5,469,246	5,660,319	191,073	3.5%
Parks & Recreation	8,999,086	8,835,988	8,260,687	9,362,172	1,101,485	13.3%
Fire	22,351,362	22,926,745	21,838,180	22,779,577	941,397	4.3%
Police	57,867,770	57,749,937	57,647,747	59,198,772	1,551,025	2.7%
Public Works	24,627,852	24,596,157	25,789,755	27,469,132	1,679,377	6.5%
Real Estate & Housing	2,036,938	2,188,405	2,948,953	5,924,606	2,975,653	100.9%
Commerce (Port Debt)	501,661	720,226	73,269	154,941	81,672	111.5%
Information Technologies	0	7,929,242	8,501,643	8,664,381	162,738	1.9%
State Pension Contribution	5,199,177	5,785,466	5,199,177	5,785,466	586,289	11.3%
Contingent Reserves*	0	0	672,000	672,000	0	0.0%
Total Expenditures	\$156,752,370	\$163,786,240	\$163,501,049	\$172,176,798	\$8,675,749	5.3%

* Includes a \$500,000 City-wide Operating Budget Contingency Fund and \$172,000 for snow and weather emergencies.

General Fund Expenditures Fiscal Year 2022

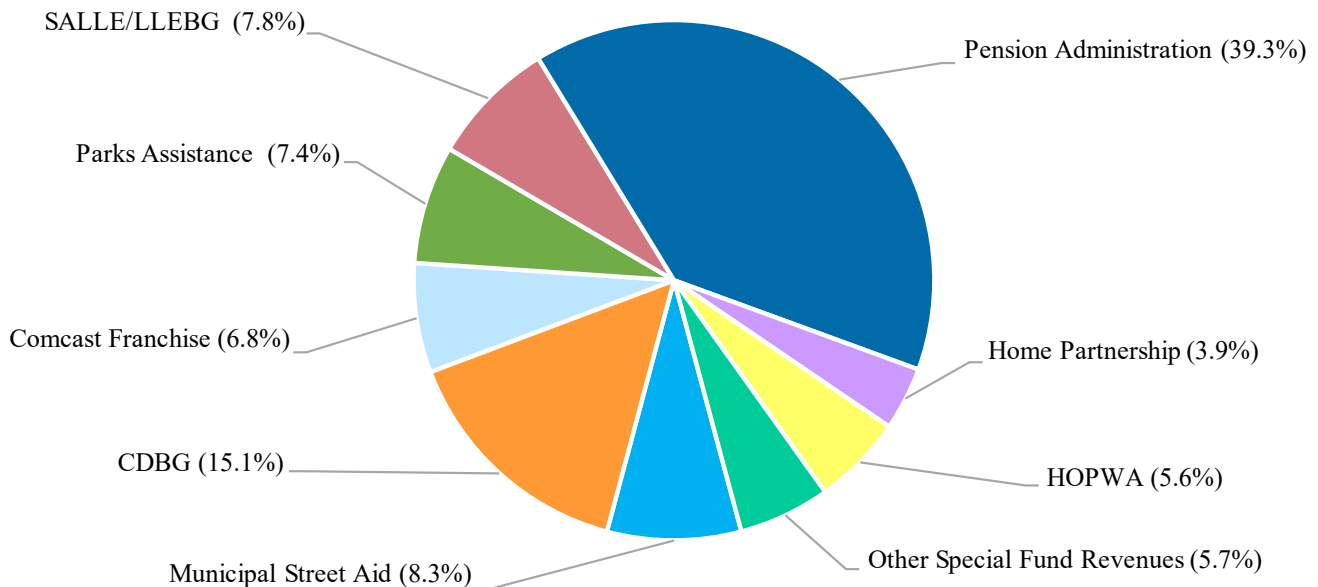


Summary of Special Funds Fiscal Year 2022

Special Funds Revenues	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Municipal Street Aid	\$1,260,608	\$1,260,608	\$1,233,853	\$1,222,660	(\$11,193)	-0.9%
CDBG	1,779,279	2,226,313	2,216,928	2,219,037	2,109	0.1%
Comcast Franchise	\$1,076,410	1,027,081	1,000,000	1,000,000	0	0.0%
Emergency Shelter	\$183,844	183,571	187,831	189,070	1,239	0.7%
Workforce Investment	\$255,578	396,700	258,660	263,834	5,174	2.0%
Parks Assistance	\$935,716	251,437	1,058,366	1,081,198	22,832	2.2%
Parks Trust Fund	\$102,015	100,370	106,906	107,675	769	0.7%
SALLE/LLEBG	\$2,295,288	3,085,735	1,385,794	1,151,842	(233,952)	-16.9%
Pension Administration	\$4,853,196	5,005,847	5,619,232	5,773,286	154,054	2.7%
Home Partnership	\$626,205	211,060	564,024	579,619	15,595	2.8%
HOPWA	\$629,406	814,782	802,435	824,463	22,028	2.7%
Miscellaneous Grants	\$298,291	272,380	278,401	276,920	(1,481)	-0.5%
Total Revenues	\$14,295,836	\$14,835,884	\$14,712,430	\$14,689,604	(\$22,826)	-0.2%

Special Funds Revenues consist of supplemental revenues derived from non-taxation sources such as Federal and State grants and endowments. The Comcast Franchise fee is a special exemption related to City Council's CATV Fund.

Special Funds Revenues Fiscal Year 2022

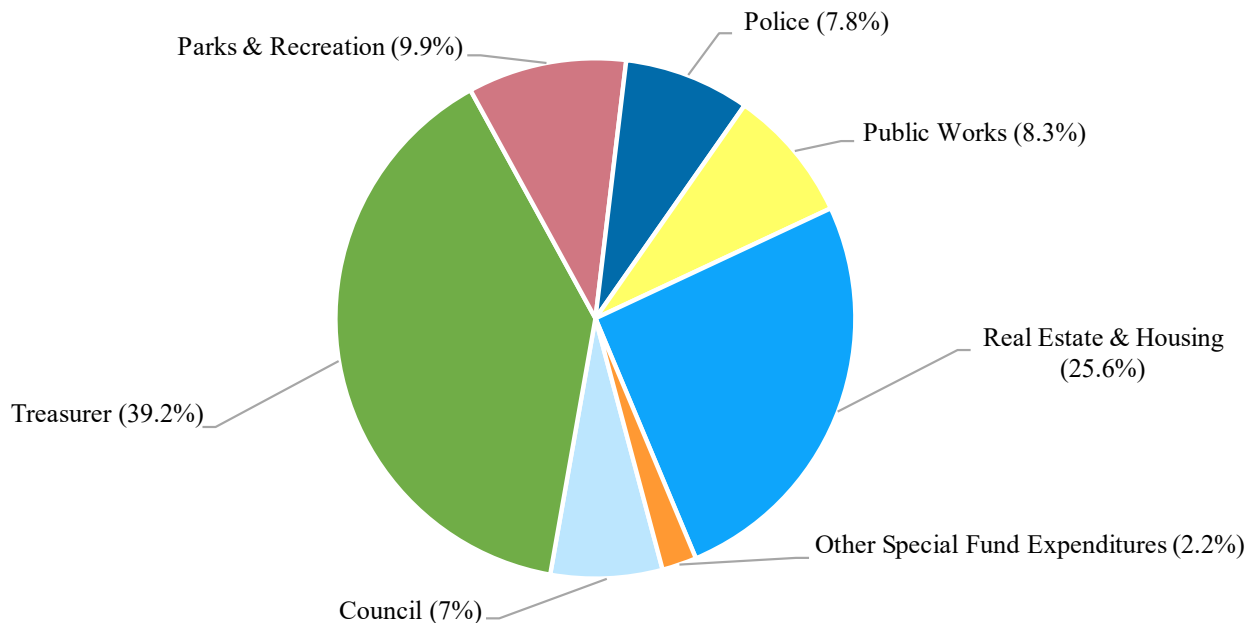


Summary of Special Funds Fiscal Year 2022

Special Funds Expenditures	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Mayor's Office	\$92,759	\$215,113	\$77,032	\$75,551	(\$1,481)	-1.9%
Council	1,120,269	1,139,859	987,029	1,022,835	35,806	3.6%
Treasurer	4,853,196	5,005,847	5,619,232	5,773,286	154,054	2.7%
Planning	30,426	8,555	38,649	39,569	920	2.4%
Parks & Recreation	1,293,309	748,507	1,423,932	1,452,707	28,775	2.0%
Fire	205,532	57,267	201,369	201,369	0	0.0%
Police	2,295,288	3,085,735	1,385,794	1,151,842	(233,952)	-16.9%
Public Works	1,260,608	1,260,608	1,233,853	1,222,660	(11,193)	-0.9%
Real Estate & Housing	3,188,308	3,427,171	3,732,569	3,772,620	40,051	1.1%
Total Expenditures	\$14,339,695	\$14,948,662	\$14,699,459	\$14,712,439	\$12,980	0.1%

Except in the special case of the CATV Fund in City Council, for these Special Funds total expenditures are equal to total revenues for purposes of appropriation. Therefore, there is no net income, fund balance, or change in fund balance.

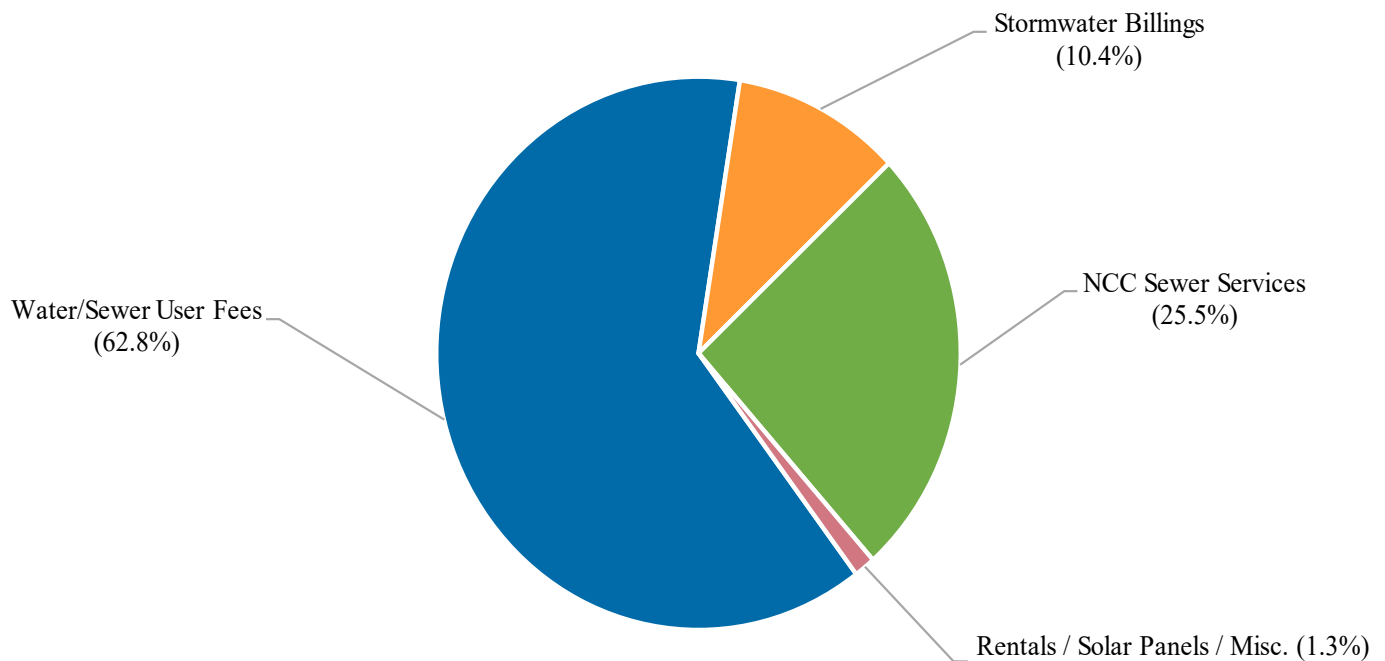
Special Funds Expenditures Fiscal Year 2022



Summary of Water / Sewer Fund Fiscal Year 2022

Water/Sewer Revenues	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Water/Sewer User Fees	\$53,337,686	\$46,785,501	\$48,165,541	\$52,209,830	\$4,044,289	8.4%
Stormwater Billings	8,552,418	8,301,152	8,074,000	8,664,000	590,000	7.3%
NCC Sewer Services	21,599,273	22,489,162	21,882,000	21,173,439	(708,561)	-3.2%
Rentals/Miscellaneous	1,218,514	1,209,157	1,065,000	1,050,000	(15,000)	-1.4%
Solar Panels	35,187	38,639	30,000	37,000	7,000	23.3%
Total Revenues	\$84,743,078	\$78,823,611	\$79,216,541	\$83,134,269	\$3,917,728	4.9%

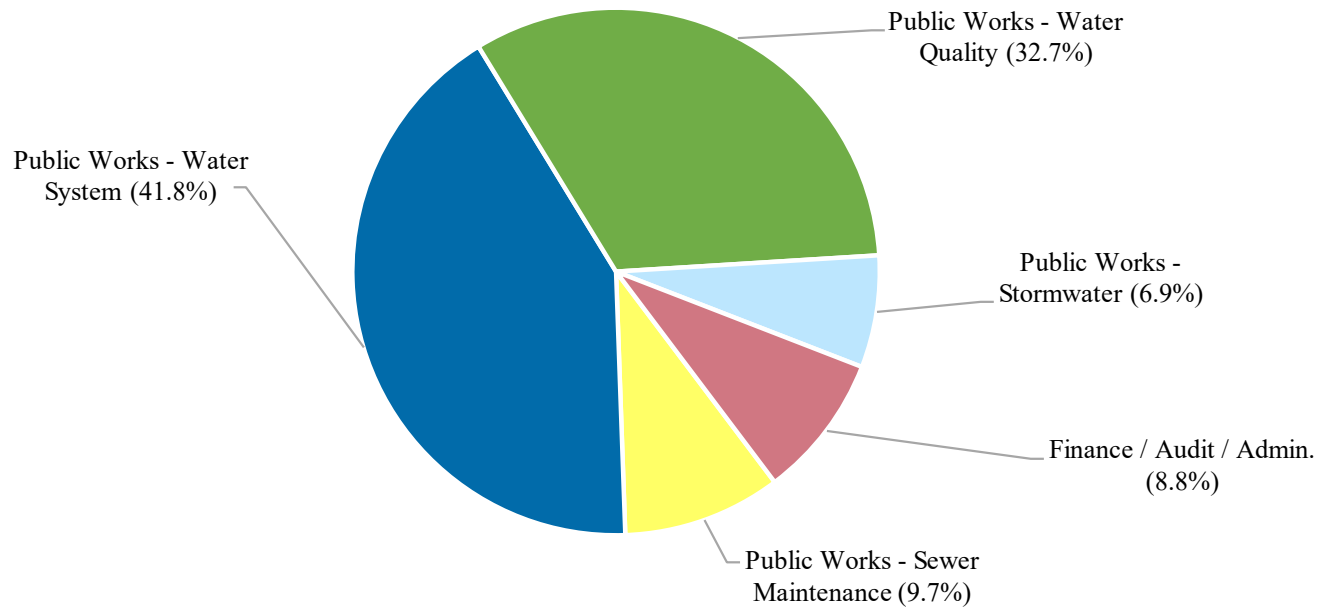
Water/Sewer Revenues Fiscal Year 2022



Summary of Water / Sewer Fund Fiscal Year 2022

Water/Sewer Expenditures	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Audit	\$72,423	\$84,984	\$97,080	\$83,678	(\$13,402)	-13.8%
Finance	5,702,579	6,431,919	6,915,380	6,938,034	22,654	0.3%
Public Works	68,607,669	72,845,475	70,795,373	72,545,863	1,750,490	2.5%
Total Expenditures	\$74,382,671	\$79,362,378	\$77,807,833	\$79,567,575	\$1,759,742	2.3%

Water/Sewer Expenditures Fiscal Year 2022

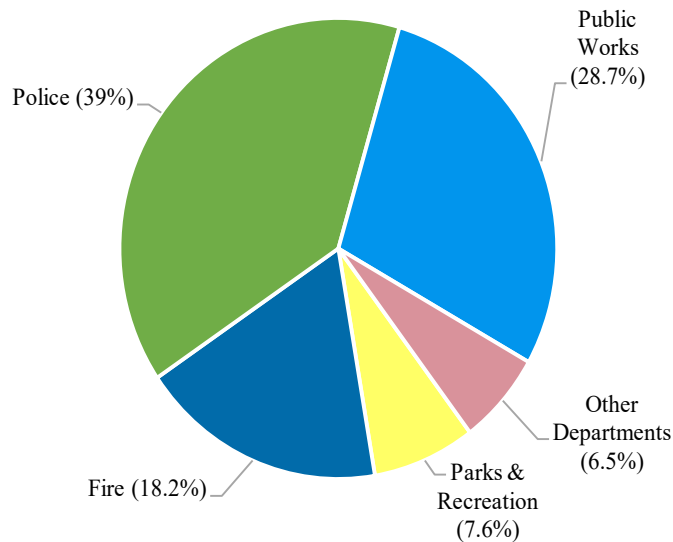


Summary of Internal Service Funds Fiscal Year 2022

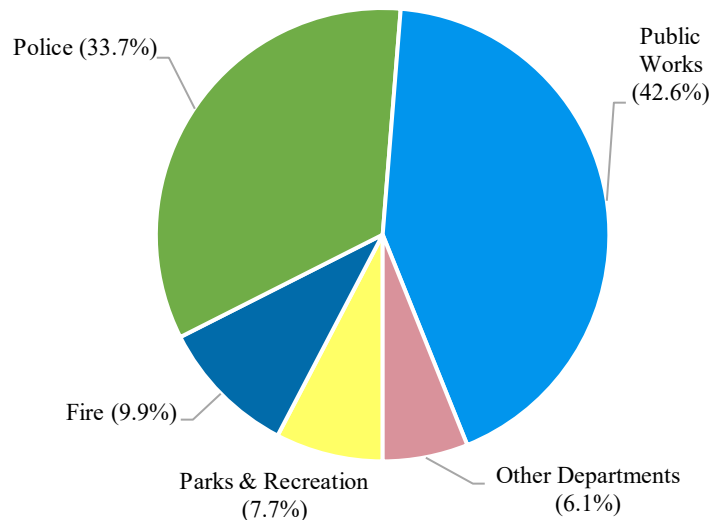
Internal Services Expenditures	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Mayor's Office	\$9,366,561	\$0	\$0	\$0	\$0	0.0%
Human Resources	30,995,321	30,568,614	30,071,373	29,726,001	(345,372)	-1.1%
Public Works	7,810,336	7,948,859	8,083,037	8,269,757	186,720	2.3%
Total Expenditures	\$48,172,218	\$38,517,473	\$38,154,410	\$37,995,758	(\$158,652)	-0.4%

Primary revenues for the Internal Service Funds are derived from changes to the operating budget of the various departments. Revenue changes must meet expenditures at year-end, and therefore no surplus or deficit may result.

**HR Self-Insurance Program
FY' 22 Internal Service Charge Allocations**



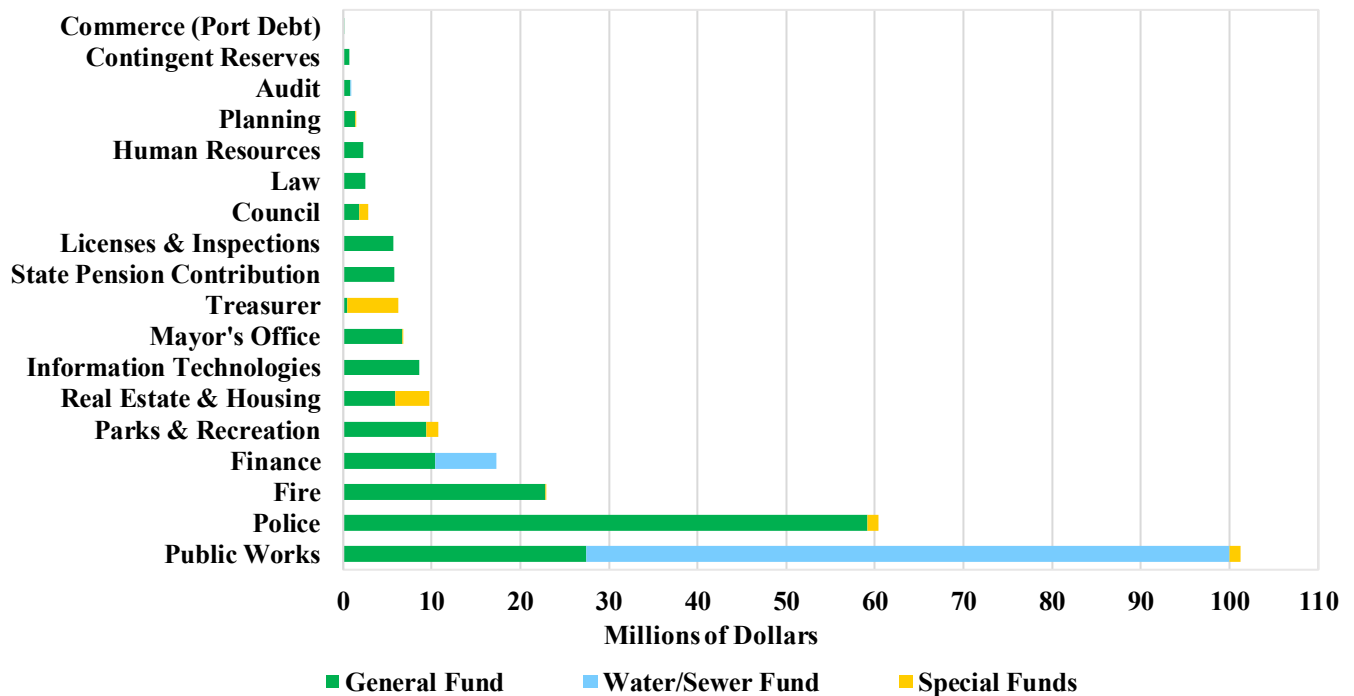
**Public Works Motor Vehicle Costs
FY' 22 Internal Service Charge Allocations**



Departmental Budgets by Fund Fiscal Year 2022

Departmental Budgets	General Fund Budget FY 2022	Water/Sewer Fund Budget FY 2022	Special Funds Budget FY 2022	Total Budget All Funds FY 2022
Mayor's Office	\$6,745,911	\$0	\$75,551	\$6,821,462
Council	1,847,437	0	1,022,835	2,870,272
Treasurer	449,510	0	5,773,286	6,222,796
Planning	1,405,500	0	39,569	1,445,069
Audit	849,136	83,678	0	932,814
Law	2,536,273	0	0	2,536,273
Finance	10,409,920	6,938,034	0	17,347,954
Human Resources	2,261,745	0	0	2,261,745
Licenses & Inspections	5,660,319	0	0	5,660,319
Parks & Recreation	9,362,172	0	1,452,707	10,814,879
Fire	22,779,577	0	201,369	22,980,946
Police	59,198,772	0	1,151,842	60,350,614
Public Works	27,469,132	72,545,863	1,222,660	101,237,655
Real Estate & Housing	5,924,606	0	3,772,620	9,697,226
Commerce (Port Debt)	154,941	0	0	154,941
Information Technologies	8,664,381	0	0	8,664,381
State Pension Contribution	5,785,466	0	0	5,785,466
Contingent Reserves	672,000	0	0	672,000
Total Budget	\$172,176,798	\$79,567,575	\$14,712,439	\$266,456,812

FY 2022 Total Departmental Budgets Breakout by Fund



**Capital Improvements Program
Fiscal Years 2022 - 2027**

Summary: Total Funds Recommended by Fiscal Year and Department

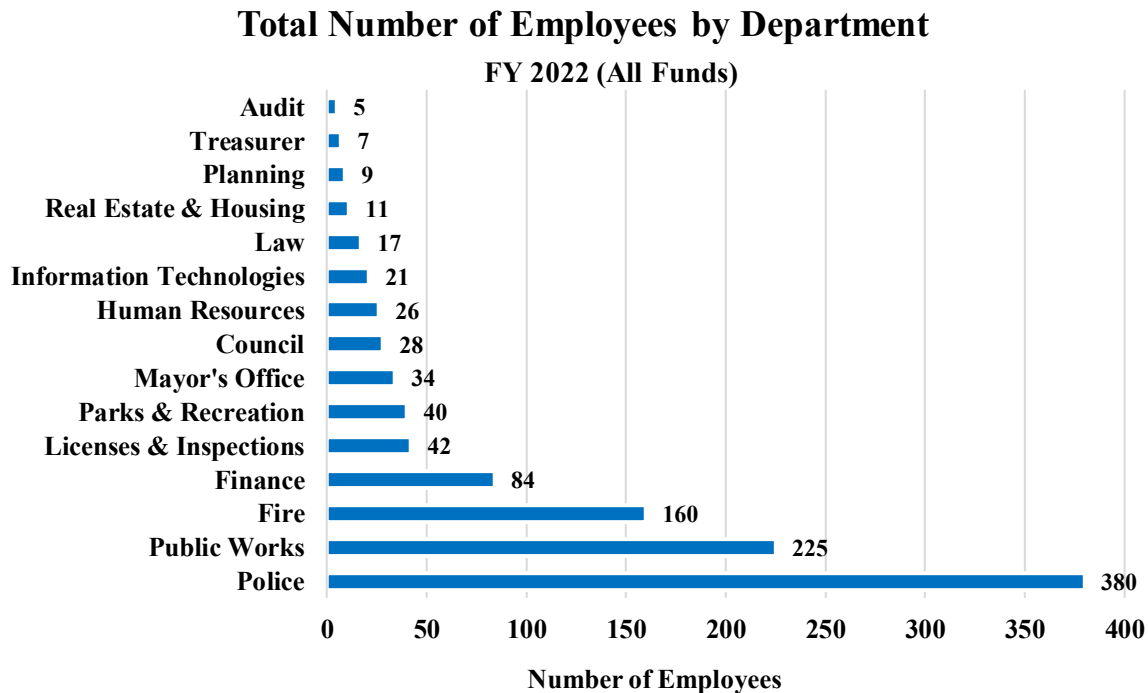
Department	Type of Funding	Fiscal Year						Total City Funds	Total City / Matching Funds
		2022	2023	2024	2025	2026	2027		
Finance	G	1,290,630	0	1,905,125	0	287,625	0	3,483,380	3,483,380
	W	6,226,140	0	1,418,905	0	2,810,238	0	10,455,283	10,455,283
Fire	G	4,000,000	0	7,750,000	0	0	0	11,750,000	11,750,000
Mayor's Office	G	2,135,000	0	2,660,000	0	2,510,000	0	7,305,000	7,305,000
Parks	G	2,000,000	0	2,000,000	0	2,000,000	0	6,000,000	6,000,000
Police	G	615,000	0	0	0	0	0	615,000	615,000
Public Works	G	6,000,000	0	11,000,000	0	11,000,000	0	28,000,000	28,000,000
	O	2,000,000		1,000,000		1,000,000		0	4,000,000
	W	59,800,000	0	55,800,000	0	54,800,000	0	170,400,000	170,400,000
Real Estate and Housing	G	1,000,000	0	1,000,000	0	1,000,000	0	3,000,000	3,000,000
Transportation	G	6,500,000	0	6,500,000	0	6,500,000	0	19,500,000	19,500,000
	O	8,000,000	0	8,000,000	0	8,000,000	0	0	24,000,000
Total by Fund	G	23,540,630	0	32,815,125	0	23,297,625	0	79,653,380	79,653,380
	O	10,000,000	0	9,000,000	0	9,000,000	0	0	28,000,000
	W	66,026,140	0	57,218,905	0	57,610,238	0	180,855,283	180,855,283
Grand Total		99,566,770	0	99,034,030	0	89,907,863	0	260,508,663	288,508,663

Type of Funding: G - General; W - Water/Sewer; O - Other Governmental

Summary of Staffing Levels Fiscal Year 2022

Total Number of Employees - All Funds Combined

Department	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Net Change FY'22-'21
Mayor's Office	57.00	55.00	34.00	34.00	34.00	0.00
Council	29.00	29.00	28.00	28.00	28.00	0.00
Treasurer	7.00	7.00	7.00	7.00	7.00	0.00
Planning	10.00	10.00	10.00	10.00	9.00	(1.00)
Audit	4.00	5.00	5.00	5.00	5.00	0.00
Law	18.00	17.00	17.00	17.00	17.00	0.00
Finance	85.00	84.00	85.00	84.00	84.00	0.00
Human Resources	23.00	24.00	26.00	26.00	26.00	0.00
Licenses & Inspections	38.00	42.00	43.00	42.00	42.00	0.00
Parks & Recreation	40.00	39.00	41.00	41.00	40.00	(1.00)
Fire	161.00	161.00	161.00	161.00	160.00	(1.00)
Police	376.00	378.00	380.00	379.00	380.00	1.00
Public Works	219.00	221.00	223.00	225.00	225.00	0.00
Real Estate & Housing	11.00	11.00	11.00	11.00	11.00	0.00
Information Technologies	0.00	0.00	22.00	21.00	21.00	0.00
Total	1,078.00	1,083.00	1,093.00	1,091.00	1,089.00	(2.00)
Total Employees per 1,000 City Residents	15.22	15.29	15.43	15.40	15.37	



Just over 74.1% (or 807) of the City's employees work to provide Public Safety (Police, Fire, L&I) and Public Works services.

Summary of Staffing Levels Fiscal Year 2022

Total Number of Employees - General Fund

Department	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Net Change FY'22-'21
Mayor's Office	34.50	33.50	33.50	33.50	33.50	0.00
Council	20.35	20.20	19.20	19.25	19.00	(0.25)
Treasurer	3.00	3.00	3.00	3.00	3.00	0.00
Planning	9.55	9.55	9.55	9.55	8.55	(1.00)
Audit	4.00	5.00	5.00	5.00	5.00	0.00
Law	18.00	17.00	17.00	17.00	17.00	0.00
Finance	60.45	58.65	58.85	58.85	58.05	(0.80)
Human Resources	13.55	14.55	16.60	16.60	16.60	0.00
Licenses & Inspections	38.00	42.00	43.00	42.00	42.00	0.00
Parks & Recreation	40.00	39.00	40.60	40.60	39.60	(1.00)
Fire	161.00	161.00	161.00	161.00	160.00	(1.00)
Police	369.00	371.00	374.57	373.57	374.57	1.00
Public Works	118.15	118.05	119.05	120.05	120.05	0.00
Real Estate & Housing	1.48	1.48	1.48	2.75	2.88	0.13
Information Technologies	0.00	0.00	22.00	21.00	21.00	0.00
Total	891.03	893.98	924.40	923.72	920.80	(2.92)

Total Number of Employees – Water / Sewer Fund

Department	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Net Change FY'22-'21
Finance	24.55	25.35	26.15	25.15	25.95	0.80
Public Works	100.85	102.95	103.95	104.95	104.95	0.00
Total	125.40	128.30	130.10	130.10	130.90	0.80

Total Number of Employees – Special Funds

Department	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Net Change FY'22-'21
Mayor's Office	0.50	0.50	0.50	0.50	0.50	0.00
Council	8.65	8.80	8.80	8.75	9.00	0.25
Treasurer	4.00	4.00	4.00	4.00	4.00	0.00
Planning	0.45	0.45	0.45	0.45	0.45	0.00
Parks & Recreation	0.00	0.00	0.40	0.40	0.40	0.00
Police	7.00	7.00	5.43	5.43	5.43	0.00
Real Estate & Housing	9.52	9.52	9.52	8.25	8.12	(0.13)
Total	30.12	30.27	29.10	27.78	27.90	0.12

Summary of Staffing Levels Fiscal Year 2022

Total Number of Employees – Internal Service Funds

Department	Budget FY 2018	Budget FY 2019	Budget FY 2020	Budget FY 2021	Budget FY 2022	Net Change FY'22-'21
Mayor's Office	22.00	21.00	0.00	0.00	0.00	0.00
Human Resources	9.45	9.45	9.40	9.40	9.40	0.00
Information Tech.	0.00	0.00	0.00	0.00	0.00	0.00
Total	31.45	30.45	9.40	9.40	9.40	0.00

Summary of Revenues Fiscal Year 2022

GENERAL FUND

General Fund Revenues	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Wage Tax	\$68,433,280	\$65,637,184	\$65,840,370	\$70,079,093	\$4,238,723	6.4%
Property Tax	42,747,586	43,698,151	42,142,742	43,256,728	1,113,986	2.6%
Other Taxes	8,171,822	10,215,568	5,977,720	7,109,957	1,132,237	18.9%
Licenses, Permits, & Fees	4,782,091	5,746,733	3,883,472	4,403,653	520,181	13.4%
Fines	6,945,327	5,380,602	8,154,141	8,495,153	341,012	4.2%
Interest	1,947,184	1,301,142	184,500	336,000	151,500	82.1%
Other Revenues	8,551,420	11,324,447	9,666,746	8,725,523	(941,223)	-9.7%
Task Force Revenues	5,775,578	5,624,656	5,063,006	5,990,845	927,839	18.3%
County Seat Relief	11,547,947	11,640,434	10,876,287	11,520,686	644,399	5.9%
State Pension Contribution	5,199,177	5,785,466	5,199,177	5,785,466	586,289	11.3%
Port Debt Reimbursement	396,574	569,356	870,857	554,204	(316,653)	-36.4%
Transfers In/(Out)	275,000	275,000	275,000	275,000	0	0.0%
Use of Fund Balance	0	0	5,367,031	5,644,490	277,459	5.2%
Total Revenues	\$164,772,986	\$167,198,739	\$163,501,049	\$172,176,798	\$8,675,749	5.3%

Total General Fund revenue before transfers and use of fund balance is budgeted to be **\$166,257,308**, a net increase of \$8.3 million, or 5.3%, above the FY 2021 budget. As the operating budget must be balanced per the City charter, FY 2022 also includes a one-time use of \$5.6 million from the General Fund's Tax Stabilization Reserve. This is sufficient to cover the projected revenue shortfall, based on projected revenues net of the approved General Fund expenditure budget of \$172.2 million.

The net change by revenue category is discussed in detail below:

Wage Tax, which includes Wage Taxes and Net Profit Taxes, is expected to increase by \$4.2 million to a new total of nearly \$70.1 million. Wage Taxes make up \$64.1 million of this total and are expected to grow by nearly \$4.1 million budget-to-budget in FY 2022. Given that FY 2021 Wage Tax revenues do not appear to have been significantly impacted by COVID, we have used the projected FY 2021 year-end total as the basis for the FY 2022 budget. This results in an adjusted base of \$59.6 million, which includes an approximately \$1.1 million net reduction for projected audit collections. On top of this, increased employee compensation is expected to result in 2.5% growth in taxable wages, further expanding Wage Tax revenues by nearly \$1.5 million. By comparison, DEFAC's December 18, 2020 report projects state salaries and wages growth to be 7.0% in FY 2022. However, given that Wilmington did not see Wage Tax fall off due to COVID, we have chosen to use a more conservative growth rate, largely reflecting underlying economic growth rather than post-COVID recovery. Finally, expanded collection efforts are expected to yield an additional \$1.7 million in audit collections; this is in addition to the \$1.25 million budgeted in FY 2021, for a collections total of nearly \$3.0 million.

Note that we do not include any potential reduction in revenue associated with employees requesting refunds (or, similarly, simply not remitting taxes going forward) due to working from home in a residence outside the City. As wages from non-resident employees make up almost 75% of the City's Wage Tax base, the effect could be significant if the refund / non-remittance rate is high. Given that as of Q2 FY

Summary of Revenues

Fiscal Year 2022

2021 the available data appears to indicate that non-remittance is minimal, any estimate of lost revenue due to refunds / non-remittance would at this point be speculative.

Net Profits revenue, which is remitted by business partnerships, professional associations, and limited liability corporations, is projected to improve slightly relative to FY 2021, to a new total of \$6.0 million. However, as Net Profits is paid on a calendar year basis, revenues received during FY 2022 encompass the latter half of FY 2021 and the first half of FY 2022. Consequently, we have projected Net Profits to continue to be roughly \$500,000 off historical normal levels due to the effects of COVID.

Property Tax revenues are projected to total nearly \$43.3 million, an increase of \$1.1 million, or 2.6%, relative to the FY 2021 budget. Given that FY 2021 Property Tax revenues are projected to be largely unaffected by COVID, our estimate for FY 2022 does not include additional COVID effects and represents a return to historical revenue levels. Projected base billings for FY 2021 are \$43.0 million. This base is reduced by \$250,000 in projected reassessment appeals, though this is partially offset by a combined \$26,000 in additional revenue due to expiring tax incentives and projected property improvements. The usual 2.0% allowance for doubtful accounts (similar to pre-COVID estimates) further reduces revenue by \$856,000. Lastly, one-time revenue from Penalty and Interest is expected to be \$1.3 million, which is up \$300,000 over the FY 2021 budget and is consistent with pre-COVID revenues.

There is no Property Tax rate increase included in the FY 2022 budget.

Other Taxes are projected to increase by \$1.1 million in FY 2022 relative to the prior-year budget. This includes the following:

Franchise Fees consists of 2% of the gross revenues from Delmarva Power electricity sales in the City (as Delmarva is the sole electricity distributor). This is projected to be \$764,000 in FY 2022, unchanged from the prior year.

Real Estate Transfer Tax (Residential) revenues are projected to increase by \$781,000 relative to the FY 2021 budget; however, relative to the Q2 FY 2021 WEFAC year-end projection, this is down \$579,000. Contrary to the projections in the FY 2021 budget, Residential transfers did not fall off due to COVID but were instead boosted by historically low interest rates. As we do not expect this residential activity to continue permanently, our FY 2022 projection is conservatively based on the historical average of residential transfers, net of one downside standard deviation.

Real Estate Transfer (Commercial) revenues are projected to increase by nearly \$267,000 relative to the FY 2021 budget. Commercial transfers have slowed during FY 2021, though not outside the bounds of a normal year (as commercial transfer activity tends to be unpredictable even in normal economic environments). For FY 2022, we have assumed a return to historically average commercial transfers, net of one downside standard deviation.

Head Tax revenues are projected to increase only modestly, to a new total of \$3.3 million. While some recovery is expected, we have chosen to be conservative regarding the strength of post-COVID growth in FY 2022. This is driven not only by concerns over employees potentially continuing to work from home, but also uncertainty regarding when low-wage employment will return to pre-COVID levels. In addition, reductions to the Head Tax base due to the effects of the

Summary of Revenues

Fiscal Year 2022

Barclays relocation and the Chemours exemption, which were included in the FY 2021 budget, further reduce Head Tax from its historical norm.

Licenses, Permits, & Fees revenues are up \$520,000, in net, compared to FY 2021. Business License revenues are projected to be down only slightly from FY 2021, consistent with historical trends. Conversely, Permits, which were less impacted by COVID than originally budgeted, are projected to be up by \$506,000 as they return to historically average levels, net of one downside standard deviation. Finally, Fees are expected to modestly increase, again based on pre-COVID historical actuals.

Fines are projected to be up by a net \$341,000, to a new total of \$8.5 million. This consists of the following:

Criminal / Instant Ticket revenues are composed of Criminal Fines remitted by the State and the L&I Instant Ticketing Program. Criminal Fines are projected to decrease by \$81,000 due to the ongoing declines in State remittances, which are projected to continue. Conversely, Instant Ticket revenues are projected to increase by \$42,000, with Instant Ticketing activity returning to historically normal levels as Licenses and Inspections resumes normal activities.

Red Light revenues, in total, are projected to be \$5.4 million, an increase of \$656,000 relative to the FY 2021 budget and \$132,000 relative to the Q2 FY 2021 WEFAC projection. Net of the combined effects of COVID and the implementation of 17 new Red Light cameras, FY 2021 has seen stronger than expected Red Light revenues. We expect this to continue into FY 2022 and improve slightly as COVID-related losses abate.

Parking revenues are projected to be nearly \$2.7 million, down \$276,000 from the FY 2021 budget, but up by almost \$2.7 million from the Q2 FY 2021 WEFAC projection (which assumes that parking enforcement remains suspended for the entirety of FY 2021). For FY 2022, we assume that parking enforcement is fully restored by the beginning of the fiscal year, with some slowdown in traffic activity for Q1. For Q2 and beyond, we assume that Parking revenues return to their historical, pre-COVID levels.

Interest earnings on the City's cash balances are projected to increase by \$152,000 relative to the prior year budget. This is consistent with the modest interest revenues seen in FY 2021, with the City earning 0.15% or less on its investments. For FY 2022, we have assumed no change in rates, with the additional earnings largely due to a greater-than-budgeted FY 2021 General Fund surplus, combined with additional earnings on the unspent portion of the FY 2021 bond issuance.

Other Revenues is comprised of Indirect Costs, General Government Charges, Rentals, and other miscellaneous revenues. In total, this category is projected to be more than \$941,000 below the FY 2021 budget. Rentals are expected to decline by \$165,000 as the City will no longer receive rental fees for the Christina Landing Parking Garage, which is expected to be sold at the beginning of FY 2022. Similarly, General Government Charges are projected to decline by \$348,000, mainly driven by slowdowns in vacant property fees and limitation of occupancy fees. Finally, Indirect Costs, which are charges to the Water/Sewer Fund reimbursing costs incurred by the General Fund in support of water, sewer, and stormwater utilities, are budgeted to decline by \$427,000, reflecting General Fund budget decreases and revisions to the cost allocation model.

Summary of Revenues

Fiscal Year 2022

Task Force Revenues are the revenue sources that were created as a result of the Governor's Task Force, which took effect in FY 2004. As a result, each county seat in the state (which includes Wilmington, as the county seat of New Castle County) receives the revenue derived from the State filing fee for corporations and limited liability companies (LLC). The State also passed enabling legislation that allowed the City to create a 2% Lodging Tax and a 2% Natural Gas Franchise Fee on gross sales of natural gas in the City.

In total, Task Force Revenues are projected to be up almost \$928,000 compared to the FY 2021 budget and \$387,000 compared to the Q2 FY 2021 WEFAC projection. The largest components of this increase are the Corporate Filing Tax and the LLC Filing Tax, which (per DEFAC growth estimates) are projected to increase by \$226,000 and \$537,000, respectively. These increases are consistent with strong FY 2021 revenues, as neither category appears to have been noticeably impacted by COVID. Lodging Tax is expected to see a smaller increase, at \$93,000 above the FY 2021 budget, but is still well below historical highs. This is based on a continued slowdown in lodging during Q1, followed by subsequent recovery. Finally, Natural Gas Tax is projected to increase by nearly \$72,000, consistent with historical trends.

The **County Seat Relief Package** is a bundle of escalating revenue enhancements built upon the Governor's Task Force and intended to provide further diversification to support the three county seats in the State of Delaware. The FY 2022 projection totals a combined \$11.5 million, up a net \$644,000 from FY 2021. This is composed of the following:

Statutory Trust Filing Fees, which are capped at \$1.0 million, are unchanged from prior years.

New Castle County Corporate Filing Fees are projected to be up over \$411,000, based on DEFAC growth estimates. This is consistent with FY 2021 revenues, which did not appear to be impacted by COVID.

Uniform Commercial Code (UCC) Filing Fees are projected to be down \$600,000, also based on DEFAC estimates. This follows the ongoing slowdown in UCC revenues seen in FY 2021, due to a combination of reduced overall UCC filings and the transition to electronic filing (from which the City receives a smaller revenue share).

The **Payment in Lieu of Taxes (PILOT)** on what would usually be tax-exempt properties in the City is budgeted to increase by \$833,000, to a new total of \$3.3 million. This is equal to the PILOT payment the City expects to receive (but did not fully budget for) in FY 2021.

The **State Pension Contribution** is a pass-through grant that is offset against an equal amount appropriated for pension contribution expenses in the Fire and Police Departments. This is projected to increase by almost \$586,300 in FY 2022. The City had previously expected to receive a reduced contribution amount due to a miscalculation by the State Insurance Commissioner's Office and had lowered the budget in FY 2021 to reflect this; however, this decrease did not occur. Consequently, we have increased the FY 2022 projection to match the FY 2020 actual and FY 2021 projected amount, which we expect to receive going forward.

The **State Port Debt Reimbursement** is related to the 1996 sale of the Port from the City to the State. Per the sale agreement, the outstanding Port debt remains as a liability on the City's books. In 2018, the State

Summary of Revenues Fiscal Year 2022

entered into a long-term lease of the Port, and subsequently provided the City with full payment for the outstanding debt. The City has amortized these funds and will continue to budget debt payments for the remaining life of the associated bonds, which will be fully paid down in FY 2023. For FY 2022, the reimbursement is down nearly \$317,000, as per the existing debt schedule.

WATER / SEWER FUND

Water / Sewer Fund Revenues	Actual FY 2019	Actual FY 2020	Budget FY 2021	Proposed FY 2022	Dollar Change FY'22-'21	Percent Change FY'22-'21
Water/Sewer User Fees	\$53,337,686	\$46,785,501	\$48,165,541	\$52,209,830	\$4,044,289	8.4%
Stormwater Billings	8,552,418	8,301,152	8,074,000	8,664,000	590,000	7.3%
NCC Sewer Services	21,599,273	22,489,162	21,882,000	21,173,439	(708,561)	-3.2%
Rentals/Miscellaneous	1,218,514	1,209,157	1,065,000	1,050,000	(15,000)	-1.4%
Solar Panels	35,187	38,639	30,000	37,000	7,000	23.3%
Total Revenues	\$84,743,078	\$78,823,611	\$79,216,541	\$83,134,269	\$3,917,728	4.9%

Total Water / Sewer Fund revenue before transfers is budgeted to be **\$83,134,269**, a net increase of \$3.9 million, or 4.9%, above the FY 2021 budget. The net change by revenue category is discussed in detail below:

Direct User Fees are projected to total \$52.2 million, an increase of \$4.0 million from the FY 2021 budget and \$866,000 from the Q2 FY 2021 WEFAC projection. Excluding year-end accruals (which can vary significantly from year to year) FY 2021 appears to be consistent with prior years, with limited net impacts from COVID. We project that FY 2022 will be similar to this, with a starting base of \$48.7 million (up \$594,000 from the FY 2021 budgeted base). To this we have added a 3.0% increase on Inside City water and sewer along with a 3.0% increase on Outside City water. Combined, these rate increases yield nearly \$1.5 million in additional revenue, net of bad debt. For the typical Inside City residential customer, these proposed increases are equivalent to \$1.65 per month.

In addition, special sewer fees are projected to provide nearly \$2.2 million (down by \$256,000 from FY 2021), and penalty and interest will provide nearly \$1.9 million (up \$558,000 from FY 2021). Finally, the projection includes a greater than \$1.9 million offset for bad debt, an improvement of almost \$2.1 million from FY 2021's budgeted bad debt of over \$4.0 million. For the FY 2021 budget, the City had used a bad debt rate of 7.5%, conservatively assuming that COVID would heavily impact collections. As this largely has not occurred in FY 2021, for FY 2022 we have chosen to use a bad debt rate of 3.0% for direct user fees and 5.0% for stormwater (as the bad debt for stormwater is included here, rather than in its own category).

Stormwater Billings are the revenues derived from the Stormwater Property Fee, which is charged to all property owners in the City. The fee is not based on a consumption factor, but rather on the size of property and the characteristics of associated land and buildings as they relate to the generation of stormwater runoff. The Stormwater Billings base for FY 2022 is nearly \$8.5 million. A 2.0% increase to the Stormwater rate is expected to yield an additional \$170,000, for a total of nearly \$8.7 million. For the typical residential customer, this increase is equivalent to \$0.10 per month.

Summary of Revenues

Fiscal Year 2022

New Castle County Sewer is the revenue associated with the City's treatment of sewage from New Castle County. Efforts to resolve the dispute between the City and County and finalize a new sewer contract are expected to continue into FY 2022. While the County had previously begun providing a higher payment in FY 2020 (which served as a basis for the FY 2021 budget) it subsequently reduced this payment during FY 2021. Net of a \$233,000 increase for debt reimbursement, this lower payment results in a reduction to projected FY 2022 revenues of nearly \$709,000, for a new total of \$21.2 million.

Rentals revenues are the fees charged to telecommunication companies that rent space on the City's water tanks for antennae and transmitters. This category is expected to decrease by \$15,000, to a new total of almost \$1.1 million.

Solar Panel Revenue is derived from the sale of Solar Renewable Energy Credits (SRECs) earned by the solar arrays located at various municipal sites, most notably the Porter Filter Plant. The projected revenue for FY 2022 is up \$7,000, to a new total of \$37,000.