

City of Wilmington Delaware



Proposed Budget Summary FY 2018

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Mayor

Prepared by the
Office of Management and Budget

Fiscal Year 2018 • Proposed to City Council • March 16, 2017

City of Wilmington
FY 2018 Proposed Budget

	FY 2018 General Fund	FY 2018 Water/Sewer Fund	FY 2018 Total
Revenue	\$157,305,592	\$77,484,523	\$234,790,115
Expenditures	154,132,645	71,060,928	225,193,573
Surplus/(Deficit)	\$3,172,947	\$6,423,595	\$9,596,542
WPA Transfer In	275,000	0	275,000
Net Surplus/(Deficit)	\$3,447,947	\$6,423,595	\$9,871,542

Property Tax increase of 7.5%.
 Water and Sewer rate increase of 4.0%.
 No Stormwater rate increase.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2018

The General Fund

- The Fiscal Year (FY) 2018 operating budget expenditures total **\$154,132,645** – up just \$94,005 or 0.1% from FY 2017. Despite having to initially absorb \$3.76 million in personnel cost increases and the loss of \$1.4 million in traffic citation revenue caused by obscure epilogue language appended to the FY 2017 State bond bill, the budget was balanced with a broad and shared sacrifice by all Departments to reduce expenditures and create further efficiencies, with major cuts focused on non-productive areas.
- Staffing was decreased by a net total of 28.12 full-time equivalents (FTE), reducing the budget by almost \$2.5 million. These changes are detailed below:
 - In the Mayor’s Office, 2.00 FTE were deleted. A vacant Senior Economic Research & Development Manager position in the Office of Economic Development was eliminated, as well as the vacant Administrative Assistant position in the Administration Division. There were also several job title changes and salary reductions made during the mid-fiscal year transition process following the 2016 election. The resulting savings total nearly \$272,000.
 - A comprehensive reorganization of personnel in the Law Department, especially among the appointed attorney positions, will result in a net decrease of 2.00 FTE and a projected savings in salaries and benefits of almost \$335,000.
 - In the Finance Department, a vacant Parking Regulation Enforcement Officer (1.00 FTE) was deleted, reducing personnel costs by \$52,375.
 - The Treasurer’s Office barely increased by 0.08 FTE. As part of the mid-fiscal year transition process, the new Treasurer reorganized the appointed personnel in the Treasurer’s Office. Part of that process was the creation of a split-funded (50% General Fund - 50% Pension Funds) Debt Manager/Systems Coordinator position to provide in-house expertise that added 0.50 FTE to the General Fund. However, this was nearly offset by changes to the split-funded prorrations of two other positions that shifted more of their funding into the Pension Funds, resulting in a 0.42 FTE General Fund decrease.
 - While the total number of positions (in all funds) remained the same as last fiscal year, City Council increased by 0.80 FTE in the General Fund. In similar fashion to the Treasurer’s Office, City Council did a major reorganization of staff as part of the transition process, including shifting funding between the General Fund and the CATV Fund for several positions. This resulted in a net 0.80 FTE shift in funding from the CATV Fund to the General Fund.
 - In the Public Works Department, 2.00 FTE were deleted, both from the Street Cleaning Division. The elimination of the vacant positions of General Laborer II and an Equipment Operator IV resulted in a savings of \$127,384.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2018

The General Fund (continued)

- A vacant Project Manager position in the Parks & Recreation Department was eliminated, decreasing the number of full-time employees in the Department by 1.00 FTE. Because the functions of the position will be handled by a new part-time employee, the net savings will be \$103,513.
- In FY 2012 a federal grant paid for a temporary increase in staffing of 13 firefighters in the Fire Department. That grant ended in FY 2014, but the 13 positions were not reduced through a controlled attrition program as had been agreed to by the Department's management. Given this fact, and as part of the new Administration's emphasis to deploy personnel more efficiently, it was determined that the number of authorized firefighter positions could be lowered from 172 to 156 without a negative impact on public safety or alarm response times. Sixteen vacant firefighter positions were deleted for a reduction to the budget of \$1.17 million.
- Following the infusion of federal grants (that have long since ended), the Police Department's total number of sworn officers ballooned to well above the historical and financially sustainable limit of 289. One of the top priorities of the new Administration is the redeployment of officers from administrative areas into the patrol function. This will allow the same or even a higher number of police officers to be on the street while still allowing for a prudent reduction to a more fiscally supportable level of personnel. As such, five vacant patrol officer positions were deleted, lowering the total number of sworn officers from 319 to 314, and saving \$454,551.
- Debt Service decreased by \$1.94 million. Taking advantage of current low interest rates, two past bond issues were refinanced in February 2017, resulting in a reduction of \$1.28 million in debt service payments for FY 2018. An additional savings of \$660,000 was the result of the normal maturing of older bond issues.
- A number of factors resulted in Landfill Fees being reduced by \$475,000. Last fiscal year, before the new contract with the Delaware Solid Waste Authority (which operates the landfill used by the City) was in place, landfill tipping fees were budgeted at \$85.00 per ton. The final negotiated amount was settled at \$70 per ton and is reflected in the FY 2018 budget as a savings of \$275,000. In addition, an audit of services revealed 92 non-eligible entities receiving City trash pick-up. Those entities will no longer receive trash service in FY 2018. The resulting decrease in trash tonnage going to the landfill will save an additional \$200,000.
- The City has begun utilizing the recently established State Office of Animal Welfare for animal control services. As the various SPCAs and other animal organizations in the State of Delaware decided to get out of the animal control business, the City had been forced into paying an exorbitant \$600,000 annual fee to the sole remaining provider of these services. The equitable fee structure of the State Office of Animal Welfare will save the City almost \$300,000 in FY 2018.

BUDGET HIGHLIGHTS
CITY OF WILMINGTON
FISCAL YEAR 2018

The General Fund (continued)

- The City's cost for employee and retiree medical care and prescription drugs continues to grow at a combined rate that is three times that of general inflation. For FY 2018, that translated into a nearly \$1.2 million increase.
- City-wide, Overtime increased nearly \$333,000. The vast majority of that rise (\$300,000) was in the Suppression Division of the Fire Department. The Division's current shift configuration, which has firefighters scheduled to work only every fourth day, has led to a number of problems. One of those problems has been a higher level of sick leave absences, leading to less personnel being available at the start of each shift. Because of minimum manning rules, overtime is used to fill those vacancies that would otherwise leave a fire company below the minimum staffing level.
- Contractual Maintenance Services increased by almost \$255,000. More than half the increase (\$162,500) is to pay for the *ShotSpotter* system used by the Police Department which notifies officers of gunshot crimes in progress with real-time data delivered to dispatch centers, patrol cars and smart phones. *ShotSpotter* was originally funded by a grant that has now been exhausted. In the Parks & Recreation Maintenance Division, \$45,000 was added to support the repair and upkeep of City fountains. This was done in lieu of adding a full-time position to perform the function. Another noteworthy increase of \$19,500 occurred in the Constituent Services Division of the Mayor's Office for expanded City-wide graffiti removal.
- In FY 2016, the City began a four-year phase-in to appropriately charge itself for water, sewer, and stormwater services used by Departments in the General Fund. The General Fund paid 25% of these charges in FY 2016 and 50% in FY 2017. In FY 2018, the charge will be 75%, and then 100% in FY 2019 and beyond. The 75% charge for FY 2018 to the General Fund will cost about \$743,000, an increase of almost \$216,000 from last fiscal year.
- As part of a comprehensive plan to eliminate the General Fund's structural deficit and achieve long-term fiscal stability, a Property Tax rate increase of 7.5% is proposed. A residential property owner living in a home assessed at the median value of \$50,000 (in 1983 dollars) will pay an additional \$70.00 per year or \$5.83 per month.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2018

The Water/Sewer Fund

- The FY 2018 operating budget expenditures total **\$71,060,928** – down \$2,174,351, or 3.0% from FY 2017. The FY 2018 Budget continues to support the high-priority initiatives begun in recent years deemed 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.
- As a result of the City’s new Renewable Energy Bio-solids Facility (REBF), the electricity and bio-solids disposal cost components of the City’s contract with VEOLIA to operate the Wastewater Treatment Plant were renegotiated, allowing an overall reduction to the contract of \$1.2 million.
- A comprehensive multi-year program to replace all small water meters (mostly affecting residential customers with 5/8 inch connections) with new, more accurate and more durable models began in earnest in FY 2017. The goal was to replace at least 6,000 of the old meters per year at a cost of \$1 million each year through the operating budget. A change in fiscal policy with the new Administration will allow the funding of the project through the Capital Budget, accelerating the program so that it is completed within two years. This also allowed the operating budget to be decreased by \$1 million in FY 2018.
- The Agricultural and Landscaping account in the Water System Division of Public Works was decreased by \$230,000. Time and heavy usage of the Cool Spring Reservoir Park had severely degraded the adjacent decorative pond and the buffering landscaping. Public Works had added \$320,000 to the FY 2017 Budget to secure a complete environmental management services contractor to restore the pond to its original condition. That one-time cost was eliminated in FY 2018. However, \$90,000 was added to fund ongoing services to control and manage nutrient levels and sedimentation, maintain the proper ecological balance between flora and fauna, work with regulated aquatic species, and maintain proper winter pond ecology.
- Based on recent pricing trends and better timing of inventory purchases, the budget for Bulk Chemicals (used to treat drinking water) was reduced by \$100,000.
- Total Personal Services in the Water/Sewer Fund increased by over \$355,000. The increase in Hospitalization (employee medical costs) of nearly \$237,000 or 11.0% accounted for two-thirds of that rise. Strong inflationary pressure on the price of many medical procedures and prescription drugs continues to significantly outpace the growth of the City’s revenue sources.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2018

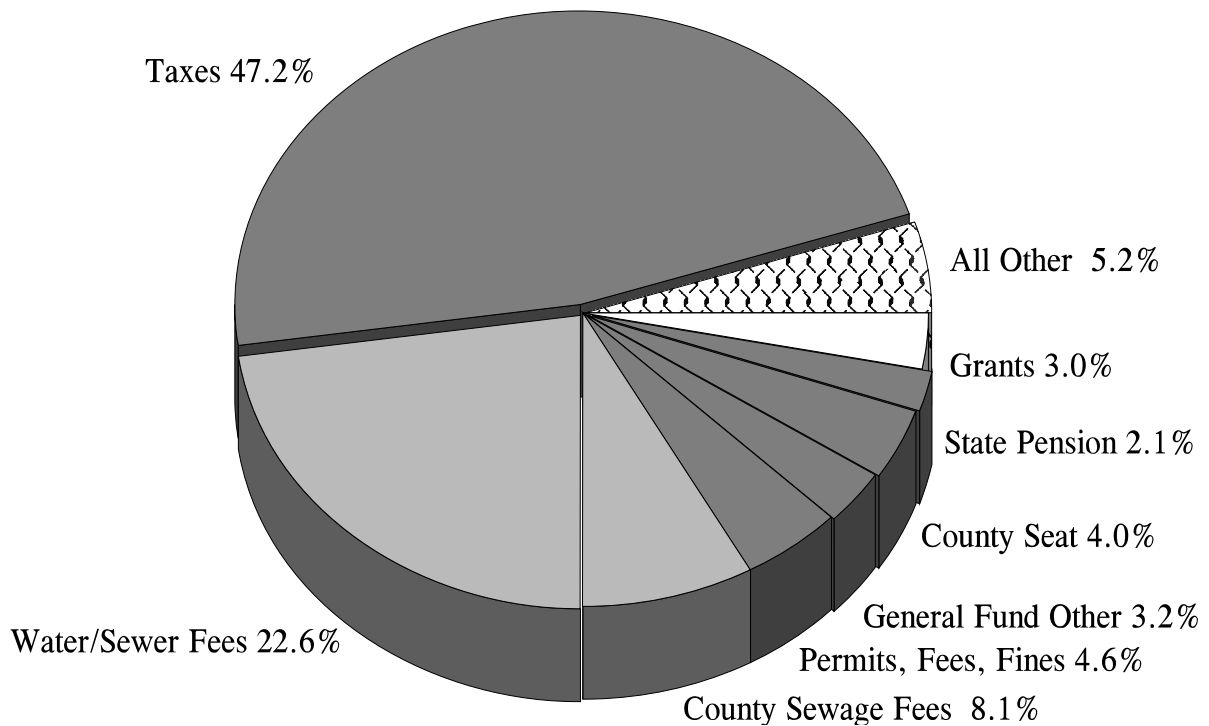
The Water/Sewer Fund (continued)

- The Indirect Cost expense to the Water/Sewer Fund rose by \$230,083, reflecting the budgeted increases in the supporting services provided to the Water/Sewer Fund's utility functions by the General Fund.
- Total Debt Service increased a net \$228,450. While direct interest payments rose a total of \$700,740, this was offset by a reduction of \$472,290, which was the combined net effect of changes in the accounts for amortized bond discount, amortized refunding gain, and amortized bond issuance costs.
- Net of the removal of the small meter replacement program from the operating budget, the Repairs to Equipment account in the Water System Division increased \$133,000. Increases were seen in the contracts for preventive maintenance and repairs on electrical equipment and for maintenance service on pumps and large water valves.
- Staffing remained the same as last fiscal year at 125.40 FTE.
- There is a proposed increase to water and sewer rates of 4.0%. This will allow the City to fully fund a 60-day operating reserve, while meeting the minimum debt coverage ratio set by policy. The impact on a typical City residential customer (consuming 4,000 gallons of water per month) will be a monthly bill increase of \$1.81.
- Stormwater rates are proposed to remain the same as last fiscal year.

**SUMMARY ALL FUNDS COMBINED
FISCAL YEAR 2018**

Revenues	Actual FY 2015	Actual FY 2016	Budget FY 2017	Budget FY 2018	Percent Change FY'18-'17
Taxes	\$111,345,910	\$110,399,299	\$114,125,910	\$117,389,932	2.9%
Permits, Fees, Fines	11,744,885	12,746,282	12,350,000	11,500,000	-6.9%
Task Force Revenues	5,053,288	5,113,176	5,232,226	5,318,626	1.7%
County Seat Relief	9,658,837	9,933,561	9,643,339	9,843,339	2.1%
State Pension Contr.	5,731,410	5,731,410	5,269,823	5,269,823	0.0%
General Fund Other	7,028,845	7,389,057	7,389,555	7,869,638	6.5%
Water/Sewer Fees	54,610,259	57,052,722	54,545,000	56,252,000	3.1%
County Sewage Fees	18,095,165	18,837,257	18,374,244	20,133,523	9.6%
Water/Sewer Other	1,155,061	1,249,676	1,201,000	1,099,000	-8.5%
Port Debt Reimburse.	934,165	936,721	840,060	389,234	-53.7%
Special Funds Grants	9,131,328	9,514,714	6,666,059	7,349,367	10.3%
Special Funds Other	5,636,767	5,773,650	5,967,694	6,175,031	3.5%
Total Revenues	<u>\$240,125,920</u>	<u>\$244,677,525</u>	<u>\$241,604,910</u>	<u>\$248,589,513</u>	<u>2.9%</u>

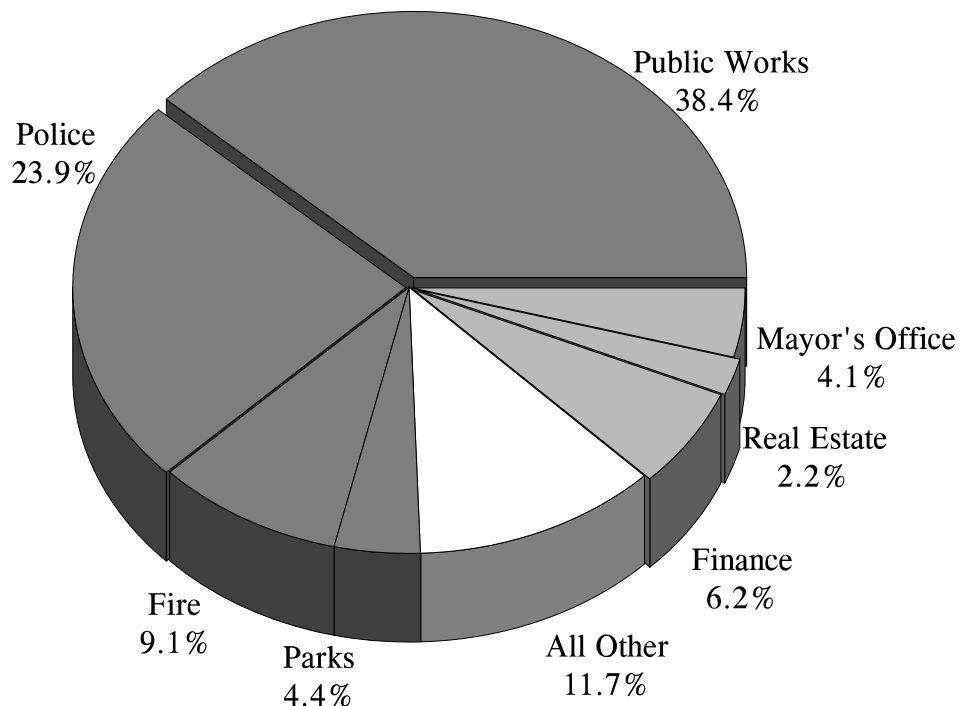
**Revenues All Funds
Fiscal Year 2018**



SUMMARY OF ALL FUNDS COMBINED FISCAL YEAR 2018

<u>Expenditures</u>	<u>Actual FY 2015</u>	<u>Actual FY 2016</u>	<u>Budget FY 2017</u>	<u>Budget FY 2018</u>	<u>Percent Change FY'18-'17</u>
Mayor's Office	\$9,996,747	\$10,995,009	\$10,529,008	\$9,814,992	-6.8%
Council	3,102,350	3,127,578	3,200,216	3,375,601	5.5%
Treasurer	4,820,055	4,947,587	5,100,629	5,347,102	4.8%
Planning	1,618,715	1,559,961	1,813,166	1,796,184	-0.9%
Audit	730,535	784,813	790,690	828,955	4.8%
Law	3,079,193	2,919,489	2,930,886	2,727,179	-7.0%
Finance	13,562,724	13,734,898	14,723,765	14,853,156	0.9%
Human Resources	1,992,565	2,041,957	2,129,232	2,215,564	4.1%
Licenses & Inspections	4,952,567	5,248,683	5,272,375	5,167,462	-2.0%
Parks & Recreation	10,924,763	10,377,970	10,748,906	10,430,245	-3.0%
Fire	21,712,740	21,405,071	21,452,000	21,664,766	1.0%
Police	57,646,946	56,573,550	55,211,199	57,052,594	3.3%
Public Works	82,650,074	84,814,445	94,122,711	91,662,129	-2.6%
Real Estate & Housing	6,002,960	5,449,115	4,966,238	5,144,301	3.6%
Commerce (Port Debt)	1,343,565	1,280,777	1,290,546	512,858	-60.3%
State Pension Contr.	5,731,410	5,215,485	5,269,823	5,269,823	0.0%
Contingent Reserves	0	0	127,360	672,000	427.6%
Total Expenditures	<u>\$229,867,909</u>	<u>\$230,476,388</u>	<u>\$239,678,750</u>	<u>\$238,534,911</u>	<u>-0.5%</u>

Expenditures All Funds Fiscal Year 2018

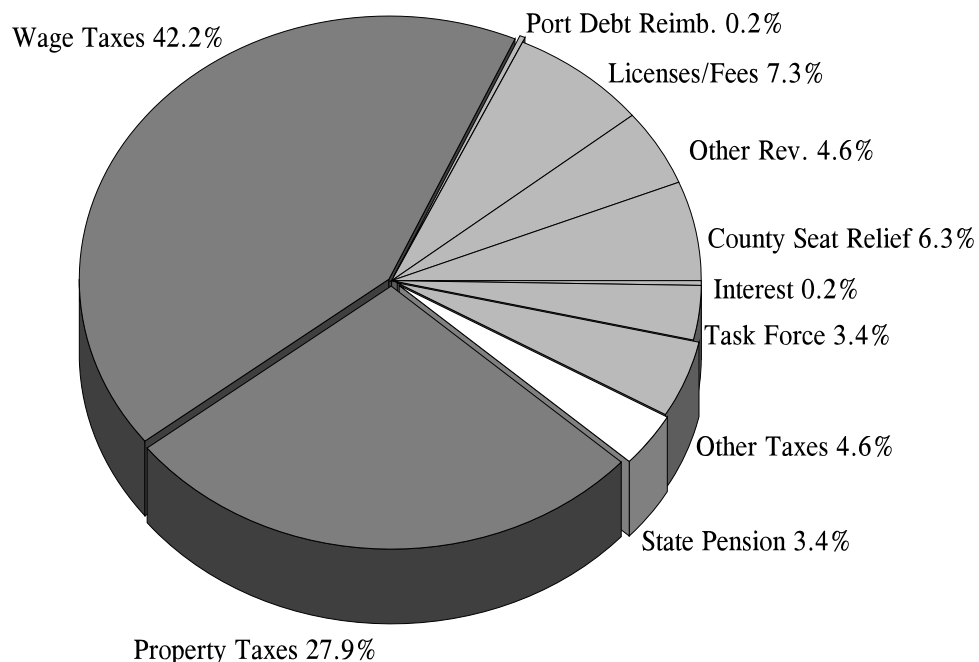


SUMMARY OF GENERAL FUND FISCAL YEAR 2018

<u>Revenues</u>	<u>Actual FY 2015</u>	<u>Actual FY 2016</u>	<u>Budget FY 2017</u>	<u>Budget FY 2018</u>	<u>Percent Change FY'18-'17</u>
Wage Tax	\$63,638,392	\$63,099,361	\$67,231,600	\$66,311,600	-1.4%
Property Tax	40,046,863	40,246,355	39,566,179	43,847,261	10.8%
Other Taxes	7,660,655	7,053,583	7,328,131	7,231,071	-1.3%
Licenses, Permits, Fees & Fines	11,744,885	12,746,282	12,350,000	11,500,000	-6.9%
Interest	176,237	236,539	240,000	340,000	41.7%
Other Revenues	6,575,912	6,877,518	6,874,555	7,254,638	5.5%
Task Force Revenues	5,053,288	5,113,176	5,232,226	5,318,626	1.7%
County Seat Relief	9,658,837	9,933,561	9,643,339	9,843,339	2.1%
State Pension Contr.	5,731,410	5,215,485	5,269,823	5,269,823	0.0%
Port Debt Reimburse.	934,165	936,721	840,060	389,234	-53.7%
Transfers In/(Out)	276,696	275,000	275,000	275,000	0.0%
Use of Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Revenues	<u>\$151,497,340</u>	<u>\$151,733,581</u>	<u>\$154,850,913</u>	<u>\$157,580,592</u>	<u>1.8%</u>

Other Taxes include Franchise Fees, Head Tax and Real Estate Transfer Tax. Other Revenues include indirect cost allocations, miscellaneous user charges, rental fees and concession revenues. Task Force Revenues include the State Corporate and LLC filings, Lodging Tax and Natural Gas Franchise Fees. County Seat Relief is a revenue enhancement package from the State that includes a Payment-in-Lieu-of-Taxes for State-owned properties and Uniform Commercial Code Filing Fees. State Pension Contr., previously booked directly into pension trust funds, is shown now as a General Fund revenue to comply with GASB pronouncement #24, concerning the treatment of "on-behalf" payments. Port Debt Reimbursement was previously in the now defunct Commerce Fund.

General Fund Revenues Fiscal Year 2018

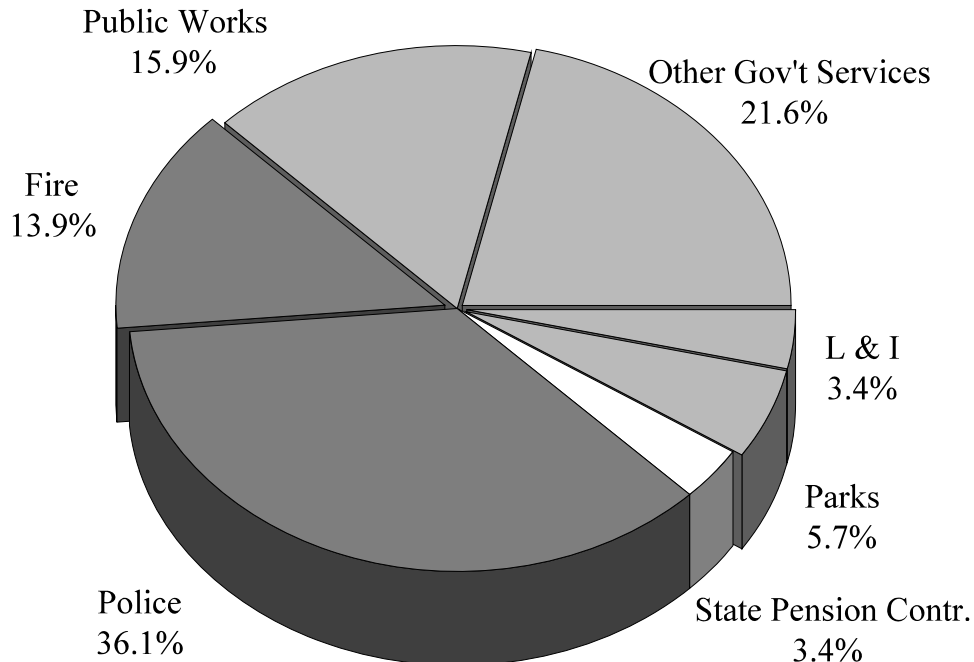


SUMMARY OF GENERAL FUND FISCAL YEAR 2018

<u>Expenditures</u>	<u>Actual FY 2015</u>	<u>Actual FY 2016</u>	<u>Budget FY 2017</u>	<u>Budget FY 2018</u>	<u>Percent Change FY'18-'17</u>
Mayor's Office	\$9,855,945	\$10,844,263	\$10,461,651	\$9,749,113	-6.8%
Council	2,192,709	2,206,541	2,229,138	2,358,661	5.8%
Treasurer	472,532	490,451	463,891	506,918	9.3%
Planning	1,592,393	1,505,606	1,762,874	1,745,372	-1.0%
Audit	659,178	713,340	718,422	756,358	5.3%
Law	3,079,193	2,919,489	2,930,886	2,727,179	-7.0%
Finance	9,314,211	9,419,435	9,872,907	9,967,239	1.0%
Human Resources	1,992,565	2,041,957	2,129,232	2,215,564	4.1%
Licenses & Inspections	4,952,567	5,248,683	5,272,375	5,167,462	-2.0%
Parks & Recreation	9,374,534	8,710,667	9,070,747	8,748,195	-3.6%
Fire	20,968,819	20,842,032	21,250,631	21,463,397	1.0%
Police	55,858,211	54,390,099	54,669,955	55,666,619	1.8%
Public Works	22,131,957	23,080,312	24,740,393	24,489,550	-1.0%
Real Estate & Housing	1,839,665	1,434,237	1,777,809	2,116,337	19.0%
Commerce (Port Debt)	1,343,565	1,280,777	1,290,546	512,858	-60.3%
State Pension Contr.	5,731,410	5,215,485	5,269,823	5,269,823	0.0%
Contingent Reserves*	<u>0</u>	<u>0</u>	<u>127,360</u>	<u>672,000</u>	<u>427.6%</u>
Total Expenditures	<u>\$151,359,454</u>	<u>\$150,343,374</u>	<u>\$154,038,640</u>	<u>\$154,132,645</u>	<u>0.1%</u>

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

General Fund Expenditures Fiscal Year 2018

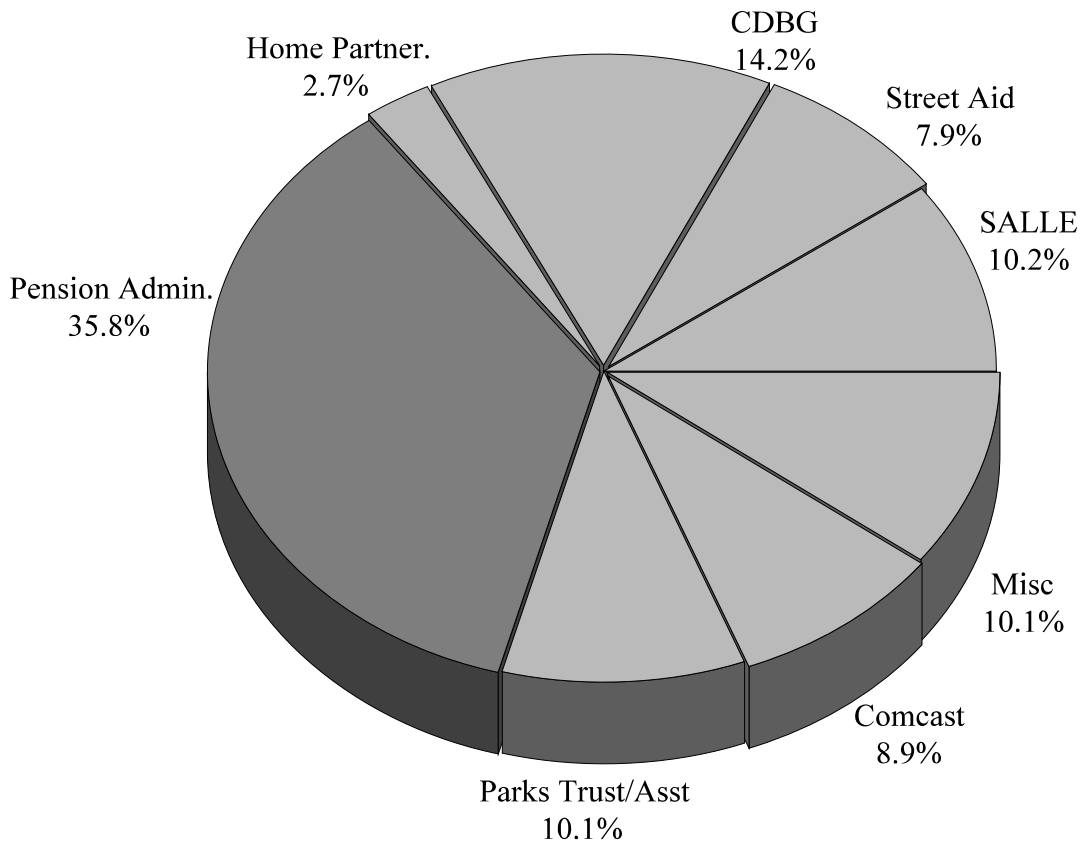


SUMMARY OF SPECIAL FUNDS FISCAL YEAR 2018

<u>Revenues</u>	<u>Actual FY 2015</u>	<u>Actual FY 2016</u>	<u>Budget FY 2017</u>	<u>Budget FY 2018</u>	<u>Percent Change FY'18-'17</u>
Municipal Street Aid	\$823,313	\$992,448	\$1,070,165	\$1,070,165	0.0%
CDBG	2,453,999	2,393,769	2,028,437	1,927,015	-5.0%
Comcast Franchise	1,183,955	1,205,008	1,200,000	1,200,000	0.0%
COPS Grant	29,765	0	0	0	0.0%
SAFER	0	0	0	0	0.0%
Parks Assistance	1,045,327	1,443,509	1,231,879	1,231,879	0.0%
Parks Trust Fund	105,289	111,506	130,956	134,847	3.0%
SALLE/LLEBG	1,758,970	2,183,451	541,244	1,385,975	156.1%
Pension Admin.	4,347,523	4,457,136	4,636,738	4,840,184	4.4%
Home Partnership	726,581	744,080	386,511	369,177	-4.5%
Byrne Grant	0	0	0	0	0.0%
Miscellaneous Grants	<u>2,293,373</u>	<u>1,757,457</u>	<u>1,407,823</u>	<u>1,365,156</u>	<u>-3.0%</u>
Total Revenues	<u>\$14,768,095</u>	<u>\$15,288,364</u>	<u>\$12,633,753</u>	<u>\$13,524,398</u>	<u>7.1%</u>

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 exception related to City Council's CATV Fund.

Special Funds Revenues Fiscal Year 2018

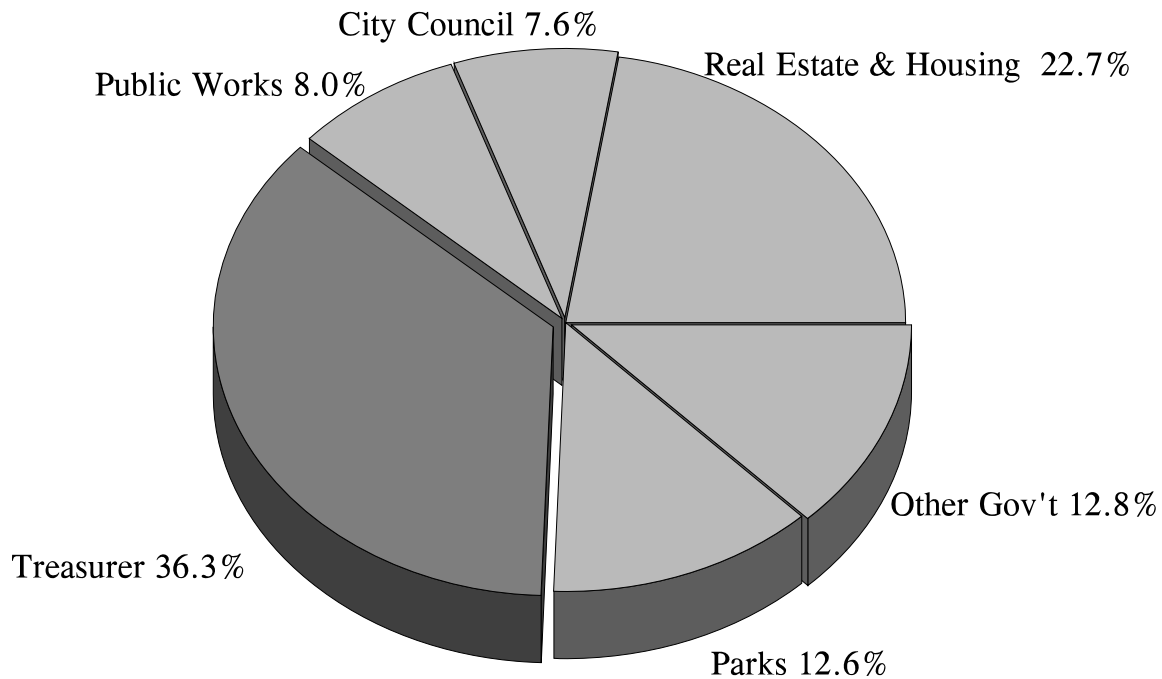


**SUMMARY OF SPECIAL FUNDS
FISCAL YEAR 2018**

<u>Expenditures</u>	<u>Actual FY 2015</u>	<u>Actual FY 2016</u>	<u>Budget FY 2017</u>	<u>Budget FY 2018</u>	<u>Percent Change FY'18-'17</u>
Mayor's Office	\$140,802	\$150,746	\$67,357	\$65,879	-2.2%
City Council	909,641	921,037	971,078	1,016,940	4.7%
Treasurer	4,347,523	4,457,136	4,636,738	4,840,184	4.4%
Planning	26,322	54,355	50,292	50,812	1.0%
Licenses & Inspections	0	0	0	0	0.0%
Parks & Recreation	1,550,229	1,667,303	1,678,159	1,682,050	0.2%
Fire	743,921	563,039	201,369	201,369	0.0%
Police	1,788,735	2,183,451	541,244	1,385,975	156.1%
Public Works	823,313	992,448	1,070,165	1,070,165	0.0%
Real Estate & Housing	<u>4,163,295</u>	<u>4,014,878</u>	<u>3,188,429</u>	<u>3,027,964</u>	<u>-5.0%</u>
Total Expenditures	<u>\$14,493,781</u>	<u>\$15,004,393</u>	<u>\$12,404,831</u>	<u>\$13,341,338</u>	<u>3.3%</u>

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 2018**

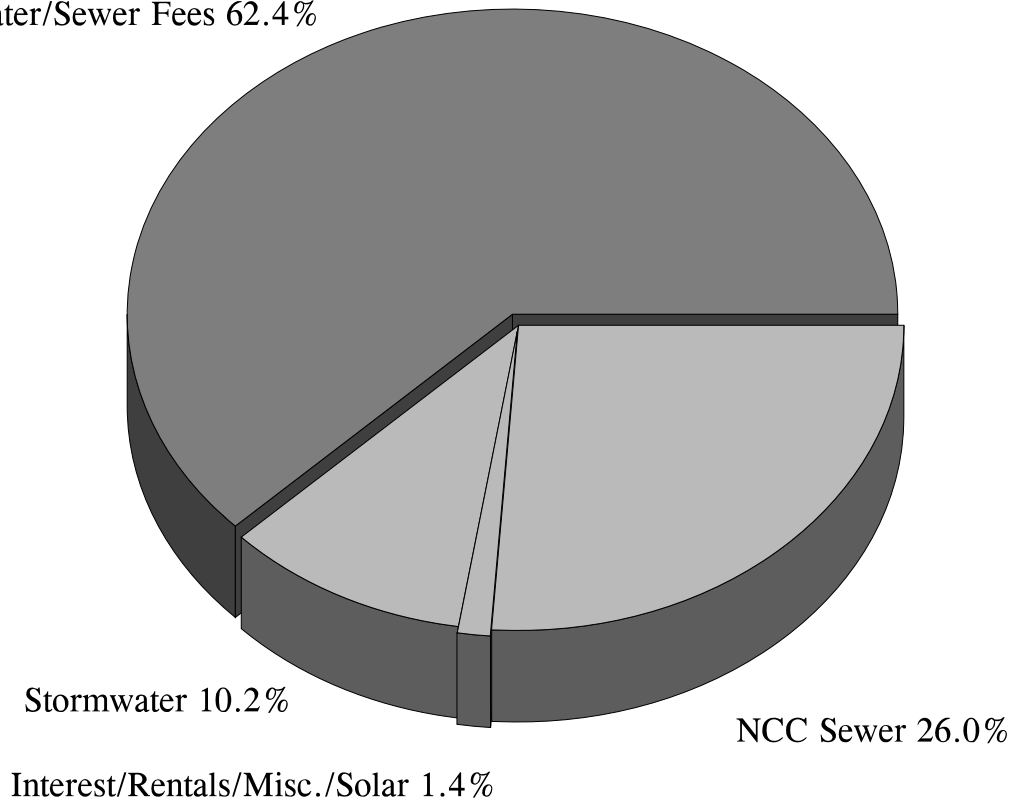


**SUMMARY OF WATER/SEWER FUND
FISCAL YEAR 2018**

Revenues	Actual FY 2015	Actual FY 2016	Budget FY 2017	Budget FY 2018	Percent Change FY'18-'17
Water/Sewer					
User Fees	\$47,426,458	\$48,920,622	\$46,859,000	\$48,378,000	3.2%
Stormwater Billings	7,183,801	8,132,100	7,686,000	7,874,000	2.4%
New Castle County					
Sewer Services	18,095,165	18,837,257	18,374,244	20,133,523	9.6%
Interest	3,502	3,647	4,000	0	-100.0%
Rentals/Misc.	1,031,263	1,113,799	1,047,000	978,000	-6.6%
Solar Panels	120,296	132,230	150,000	121,000	-19.3%
Total Revenues	<u>\$73,860,485</u>	<u>\$77,139,655</u>	<u>\$74,120,244</u>	<u>\$77,484,523</u>	<u>4.5%</u>

Water/Sewer Fund Revenues Fiscal Year 2018

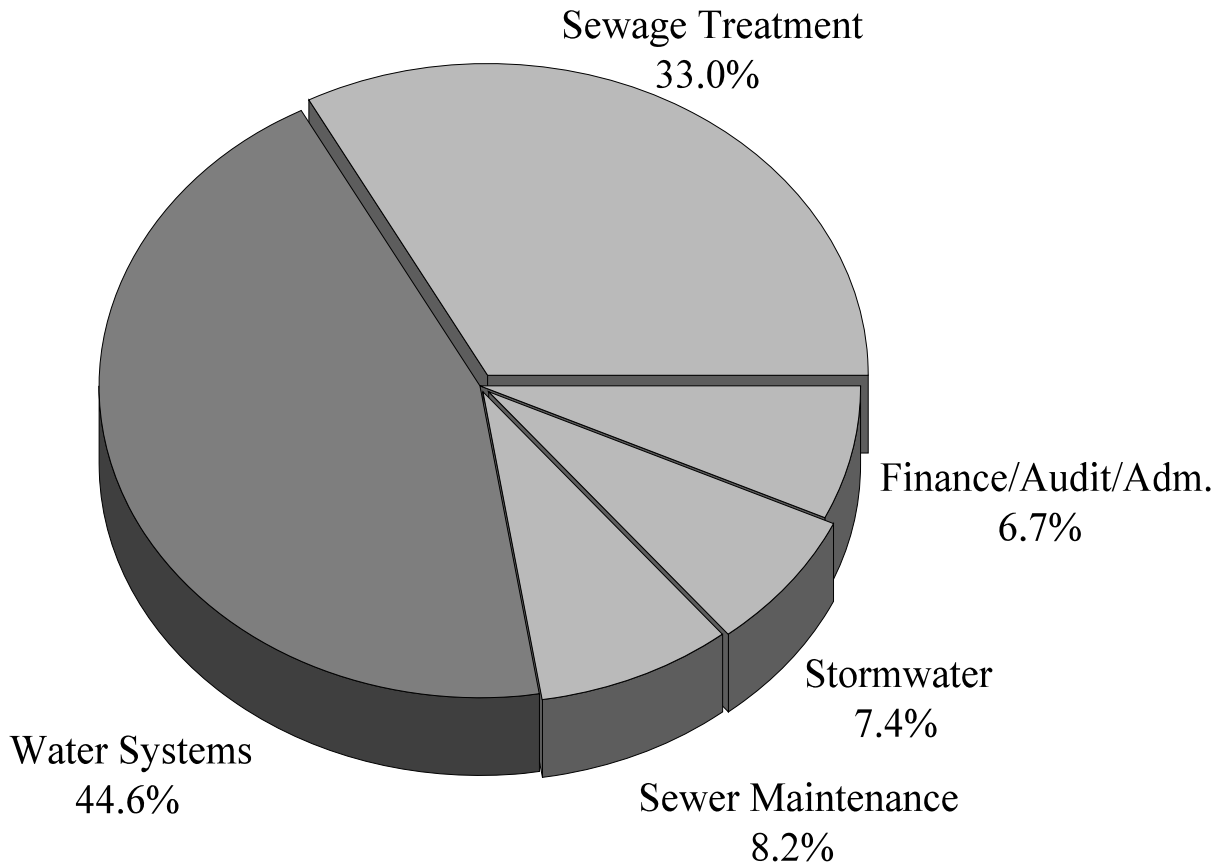
Water/Sewer Fees 62.4%



**SUMMARY OF WATER/SEWER FUND
FISCAL YEAR 2018**

<u>Expenditures</u>	<u>Actual FY 2015</u>	<u>Actual FY 2016</u>	<u>Budget FY 2017</u>	<u>Budget FY 2018</u>	<u>Percent Change FY'18-'17</u>
Audit	\$71,357	\$71,473	\$72,268	\$72,597	0.5%
Finance	4,248,513	4,315,463	4,850,858	4,885,917	0.7%
Public Works	59,694,804	60,741,685	68,312,153	66,102,414	-3.2%
Total Expenditures	<u>\$64,014,674</u>	<u>\$65,128,621</u>	<u>\$73,235,279</u>	<u>\$71,060,928</u>	<u>-3.0%</u>

**Water/Sewer Fund Expenditures
Fiscal Year 2018**

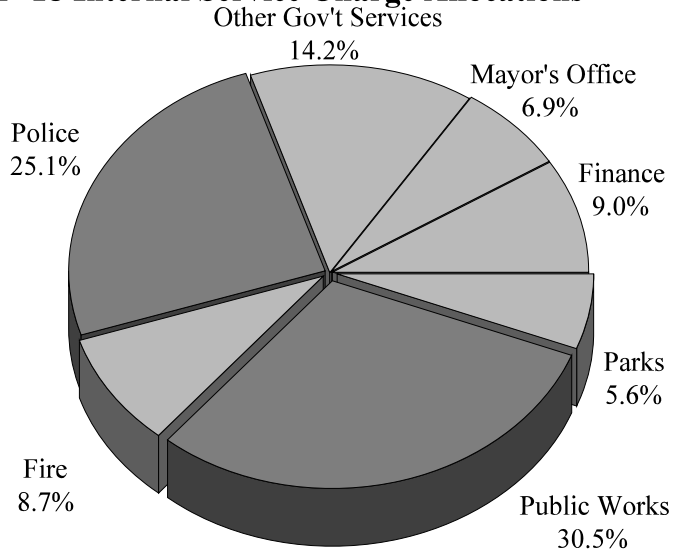


SUMMARY OF INTERNAL SERVICE FUNDS FISCAL YEAR 2018

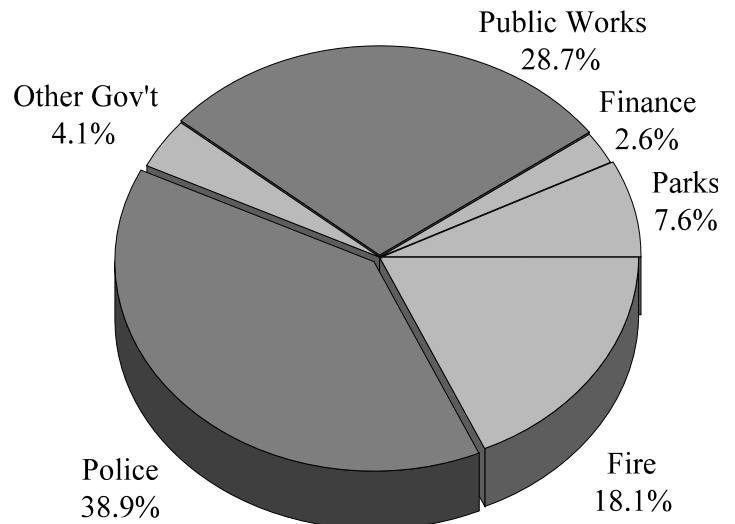
<u>Expenditures*</u>	<u>Actual FY 2014</u>	<u>Actual FY 2015</u>	<u>Budget FY 2016</u>	<u>Budget FY 2017</u>	<u>Percent Change FY'18-'17</u>
Mayor's Office	\$6,505,902	\$7,396,488	\$8,753,016	\$8,690,048	-0.7%
Human Resources	29,692,130	24,681,677	29,946,093	32,388,342	8.2%
Public Works	<u>7,534,479</u>	<u>7,134,371</u>	<u>7,276,564</u>	<u>7,690,166</u>	<u>5.7%</u>
Total Expenditures	<u>\$43,732,511</u>	<u>\$39,212,536</u>	<u>\$45,975,673</u>	<u>\$48,768,556</u>	<u>6.1%</u>

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

Administrative Services FY '18 Internal Service Charge Allocations



Self-Insurance Program FY '18 Internal Service Charge Allocations



CAPITAL IMPROVEMENTS PROGRAM
FISCAL YEARS 2018-2023
(000 omitted)

NOTE: Bond Issuance Costs will be 1.25%

SUMMARY: TOTAL FUNDS RECOMMENDED BY FISCAL YEAR AND DEPARTMENT

NAME OF DEPARTMENT	TYPE OF FUNDING	FISCAL YEARS						TOTAL CITY FUNDS 6 YEAR PERIOD	TOTAL LOCAL AND MATCHING 6 YEAR PERIOD
		2018	2019	2020	2021	2022	2023		
FINANCE	G	250	0	397	0	690	0	1,337	1,337
	W	689	0	476	0	310	0	1,475	1,475
FIRE	G	3,150	0	6,400	0	4,050	0	13,600	13,600
OFFICE OF THE MAYOR	G	3,160	0	4,500	0	4,500	0	12,160	12,160
PARKS AND RECREATION	G	2,910	0	3,340	0	31,585	0	37,835	37,835
	O	0	0	0	0	250	0	0	250
POLICE	G	0	0	2,500	0	0	0	2,500	2,500
PUBLIC WORKS	G	6,795	0	12,500	0	12,500	0	31,795	31,795
	W	55,100	0	38,100	0	24,800	0	118,000	118,000
REAL ESTATE & HOUSING	G	1,000	0	0	0	0	0	1,000	1,000
TRANSPORTATION	G	3,000	0	2,550	0	2,550	0	8,100	8,100
	O	8,000	0	8,000	0	8,000	0	0	24,000
TOTAL BY FUND	G	20,265	0	32,187	0	55,875	0	108,327	108,327
	O	8,000	0	8,000	0	8,250	0	0	24,250
	W	55,789	0	38,576	0	25,110	0	119,475	119,475
GRAND TOTAL		84,054	0	78,763	0	89,235	0	227,802	252,052

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

CAPITAL IMPROVEMENTS PROGRAM
FISCAL YEARS 2018-2023
(000 omitted)

SUMMARY: TOTAL FUNDS RECOMMENDED BY EXPENDITURE TYPE

NAME OF DEPARTMENT	Exp. Cat.	FISCAL YEARS						TOTAL CITY FUNDS 6 YEAR PERIOD	TOTAL LOCAL AND MATCHING 6 YEAR PERIOD
		2018	2019	2020	2021	2022	2023		
FINANCE	NS	2	0	17	0	0	0	19	19
	NR	24	0	18	0	64	0	106	106
	UE	633	0	575	0	719	0	1,926	1,926
	RE	280	0	264	0	218	0	762	762
FIRE	NR	2,050	0	1,600	0	4,050	0	7,700	7,700
	RE	1,100	0	4,800	0	0	0	5,900	5,900
OFFICE OF THE MAYOR	NS	160	0	0	0	0	0	160	160
	UE	3,000	0	4,500	0	4,500	0	12,000	12,000
PARKS AND RECREATION	NR	0	0	0	0	1,550	0	1,550	1,550
	UE	1,700	0	2,130	0	28,560	0	32,190	32,390
	RE	1,210	0	1,210	0	1,725	0	4,095	4,145
POLICE	NS	0	0	1,500	0	0	0	1,500	1,500
	UE	0	0	1,000	0	0	0	1,000	1,000
PUBLIC WORKS	NR	95	0	0	0	0	0	95	95
	UE	39,300	0	33,100	0	19,800	0	92,200	92,200
	RE	22,500	0	17,500	0	17,500	0	57,500	57,500
REAL ESTATE & HOUSING	UE	1,000	0	0	0	0	0	1,000	1,000
TRANSPORTATION	UE	11,000	0	10,550	0	10,550	0	8,100	32,100
TOTAL BY EXPENDITURE CATEGORY									
NS	162	0	1,517	0	0	0	0	1,679	1,679
NR	2,169	0	1,618	0	5,664	0	9,451	9,451	9,451
UE	56,633	0	51,855	0	64,129	0	148,416	172,616	172,616
RE	25,090	0	23,774	0	19,443	0	68,257	68,307	68,307
GRAND TOTAL	84,054	0	78,763	0	89,235	0	227,802	252,052	252,052

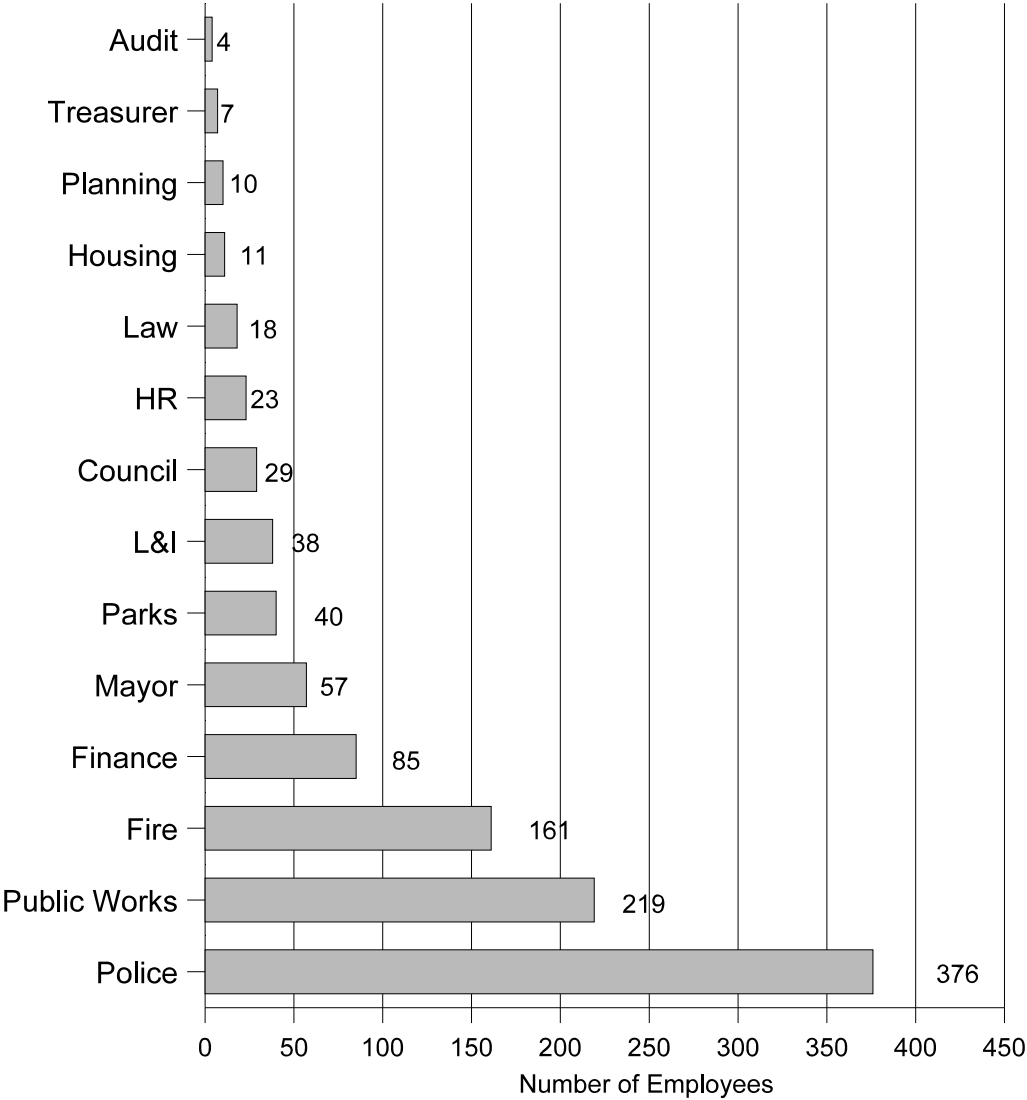
Expenditure Category (Exp. Cat.): NS - New Service; NR - New Replace Existing; UE - Upgrade Existing; RE - Restore Existing

SUMMARY OF STAFFING LEVELS FISCAL YEAR 2018

TOTAL NUMBER OF EMPLOYEES ALL FUNDS COMBINED

<u>Department</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Budget FY2018</u>	<u>Net Change FY'18-'17</u>
Mayor's Office	60.00	59.00	59.00	59.00	57.00	(2.00)
Council	29.00	29.00	29.00	29.00	29.00	0.00
Treasurer	6.00	6.00	6.00	6.00	7.00	1.00
Planning	11.00	11.00	11.00	10.00	10.00	0.00
Audit	4.00	4.00	4.00	4.00	4.00	0.00
Law	21.00	20.00	20.00	20.00	18.00	(2.00)
Finance	87.00	88.00	88.00	86.00	85.00	(1.00)
Human Resources	21.00	22.00	22.00	24.00	23.00	(1.00)
Licenses & Inspections	38.00	38.00	38.00	38.00	38.00	0.00
Parks & Recreation	44.00	42.00	41.00	41.00	40.00	(1.00)
Fire	177.00	177.00	177.00	177.00	161.00	(16.00)
Police	382.00	382.00	382.00	381.00	376.00	(5.00)
Public Works	224.00	223.00	223.00	221.00	219.00	(2.00)
Real Estate & Housing	<u>15.00</u>	<u>12.00</u>	<u>12.00</u>	<u>11.00</u>	<u>11.00</u>	<u>0.00</u>
TOTAL	<u>1,119</u>	<u>1,113</u>	<u>1,112</u>	<u>1,107</u>	<u>1,078</u>	<u>(29.00)</u>
Total Employees per every 1,000 Persons in City Population	<u>15.79</u>	<u>15.71</u>	<u>15.69</u>	<u>15.62</u>	<u>15.22</u>	

**TOTAL NUMBER OF CITY EMPLOYEES BY DEPT.
FISCAL YEAR 2018
(ALL FUNDS)**



Almost 74% (or 794) of the City's employees work to provide Public Safety (Police, Fire, L&I) and Public Works services.

**STAFFING LEVELS BY FUND
FISCAL YEAR 2018**

**GENERAL FUND
NUMBER OF EMPLOYEES**

<u>Department</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Budget FY2018</u>	<u>Net Change FY'18-'17</u>
Mayor's Office	36.50	37.50	37.50	36.50	34.50	(2.00)
Council	20.05	20.05	19.55	19.55	20.35	0.80
Treasurer	2.92	2.92	2.92	2.92	3.00	0.08
Planning	10.63	10.43	10.49	9.53	9.55	0.02
Audit	4.00	4.00	4.00	4.00	4.00	0.00
Law	21.00	20.00	20.00	20.00	18.00	(2.00)
Finance	61.70	60.55	61.85	61.45	60.45	(1.00)
Human Resources	14.00	14.00	13.55	13.55	13.55	0.00
Licenses & Inspections	38.00	38.00	38.00	38.00	38.00	0.00
Parks & Recreation	44.00	42.00	41.00	41.00	40.00	(1.00)
Fire	170.50	177.00	177.00	177.00	161.00	(16.00)
Police	372.32	373.20	374.00	374.00	369.00	(5.00)
Public Works	122.40	120.65	120.65	120.15	118.15	(2.00)
Real Estate & Housing	<u>2.48</u>	<u>1.80</u>	<u>1.52</u>	<u>1.48</u>	<u>1.48</u>	<u>0.00</u>
TOTAL	<u>920.50</u>	<u>922.10</u>	<u>922.03</u>	<u>919.13</u>	<u>891.03</u>	<u>(28.10)</u>

**SPECIAL FUNDS
NUMBER OF EMPLOYEES**

<u>Department</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Budget FY2018</u>	<u>Net Change FY'18-'17</u>
Mayor's Office	0.50	0.50	0.50	0.50	0.50	0.00
Treasurer	3.08	3.08	3.08	3.08	4.00	0.92
Planning	0.37	0.57	0.51	0.47	0.45	(0.02)
City Council	8.95	8.95	9.45	9.45	8.65	(0.80)
Real Estate and Housing	12.52	10.20	10.48	9.52	9.52	0.00
Fire	6.50	0.00	0.00	0.00	0.00	0.00
Police	<u>9.68</u>	<u>8.80</u>	<u>8.00</u>	<u>7.00</u>	<u>7.00</u>	<u>0.00</u>
TOTAL	<u>41.60</u>	<u>32.10</u>	<u>32.02</u>	<u>30.02</u>	<u>30.12</u>	<u>0.10</u>

**STAFFING LEVELS BY FUND
FISCAL YEAR 2018**

**WATER/SEWER FUND
NUMBER OF EMPLOYEES**

<u>Department</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Budget FY2018</u>	<u>Net Change FY'18-'17</u>
Finance	25.30	27.45	26.15	24.55	24.55	0.00
Public Works	<u>101.60</u>	<u>102.35</u>	<u>102.35</u>	<u>100.85</u>	<u>100.85</u>	<u>0.00</u>
TOTAL	<u>126.90</u>	<u>129.80</u>	<u>128.50</u>	<u>125.40</u>	<u>125.40</u>	<u>0.00</u>

**COMMERCE FUND
NUMBER OF EMPLOYEES**

<u>Department</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Budget FY2018</u>	<u>Net Change FY'18-'17</u>
Mayor's Office	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

**INTERNAL SERVICE FUNDS
NUMBER OF EMPLOYEES**

<u>Department</u>	<u>Budget FY2014</u>	<u>Budget FY2015</u>	<u>Budget FY2016</u>	<u>Budget FY2017</u>	<u>Budget FY2018</u>	<u>Net Change FY'18-'17</u>
Mayor's Office	23.00	21.00	21.00	22.00	22.00	0.00
Human Resources	7.00	8.00	8.45	10.45	9.45	(1.00)
Finance	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	<u>30.00</u>	<u>29.00</u>	<u>29.45</u>	<u>32.45</u>	<u>31.45</u>	<u>(1.00)</u>
TOTAL ALL FUNDS	<u>1,119</u>	<u>1,113</u>	<u>1,112</u>	<u>1,107</u>	<u>1,078</u>	<u>(29.00)</u>

FISCAL YEAR 2018 REVENUES

Overview

General Fund

As can be seen in the chart below, there are both increases and declines in some of the City's key revenue sources. Total revenue before transfers is projected to increase by a net \$2,729,679 or 1.8% above the FY 2017 Budget, to a new total of \$157,305,592. The net change from Budget to Budget (FY 2018 vs. FY 2017) can be broken down as follows:

REVENUE	INCREASE/ (DECREASE)	TOTAL
Property Taxes	\$4,281,082	\$43,847,261
Other Revenues	380,083	7,254,638
County Seat Relief Package	200,000	9,843,339
Interest Earnings	100,000	340,000
Task Force Revenues	86,400	5,318,626
Licenses, Permits & Fees	0	4,400,000
Other Taxes	(97,060)	7,231,071
Other Governments	(450,826)	5,659,057
Fines	(850,000)	7,100,000
Wage & Net Profits Tax	(920,000)	66,311,600
TOTAL	\$2,729,679	\$157,305,592

Property Taxes are projected to total \$43,847,261, a net increase of \$4,281,082. Base billings for FY 2017 were \$40.6 million, and a 7.5% increase in the tax rate has been proposed that yields approximately \$3.0 million. Although there have been no significant assessment appeals from owners of large commercial properties recently, we have prudently included a \$250,000 offset for potential downside risk from appeals in FY 2018. More than making up for the appeals reduction is approximately \$315,000 of additional revenue expected as a result of expiring tax incentives and property improvements. A 2.0% adjustment downward for uncollectible accounts reduces the net base revenue for FY 2018 by \$874,000. Lastly, Penalty and Interest is expected to add \$1.0 million in one-time revenue, the same as last fiscal year.

FISCAL YEAR 2018 REVENUES

Overview

General Fund (continued)

Other Revenues is comprised of Indirect Cost, General Government Charges, Rentals, and Miscellaneous. Rentals and Miscellaneous revenues are expected to remain unchanged. Indirect Costs are a charge to the Water/Sewer Fund that offset costs incurred by the General Fund in support of the water, sewer, and stormwater utilities. Indirect Cost will rise by \$230,083, to a new total of \$5,476,638, reflecting the budget increases in the supporting services provided to the Water/Sewer Fund's utility functions by the General Fund. The remaining portion of this category, General Government Charges, will increase by \$150,000 due to a rise in Vacant Property Registration revenue.

The County Seat Relief Package is a bundle of escalating revenue enhancements authorized by former Governor Minner and approved by the Delaware General Assembly that built on the work of the 2003 Governor's Task Force (see Task Force Revenues section), which recognized that the City's long-term financial stability required a stronger and more diversified revenue stream. Like the Task Force revenues, the County Seat Relief Package was intended to provide diversified revenue support to the three county seats in the State of Delaware.

The FY 2018 projections total \$9.84 million. The breakout is as follows: \$2.5 million for a payment in lieu of taxes (PILOT) by the State on what would usually be tax-exempt properties in the City (no change from the FY 2017 budget); \$5.06 million as part of the State's Uniform Commercial Code (UCC) filing fees (up \$200,000 from the FY 2017 budget); \$1.0 million (capped amount) in Statutory Trust Filing Fees (same as FY 2017); and \$1.3 million in New Castle County Corporate Filing Fees (no change). In total, there is a \$200,000 increase in County Seat Relief Package revenues from the FY 2017 budget.

Interest Earnings

The City's cash balances available for investment have improved modestly. The large influx of cash from the last capital bond issuance has been somewhat offset by retroactive and lump-sum payments made as part of recent labor settlements, and large payouts in workers' compensation resulting from the arson fire that killed and injured a number of firefighters. Interest rates have also inched up a bit, but remain close to historically low levels. Based on these trends and the FY 2017 projection, Interest Earnings are slated to rise by \$100,000 to \$340,000.

Task Force Revenues are the revenue sources that were created as a result of the 2003 Governor's Task Force, which took effect early in FY 2004. As a result, each county seat (Wilmington is the county seat of New Castle County) in the State receives the revenue derived from a \$20 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 \$86,400 higher for FY 2018. Two of the four components of the Task Force Revenues were increased: LLC Filings and the Lodging Tax. Per DEFAC's growth estimate, LLC Filings will rise by 1.8% or \$50,200. Based on trend analysis and the anticipated opening of

FISCAL YEAR 2018 REVENUES

Overview

General Fund (continued)

two new hotels in the City, Lodging Tax was increased by 5% or \$36,200. Conversely, the Natural Gas Tax is slated to remain stable at the FY 2017 budgeted level, while the Corporate Filing Tax is projected to fall by \$100,000.

Licenses, Permits and Fees revenue is projected to remain stable in FY 2018. Business Licenses and Fees are expected to hold at \$1.6 million and \$600,000 respectively, while Permit (Building) revenue is projected to hold at \$2.2 million.

Other Taxes are projected to decline by \$97,060 for FY 2018. The breakout is as follows:

Franchise Fees revenue previously consisted of 2% of the gross revenues from electricity sales in the City and 5% of gross revenues from cable television service sales in the City. In Wilmington, Delmarva Power is the sole distributor of electricity and Comcast is currently the only provider of cable TV service. However, in FY 2014, City Council transferred the Comcast franchise revenue into the special CATV Fund. The annual Delmarva Power payment remains the sole source of revenue in this category and is projected to be \$952,421, the same amount as the payment received in FY 2016.

Real Estate Transfer Tax revenues are slated to rise by \$47,150 to \$2,404,650 for FY 2018, an increase of 2.0% over the projection for FY 2017, exclusive of two large one-time commercial property transfers.

Head Tax revenue is projected to decrease by \$180,000, to \$3.87 million for FY 2018. The FY 2017 mid-year projection had been decreased by this amount due to the relocation of some jobs to suburban locations. It is not yet known whether the relocations are permanent or, if temporary, the duration.

Other Governments consists of the State Pension Contribution and the State Port Debt Reimbursement. The State Pension Contribution is a pass-through grant of \$5,269,823 (no change from FY 2017) in revenue that is offset against an equal amount appropriated for pension contribution expenses in the Fire and Police Departments. The State Port Debt Reimbursement is related to the 1996 sale of the Port from the City to the State. The State requested as part of the terms of the sale that the Port debt remain as a liability on the City's books. However, the State did agree to reimburse the City annually for the amount the City was scheduled to pay out to service the Port debt. The amount for FY 2018 will be \$389,234, and represents a \$450,826 decrease below Fiscal Year 2017.

Fines are projected to decrease by \$850,000, to a total of \$7.1 million. The breakout is as follows:

Criminal/Traffic Fines revenue consists of red-light camera fines, other miscellaneous traffic and criminal fines, and the L&I Instant Ticketing Program. Revenue is projected to total \$3.8 million in FY 2018, down \$850,000 from the FY 2017 budget. The largest portion of Criminal/Traffic Fines is derived from red-light camera fines. In FY 2017, State legislation halted the City's Right-Turn-on-Red

FISCAL YEAR 2018 REVENUES

Overview

General Fund (continued)

(RTOR) camera violation program, eliminating \$1.4 million in revenue. However, revenue from customary Red-Light violations (driving straight through an intersection at a red light) was not affected by the legislation and has trended higher, partially offsetting the RTOR loss by \$550,000. For FY 2018, the total for the category is broken down as follows: Red-Light camera fines at \$2.7 million (down \$850,000), Criminal Fines at \$250,000 (no change), and L&I Instant Ticketing at \$400,000 (no change).

Parking Tickets/Booting Fines are forecast to remain at the \$3.3 million figure budgeted in FY 2017. The three-year downward trend resulting from reduced ticket writing activity and changes in parking regulations has leveled off.

Wage and Net Profits Tax

The FY 2018 Wage and Net Profits Tax projection totals just over \$66.3 million, a \$900,000 decrease from FY 2017. During the first two quarters of FY 2017, the Wage Tax projection had been lowered by a total of \$3.2 million stemming from a recalculation of the base amount and temporary job reductions at a large employer. The adjusted Wage Tax base is now \$57.2 million, with another \$110,000 expected to be added by the end of this current fiscal year from audit activities. For FY 2018, job growth and higher employee compensation are projected to increase taxable wages by 3.0%, further expanding base revenue by \$1.72 million. For comparison, the State's personal income tax (a good proxy for the Wage Tax) is projected by DEFAC to grow by 4.3% in FY 2018. Finally, audit and collection efforts for FY 2018 are expected to bring in \$1.25 million in one-time revenue, \$250,000 less than last fiscal year. In total, FY 2018 Wage Tax revenue is projected to be \$60.3 million.

Net Profits revenue continues to show robust growth and is projected to increase by \$300,000 in FY 2018, to a new total of \$6 million.

FISCAL YEAR 2018 REVENUES

Overview

Water/Sewer Fund

Total Water/Sewer Fund revenues are projected to increase by almost \$3.4 million above FY 2017, to a new total of \$77.5 million in FY 2018. Water/Sewer revenues are a combination of Water/Sewer User Fees, Stormwater Billings, and New Castle County (NCC) Sewer, along with the smaller revenue categories of Interest, Rentals, and Solar Panel Revenue. While each of these categories was affected by different factors, it was the overall rate structure that had to be addressed to avoid a fiscal crisis. For almost a decade, rates had not been properly aligned to provide adequate cash flow to the Fund's utility operations. As a result, the General Fund had been subsidizing the Water/Sewer Fund's cash shortages. This led to a situation where nearly all the cash reserves in the General Fund had been depleted, with the City on the path to insolvency had nothing been done. To rectify this, a multi-year plan of prudent rate increases was implemented, starting in FY 2010. As a result, the Water/Sewer Fund is very close to total self-sufficiency, with enough income to no longer require financial support from the City's General Fund.

Water/Sewer User Fees

The base amount of Water/Sewer User Fees had been growing in recent years as a result of the rate increases to stabilize the Fund. For FY 2018, base billings, forecasted through financial modeling using current consumption data, will increase by \$780,000 to \$43.7 million. A 4.0% increase in User Fees is proposed in FY 2018 that will yield \$1.7 million. Revenue from special sewer fees and other miscellaneous sources will contribute \$3.9 million, down \$900,000 from FY 2017. Finally, subtracting the allowance for uncollectible accounts (\$900,000) results in a net total User Fees projection of \$48.4 million, an increase of \$1.5 million from the FY 2017 budget.

Stormwater Billings

The Stormwater Property Fee is charged to all property owners in the City. The fee is not based on a consumption factor, but rather on the size of a property and the characteristics of that parcel's land and buildings as they relate to the generation of storm runoff. The Stormwater Billings base for FY 2017 is \$8.1 million. After allowing a total of \$414,000 for uncollectible accounts, almost \$7.9 million in revenue is projected for FY 2018, a net increase of \$188,000 above the FY 2017 budget. There is no proposed increase to stormwater rates for FY 2018.

New Castle County Sewer

The City and New Castle County remain in the midst of negotiating a new contract defining the fee structure for treating the County's sewage. Until a new contract is agreed upon, most of the terms of the expired contract will continue. Total revenue for FY 2018 is projected at \$20,133,523, a net increase of \$1,759,279 from last fiscal year. The increase results from the reimbursement of higher costs to the City for the operation of the sewage treatment facility, along with a risk management fee.

FISCAL YEAR 2018 REVENUES

Overview

Water/Sewer Fund (continued)

Rentals

Rental income, which is derived by charging fees to telecommunications companies that rent space on the City's water tanks for antennae and transmitters, is projected to decrease by \$69,000 to \$978,000 in FY 2018.

Solar Panel Revenue

This was a new revenue source that began in FY 2011. Although small in value, because of the special nature of this revenue, it is accounted for in its own separate category. As a result of the installation of solar panel arrays at various municipal sites (most notably the Porter Filter Plant), the City earns Solar Renewable Energy Credits (SRECs). Revenue is obtained from the sale of these credits by the City. For FY 2018, \$121,000 in revenue is expected, down by \$29,000.