



# Financial Workshop

2019 Budget Overview

# Budget Process – Next Steps



TITLE	DATE
Council Meeting #1 - Dept. Budget Hearing	Monday, August 27, 2018
Council Meeting #2 - Dept. Budget Hearing	Monday, September 10, 2018
Financial Workshop #1	Wednesday, October 3, 2018
Circulation of Draft Budget Summary	Monday, October 15, 2018
Planning Commission Approval of CIP	Tuesday, October 16, 2018
Circulation of Draft Budget Message	Wednesday, October 31, 2018
Budget Hearing #1 - Special Meeting	Monday, November 5, 2018
Budget Hearing #2 - Special Meeting	Monday, November 19, 2018
Adoption of Budget	Monday, December 3, 2018

# OVERVIEW

- 2019 Recap from Departmental Hearings (items completed/to be provided)
  - Contingency funds removed: -\$40,000
  - Contribution to Aetna for utilities included in Budget (added to existing subvention): \$55,200
  - Parking voucher program listed as an expense in the Parking budget.
  - Firing range removed.
  - All department budget requests that were presented in August and September have been updated and will be available shortly.
  - Consolidated equipment lists of requested vehicle/equipment replacement will be provided as supporting documentation.
  - Removed request for additional Customer Service Representative I for Finance, added part-time position.
  - Added request for a Planner II for Planning and Development.

# Electric Utility

- Wholesale cost of power are expected to decline slightly in 2019.
- Together with possible 2018 over-collection, should still result in rebate through RSA on 2019 electric bills.
- Performance capacity & transmission costs continue to rise.
  - Offset by low natural gas prices which fuel the Beasley Plants.
  - The Beasley Plants (located in Smyrna), generates income for DEMEC thereby allowing the electric wholesale rate to remain steady.
- No anticipated electric rate change for 2019.
- Still outstanding is Council's approval of the Energy Efficiency Program. City Hall HVAC review.
- Rate study is budgeted in 2019.

# Delaware Municipal Electric Corporation (DEMEC)

- The City of Newark is a member of DEMEC, along with eight other municipalities in the State of Delaware.
  - Other members are the City of Dover, Town of Middletown, City of Milford, City of Seaford, Lewes BPW, MSC of the City of New Castle, Town of Smyrna and the Town of Clayton
  - DEMEC serves a population of 130,000 and provides electric to over 67,000 meters.
- DEMEC's municipal service territories make up less than 15% of the entire state, but are home to more than half of all solar generation (26MW).
  - Newest addition is the Smyrna Solar Facility, which added another 1.5MW to our renewable portfolio this past summer.
  - Largest solar facility is the Milford Solar Farm (15MW – 62,000 solar panels on a 90-acre site).
  - Newark's own McKees Solar Park produced its 1,000,000<sup>th</sup> kwh this past February (.23MW – 900 solar panels). Provides enough power to service about 30 homes.

# Sewer Utility

- New Castle County sewer treatment costs increased by 12% on July 1.
  - *About 60% of the sewer fee Newark charges our customers goes directly to New Castle County for the treatment of sewage (pass-through).*
  - *City pays the County sewer bill on behalf of all Newark sewer customers, and incorporates the fee into the City sewer bill. Estimated County sewer fee for 2019 is \$5.3 million.*
- Identified roughly \$4 million worth of repairs after inspecting about 15% of the system. Sewer rehabilitation project has been approved in the Referendum in order to provide funding for necessary rehabilitation.
- Current flow rate is \$7.20 per 1,000 gallons. \$3.78 of this amount is directly related to City operations, the remaining \$3.42 is passed through to the County for treatment costs. BOD and SS costs round out the composite rate to \$8.59 per 1,000 gallons for residential users.
- Current sewer revenue is meeting budgeted expectations in 2018, but is reliant on water sales.
- Customer Service charge discussion in 2019.

# Water Utility

- Water sales have been relatively flat.
  - 2015 through 2017 water sales have averaged just over 1 billion gallons each year.
  - The number of customers has not changed significantly in 2018.
  - In-town sales are up 3.7% from 2017, out-of-town sales are up 0.4% through August.
    - Performance between in-town and out-of-town can vary year over year.
    - 78% of our customers are within the City limits (8,042 inside/2,246 outside = 10,288)
- 2018 Water sales have rebounded in July and August, as revenue estimates are currently meeting budgeted expectations.
- Customer service charge discussion in 2019.

# Stormwater Utility

- New Stormwater Utility Fee adopted by Council effective 2018
  - Secures annual revenue source for stormwater program.
  - Anticipated 2018 fee revenue was \$1.3 million
    - Revised budget estimate is \$1.9 million
      - Conservative appeals: +\$200,000
      - 200 vacant parcels w/conservative estimates on impervious cover: +\$400,000
  - Established Grant program (increased expense of \$50,000 annually).
  - Appeal process is ongoing, and revenue expectations could be impacted in future years.
  - Additional revenue realized is being utilized to reimburse the Water Fund for capital outlays incurred during the inception of the Stormwater Fund.



# Parking Fund

- Expansion of Lot #1 will add up to 48 new spaces when completed.
  - Additional spaces will aid with the space shortage to be created by the Main Street repaving project.
  - Revenue impact is anticipated to add \$93,000 annually once the project is completed.
- Parking meter revenue is not anticipated to be significantly impacted in 2019.
  - Tentative schedule is late December 2019 through late summer 2020 for the mid-section of Main Street (Chapel to South College).
- The Planning Commission Parking Subcommittee's workplan is in development, to be presented to Council by the end of 2018.

# Revenue – General Fund

- Areas of encouragement
  - Recent passing of the State’s annual budget without any cuts that impacted Newark (restored previously cut funding to paramedic program, Aetna Fire Company, and the non-profits that serve our residents and businesses).
  - Pending approval on Lodging Tax (effective December 1), is estimated to provide \$675,000 in revenue in 2019 (equivalent to a 10% tax increase).
  - Development plan activity.
  - STAR campus
    - STAR Tower (120,000 sq. ft./10 stories)
    - BPI (NIIMBL) Building (200,000 sq. ft.)
    - Chemours Building (312,000 sq. ft.)
  - UD
    - 3,500 new grad students in the next 10 years
    - 1,000 undergraduates in the next 5 years.

	APPROVED 2018	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2017 BUDGET
<b>Revenue</b>				
Utility Sales	\$69,391,524	\$72,561,519	\$3,169,995	4.6%
Property and Realty Taxes	\$8,695,000	\$9,532,015	\$837,015	9.6%
Fees for Service	\$9,107,230	\$10,070,199	\$962,969	10.6%
Intergovernmental Revenue	\$1,390,843	\$1,553,082	\$162,239	11.7%
Other Revenue	\$943,090	\$910,280	(\$32,810)	-3.5%
<b>Total Operating Revenue</b>	<b>\$89,527,687</b>	<b>\$94,627,095</b>	<b>5,099,408</b>	<b>5.7%</b>
<b>Expenditures</b>				
Personnel Services	\$31,873,396	\$33,492,073	\$1,618,677	5.1%
Utility Purchases	\$38,266,885	\$38,856,932	\$590,047	1.5%
Materials and Supplies	\$2,317,467	\$2,525,059	\$207,592	9.0%
Contractual Services	\$9,661,377	\$9,884,935	\$223,558	2.3%
Equipment Depreciation	\$1,745,300	\$1,665,978	(\$79,322)	-4.5%
Other Expenses	\$818,949	\$1,154,786	\$335,837	41.0%
<b>Total Operating Expenses</b>	<b>\$84,683,374</b>	<b>\$87,579,763</b>	<b>2,896,389</b>	<b>3.4%</b>
<b>Capital Improvements</b>				
Gross Capital Improvements	\$13,034,857	\$21,035,858	\$8,001,001	61.4%
Less: Use of Reserves	(\$1,678,364)	(\$841,101)	\$837,263	-49.9%
Equipment Replacement	(\$1,002,492)	(\$955,803)	\$46,689	-4.7%
Grants	(\$1,354,241)	(\$1,735,744)	(\$381,503)	28.2%
Bond Issues	(\$790,549)	(\$795,650)	(\$5,101)	0.6%
SRL	(5,015,000)	(\$12,025,000)	(\$7,010,000)	139.8%
Other Sources	(\$1,079,000)	(\$687,000)	\$392,000	-36.3%
<b>Net Capital Improvements</b>	<b>\$2,115,211</b>	<b>\$3,995,560</b>	<b>\$1,880,349</b>	<b>88.9%</b>
<b>Debt Service</b>	<b>\$2,665,707</b>	<b>\$2,677,416</b>	<b>\$11,709</b>	<b>0.4%</b>
<b>Net Current Surplus</b>	<b>\$63,395</b>	<b>\$374,356</b>	<b>\$310,961</b>	<b>490.5%</b>
<b>TOTAL EXPENDITURES AND SURPLUS</b>	<b>\$89,527,687</b>	<b>\$94,627,095</b>	<b>\$5,099,408</b>	<b>5.7%</b>

# City of Newark 2019 Revenue Budget

# Revenue - General Fund

- Areas of Concern
  - Real Estate Transfer Tax – volatile, and always at risk
  - Flat tax growth year over year.
    - Based on 1983 assessments
    - 45% of the City's tax base is exempt from paying property taxes
    - August 2018 CPI (annualized) was 1.7%
    - Tax base is projected to grow 0.2% in July of 2019
    - The only way to absorb the annual cost of living increases are through tax/fee increases or development activity.
      - Every 1% is equal to \$33,250 in Year 1, and \$66,500 annually afterwards.
      - 4% would provide \$133,000 in revenue in 2019, and \$266,000 annually afterwards.
- Transfer to the general fund from the utilities in 2019 will be \$13.7 million.

# Revenue - Utility User Fees

## Utility User Fees

- ▶ Account for nearly 80% of the City's annual revenue requirements annually.
- ▶ Utility revenue falling short of expectations, results in revenue losses that cannot be easily recovered from, and could take years to do so.
- ▶ Weather & conservation impacts revenue forecasting.
- ▶ Growing renewable energy customers still require the City to provide services when needed, but the City loses the ability to recover costs since electric rates are based on consumption.

Utility Fee Revenue - % Actual vs. Budget						
	2013	2014	2015	2016	2017	2018 Estimate
Electric	94.8%	101.3%	103.2%	93.4%	97.7%	101.6%
Water	95.8%	103.4%	93.7%	93.4%	93.9%	100.2%
Sewer	100.3%	102.4%	95.5%	96.0%	95.4%	102.9%
Stormwater	n/a	n/a	n/a	n/a	n/a	147.7%

**As of August 2018, it is estimated that all utility fees will meet budget expectations in all utilities by year end.**

**The last time this occurred was in 2014.**

## 2019 Revenue By Type

Revenue	2018	2019	\$ Difference	% Difference	2018 % of Budget	2019 % of Budget
Utility Sales	\$69,391,524	\$72,561,519	\$3,169,995	4.6%	77.5%	76.7%
Property Taxes	\$7,145,000	\$7,307,015	\$162,015	2.3%	8.0%	7.7%
Real Estate Transfer Tax	\$1,550,000	\$1,550,000	\$0	0.0%	1.7%	1.6%
Lodging Tax	\$0	\$675,000	\$675,000		0.0%	0.7%
Fees for Service	\$9,107,230	\$10,070,199	\$962,969	10.6%	10.2%	10.6%
Intergovernmental Revenue	\$1,390,843	\$1,553,082	\$162,239	11.7%	1.6%	1.6%
Other Revenue	\$943,090	\$910,280	-\$32,810	-3.5%	1.1%	1.0%
<b>Total Operating Expenses:</b>	<b>\$89,527,687</b>	<b>\$94,627,095</b>	<b>\$5,099,408</b>	<b>5.7%</b>	<b>100.0%</b>	<b>100.0%</b>

- Utility sales includes rate adjustments for Water, Sewer, and Stormwater for 2019.
- Lodging Tax is assumed will pass on October 8, 2018. Effective date is December 1, 2018.

Revenue			2019	Difference	% Diff
	2017 Actual	2018 Budgeted	Recommended		
<b>Utility Contributions</b>	<b>\$68,875,796</b>	<b>\$69,391,524</b>	<b>\$72,561,519</b>	<b>\$3,169,995</b>	<b>4.6%</b>
Property Tax	\$7,028,896	\$7,145,000	\$7,307,015	\$162,015	2.3%
Realty Transfer Tax	\$1,584,426	\$1,550,000	\$1,550,000	\$0	0.0%
Lodging Tax	\$0	\$0	\$675,000	\$675,000	
Fees for Service	\$9,415,623	\$9,107,230	\$10,070,199	\$962,969	10.6%
Intergovernmental Revenue	\$1,501,545	\$1,390,843	\$1,553,082	\$162,239	11.7%
Other Revenue	\$1,164,084	\$943,090	\$910,280	(\$32,810)	-3.5%
<b>Non-Utility Contributions:</b>	<b>\$20,694,574</b>	<b>\$20,136,163</b>	<b>\$22,065,576</b>	<b>\$1,929,413</b>	<b>9.6%</b>
<b>Total</b>	<b>\$89,570,370</b>	<b>\$89,527,687</b>	<b>\$94,627,095</b>	<b>\$5,099,408</b>	<b>5.7%</b>

### Rate/Property Tax Reflected in Current 2019 Budget:

- Electric Rate – No Change/Annual RSA Adjustment
- Sewer Rate – 3.8% increase (0.8% is due to Referendum, proposed was 1%)
- Water Rate – 4.5% increase (1.5% is due to Referendum, proposed was 1.0%)
- Property Tax – 4% increase (No increase due to Referendum, 1.9% proposed).
- Stormwater Fee – 20% increase (due to Rodney Stormwater Park, 36.9% was proposed).



## 2018 Estimated vs. 2019 Budgeted Revenue

Revenue	2017 Actual	2018 Budgeted	2018 Estimated	2019		
				Recommended	Difference	% Diff
Electric	\$52,467,534	\$51,916,068	\$52,800,000	\$52,951,969	\$151,969	0.3%
Water	\$9,366,826	\$9,267,471	\$9,215,000	\$9,677,300	\$462,300	5.0%
Sewer	\$7,041,436	\$6,892,385	\$7,071,000	\$7,650,650	\$579,650	8.2%
Stormwater	\$0	\$1,315,600	\$1,943,000	\$2,281,600	\$338,600	17.4%
<b>Utility Contributions</b>	<b>\$68,875,796</b>	<b>\$69,391,524</b>	<b>\$71,029,000</b>	<b>\$72,561,519</b>	<b>\$1,532,519</b>	<b>2.2%</b>
Property Tax	\$7,028,896	\$7,145,000	\$7,235,000	\$7,307,015	\$72,015	1.0%
Realty Transfer Tax	\$1,584,426	\$1,550,000	\$2,000,000	\$1,550,000	(\$450,000)	-22.5%
Lodging Tax	\$0	\$0	\$56,000	\$675,000	\$619,000	1105.4%
Fees for Service	\$9,415,623	\$9,107,230	\$9,700,000	\$10,070,199	\$370,199	3.8%
Intergovernmental Revenue	\$1,501,545	\$1,390,843	\$1,300,000	\$1,553,082	\$253,082	19.5%
Other Revenue	\$1,164,084	\$943,090	\$800,000	\$910,280	\$110,280	13.8%
<b>Non-Utility Contributions:</b>	<b>\$20,694,574</b>	<b>\$20,136,163</b>	<b>\$21,091,000</b>	<b>\$22,065,576</b>	<b>\$974,576</b>	<b>4.6%</b>
<b>Total</b>	<b>\$89,570,370</b>	<b>\$89,527,687</b>	<b>\$92,120,000</b>	<b>\$94,627,095</b>	<b>\$2,507,095</b>	<b>2.7%</b>

## 2018 Budget vs. 2019 Recommended Budgeted Revenue

Revenue	2017 Actual	2018 Budgeted	2018 Estimated	2019 Recommended	Difference	% Diff
Electric	\$52,467,534	\$51,916,068	\$52,800,000	\$52,951,969	\$1,035,901	2.0%
Water	\$9,366,826	\$9,267,471	\$9,215,000	\$9,677,300	\$409,829	4.4%
Sewer	\$7,041,436	\$6,892,385	\$7,071,000	\$7,650,650	\$758,265	11.0%
Stormwater	\$0	\$1,315,600	\$1,943,000	\$2,281,600	\$966,000	73.4%
<b>Utility Contributions</b>	<b>\$68,875,796</b>	<b>\$69,391,524</b>	<b>\$71,029,000</b>	<b>\$72,561,519</b>	<b>\$3,169,995</b>	<b>4.6%</b>
Property Tax	\$7,028,896	\$7,145,000	\$7,235,000	\$7,307,015	\$162,015	2.3%
Realty Transfer Tax	\$1,584,426	\$1,550,000	\$2,000,000	\$1,550,000	\$0	0.0%
Lodging Tax	\$0	\$0	\$56,000	\$675,000	\$675,000	
Fees for Service	\$9,415,623	\$9,107,230	\$9,700,000	\$10,070,199	\$962,969	10.6%
Intergovernmental Revenue	\$1,501,545	\$1,390,843	\$1,300,000	\$1,553,082	\$162,239	11.7%
Other Revenue	\$1,164,084	\$943,090	\$800,000	\$910,280	(\$32,810)	-3.5%
<b>Non-Utility Contributions:</b>	<b>\$20,694,574</b>	<b>\$20,136,163</b>	<b>\$21,091,000</b>	<b>\$22,065,576</b>	<b>\$1,929,413</b>	<b>9.6%</b>
<b>Total</b>	<b>\$89,570,370</b>	<b>\$89,527,687</b>	<b>\$92,120,000</b>	<b>\$94,627,095</b>	<b>\$5,099,408</b>	<b>5.5%</b>

# City of Newark 2019 Expenditure Budget

# Expenditure Concerns

Rising costs compete with flat growth in tax base and utility sales.

- UniCity - \$143K annual allocation from the State does not cover the full cost of the program. Estimated program cost for 2019 is \$264K, creating a \$121K shortfall in 2019. Budget was adjusted with the intention to ask the State to amend our annual allocation.
- Equipment Costs – Commercial vehicles have greater emission requirements than in the past.
- Infrastructure/O&M Requirements
- Personnel Costs
  - Wages
  - Health Care
  - Retirement (pension, OPEB, 401 match)

Operating Expenses	2018	2019	\$ Difference	% Difference
Personnel Services	\$31,873,396	\$33,492,073	\$1,618,677	5.1%
Utility Purchases	\$38,266,885	\$38,856,932	\$590,047	1.5%
Materials and Supplies	\$2,317,467	\$2,525,059	\$207,592	9.0%
Contractual Services	\$9,661,377	\$9,884,935	\$223,558	2.3%
Equipment Depreciation	\$1,745,300	\$1,665,978	-\$79,322	-4.5%
Other Expenses	\$818,949	\$1,154,786	\$335,837	41.0%
<b>Total Operating Expenses:</b>	<b>\$84,683,374</b>	<b>\$87,579,763</b>	<b>\$2,896,389</b>	<b>3.4%</b>

- ▶ Personnel Expenses increased by \$1.6 million (5.1%)
- ▶ Utility Purchases are up \$590K (1.5%)
- ▶ Non-Personnel/Utility Operating Expenses up \$1.3M (2.4%)
  - Materials & Supplies increased \$207,000 (9.0%)
  - Contractual Services increased \$223,000 (2.3%)
  - Equip Depreciation Expense -\$79,000 (-4.5%)
  - Other Expenses increased by \$336,000 (41.0%)

**Total operating expenses are up 3.4%, or \$2.9 million compared to 2018**

# Personnel Expenses – Operating Budget By Type

	2018	2019	Difference	% Change	Comments
Wages	\$20,608,428	\$21,588,772	\$980,344	4.8%	All salary expenses
Pension	\$3,500,000	\$3,550,000	\$50,000	1.4%	City contribution to the pension fund. Annual obligation.
Health Care	\$3,971,561	\$4,409,364	\$437,803	11.0%	Estimated 8% increase based on current activity.
OPEB	\$1,322,000	\$1,422,000	\$100,000	7.6%	\$800K future obligations/\$622K current retirees
Other	\$2,471,407	\$2,521,937	\$50,530	2.0%	Social Security, FICA, dental, life, vision, other insurance
<b>Total:</b>	<b>\$31,873,396</b>	<b>\$33,492,073</b>	<b>\$1,618,677</b>	<b>5.1%</b>	

## Highlights of the Personnel Expenses Line for 2019:

- One new full-time position (Planner II). Two part-time positions in Finance (CSRI and Meter Reader).
- \$50,000 - Increase in the Annual Derived Contribution per the actuarial study performed by Milliman. The City's pension contribution increases from \$3.5 million to \$3.55 million in 2019.
- \$1.4M – Maintain funding the OPEB liability (\$800K) and increase current retiree benefits by \$100K.
- Health care has been increased 8% when compared to our current workforce, but reflects a smaller increase when compared to the 2018 budget.

# Personnel Expenses

- Labor Groups:
  - FOP – contract ends 12/31/2020 (COLA 10/1/2018, 7/1/2019, 7/1/2020)
  - CWA - contract ends 12/31/2019 (additional two steps added to pay plan with 24-month waiting period).
  - AFSCME contract ends 12/31/2019 (COLA 1/1/2019 of 1.5%. Additional 0.5% if CPI is 2% or higher).
  - Management - does not include a COLA adjustment in the 2019 budget.

# Personnel

Department	2017	2018	2019 Requested	Change from 2018	Comments
Electric	23	24	23	-1	Removed 1 FTE (Deputy Director of Electric)
PWWR	57	57	58	1	Added 1 FTE = Moved (GIS Technician) from IT to Water.
Planning & Development	23	23	24	1	Add Planner II per recommendation of Council
Police	89	89	89	0	
Parks & Recreation	15	15	15	0	
Administration	11	11	11	0	
Finance	25	22	21	-1	Removed 1 FTE = Moved (GIS Technician) from IT to Water in 2019
Legislative	3	5	6	1	Added 1 FTE (Admin Professional I)
Judicial	3	3	3	0	
<b>Total</b>	<b>249</b>	<b>249</b>	<b>250</b>	<b>1</b>	

Net overall increase of one position from 2018.

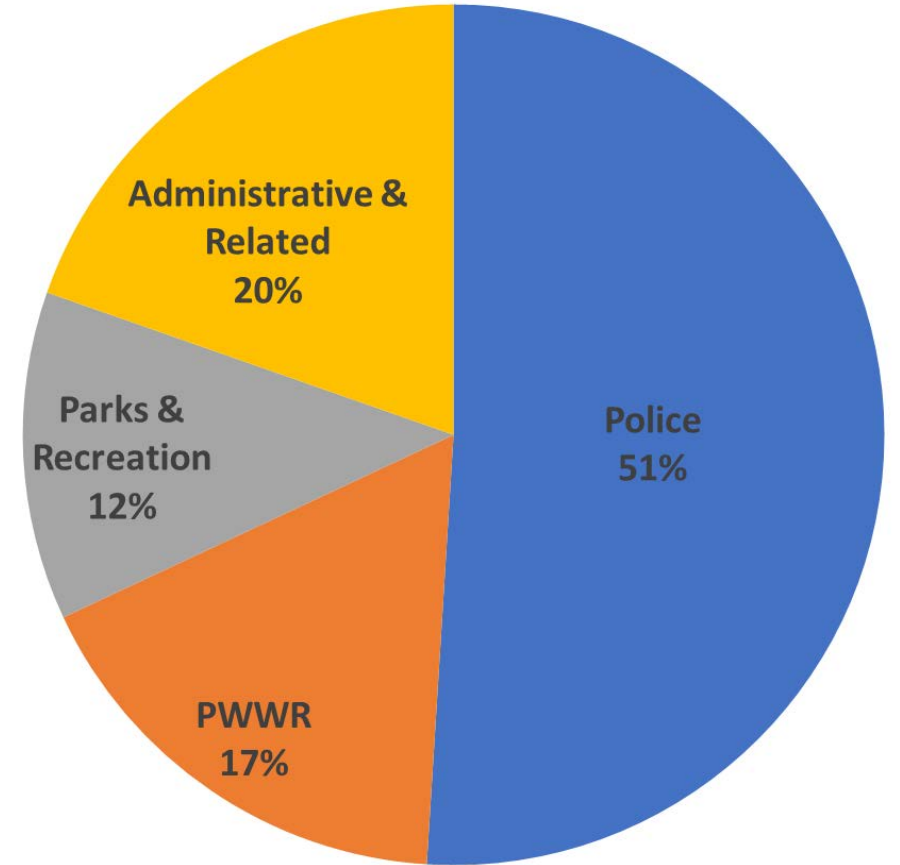
- -1: Deputy Electric Director (Electric)
- +1: Planner II (Planning)
- +1: Admin Professional II (Legislation) – *Approved by Council in 2018.*



# Expense Budget Overview – General Fund

	2018	2019	Difference	% Difference
Police	\$14,126,352	\$14,692,205	\$565,853	4.0%
PWWR	\$4,884,248	\$4,909,360	\$25,112	0.5%
Parks & Recreation	\$3,390,272	\$3,554,279	\$164,007	4.8%
Administrative & Related	\$5,112,554	\$5,657,516	\$544,962	10.7%
<b>Total:</b>	<b>\$27,513,426</b>	<b>\$28,813,360</b>	<b>\$1,299,934</b>	<b>4.7%</b>

- General fund expenses are up \$1.3 million or 4.8% over 2018.
  - Police +\$565K
  - Planning +235K
  - Parks +164K
  - Refuse +\$104K



# Expense Budget Overview – Capital Improvements

Capital Improvements	2018	2019	\$ Difference	% Difference
Capital Improvements*	\$13,034,857	\$21,035,858	\$8,001,001	61.4%
Less: Use of Reserves	(\$1,678,364)	(\$841,101)	\$837,263	-49.9%
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Grants	(\$1,354,241)	(\$1,735,744)	(\$381,503)	28.2%
Bond Issues*	(\$790,549)	(\$795,650)	(\$5,101)	0.6%
SRL*	(\$5,015,000)	(\$12,025,000)	(\$7,010,000)	139.8%
Other Sources	(\$1,079,000)	(\$687,000)	\$392,000	-36.3%
<b>Net Capital Improvements:</b>	<b>\$2,115,211</b>	<b>\$3,995,560</b>	<b>\$1,880,349</b>	<b>88.9%</b>

\* Debt-funded projects approved in 2018 are restated in 2019.

- The Gross CIP Budget increased \$8 million (61.4%) to \$21,035,858.
- Net CIP Budget increased by \$1.9 million (88.9%) to \$3,995,560. **This represents the portion of the capital budget that is supported by current revenues (taxes, fees, etc.)**
- Use of reserves reduced by \$880K compared to 2018.

# Expense Budget Overview – Debt Service

## CURRENT DEBT

Debt	2019 Payment	Ending Date
GOB Series 2011	\$1,476,000	9/14/2022
Energy Conservation Loan	\$68,438	7/1/2022
Smart Meters	\$1,046,189	9/1/2022 (ARRA/DNREC), 01/01/2028 (BOA)
Parking Fee Collection Equipment	\$37,534	10/15/2019
Fiber Lease	\$49,255	8/5/2027
<b>Total:</b>	<b>\$2,677,416</b>	

- Debt Service payments reflect an increase of \$11,709 from 2018.
- Interest-only payments from the Referendum are estimated to be \$355,500 in 2019 and are included in the CIP as capital expenses until the projects are completed.
  - As projects are completed, loan payments will be added to the debt service budget.

	APPROVED 2018	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2017 BUDGET
<b>Revenue</b>				
Utility Sales	\$69,391,524	\$72,561,519	\$3,169,995	4.6%
Property and Realty Taxes	\$8,695,000	\$9,532,015	\$837,015	9.6%
Fees for Service	\$9,107,230	\$10,070,199	\$962,969	10.6%
Intergovernmental Revenue	\$1,390,843	\$1,553,082	\$162,239	11.7%
Other Revenue	\$943,090	\$910,280	(\$32,810)	-3.5%
<b>Total Operating Revenue</b>	<b>\$89,527,687</b>	<b>\$94,627,095</b>	<b>5,099,408</b>	<b>5.7%</b>
<b>Expenditures</b>				
Personnel Services	\$31,873,396	\$33,492,073	\$1,618,677	5.1%
Utility Purchases	\$38,266,885	\$38,856,932	\$590,047	1.5%
Materials and Supplies	\$2,317,467	\$2,525,059	\$207,592	9.0%
Contractual Services	\$9,661,377	\$9,884,935	\$223,558	2.3%
Equipment Depreciation	\$1,745,300	\$1,665,978	(\$79,322)	-4.5%
Other Expenses	\$818,949	\$1,154,786	\$335,837	41.0%
<b>Total Operating Expenses</b>	<b>\$84,683,374</b>	<b>\$87,579,763</b>	<b>2,896,389</b>	<b>3.4%</b>
<b>Capital Improvements</b>				
Gross Capital Improvements	\$13,034,857	\$21,035,858	\$8,001,001	61.4%
Less: Use of Reserves	(\$1,678,364)	(\$841,101)	\$837,263	-49.9%
Equipment Replacement	(\$1,002,492)	(\$955,803)	\$46,689	-4.7%
Grants	(\$1,354,241)	(\$1,735,744)	(\$381,503)	28.2%
Bond Issues	(\$790,549)	(\$795,650)	(\$5,101)	0.6%
SRL	(5,015,000)	(\$12,025,000)	(\$7,010,000)	139.8%
Other Sources	(\$1,079,000)	(\$687,000)	\$392,000	-36.3%
<b>Net Capital Improvements</b>	<b>\$2,115,211</b>	<b>\$3,995,560</b>	<b>\$1,880,349</b>	<b>88.9%</b>
<b>Debt Service</b>	<b>\$2,665,707</b>	<b>\$2,677,416</b>	<b>\$11,709</b>	<b>0.4%</b>
<b>Net Current Surplus</b>	<b>\$63,395</b>	<b>\$374,356</b>	<b>\$310,961</b>	<b>490.5%</b>
<b>TOTAL EXPENDITURES AND SURPLUS</b>	<b>\$89,527,687</b>	<b>\$94,627,095</b>	<b>\$5,099,408</b>	<b>5.7%</b>

# City of Newark FY2019 Capital Budget Recommendation

# 2019 CIP Requested/Funding Sources:

	PROPOSED BUDGETS					TOTAL
	2019	2020	2021	2022	2023	PROPOSED AMOUNTS
GENERAL FUND	\$ 4,935,174	\$ 3,914,871	\$ 4,134,728	\$ 3,161,810	\$ 3,621,703	\$ 19,768,286
ELECTRIC FUND	1,428,444	1,202,000	705,000	1,410,000	1,068,000	5,813,444
WATER FUND	5,124,000	2,328,000	2,724,000	3,649,000	1,479,000	15,304,000
SEWER FUND	1,355,000	1,000,000	800,000	800,000	1,300,000	5,255,000
STORMWATER FUND	7,184,500	1,494,050	576,203	550,513	610,000	10,415,266
MAINTENANCE FUND	470,000	1,124,000	35,000	-	-	1,629,000
PARKING FUND	408,740	149,000	105,000	-	-	662,740
TRANSPORTATION FUND	130,000	-	130,000	-	-	260,000
	<b>\$21,035,858</b>	<b>\$11,211,921</b>	<b>\$9,209,931</b>	<b>\$9,571,323</b>	<b>\$8,078,703</b>	<b>\$59,107,736</b>

PLANNED FINANCING SOURCES						
	2019	2020	2021	2022	2023	
GROSS CAPITAL IMPROVEMENTS	\$ 21,035,858	\$ 11,211,921	\$ 9,209,931	\$ 9,571,323	\$ 8,078,703	\$ 59,107,736
LESS: USE OF RESERVES	(841,101)	(296,477)	(385,336)	(63,383)	(510,587)	(2,096,884)
VEHICLE & EQUIPMENT REPLACEMENT	(955,803)	(1,418,835)	(709,146)	(449,414)	(1,214,588)	(4,747,786)
GRANTS	(1,735,744)	(568,671)	(710,744)	(516,671)	(612,029)	(4,143,859)
BOND ISSUES	(795,650)	(1,085,895)	(547,236)	(548,930)	-	(2,977,711)
STATE REVOLVING LOAN	(12,025,000)	(3,665,000)	(2,500,000)	(4,225,000)	-	(22,415,000)
OTHER FINANCING SOURCES	(687,000)	(270,000)	(270,000)	(270,000)	(120,000)	(1,617,000)
<b>NET CAPITAL IMPROVEMENTS</b>	<b>\$ 3,995,560</b>	<b>\$ 3,907,043</b>	<b>\$ 4,087,469</b>	<b>\$ 3,497,925</b>	<b>\$ 5,621,499</b>	<b>\$ 21,109,496</b>

# Capital Projects – SRL Financing

2018	\$ 1,000,000
2018-2022	\$ 22,415,000
<b>TOTAL FUNDING:</b>	<b>\$ 23,415,000</b>

Project Number	Project Description	2018 BUDGET	2019	2020	2021	2022	2023	TOTAL	
Q1802	Stormwater Division Stormwater Fund Rodney Regional Stormwater Park	1,000,000	6,175,000	965,000	0	0	0	7,140,000	
S0904	Sewer Division Sewer Fund Sanitary Sewer Study and Repairs	0	1,300,000	1,000,000	800,000	800,000		3,900,000	
W9308	Water Division Water Fund Water Main Replacement Program	0	1,000,000	1,000,000	1,000,000	1,000,000		4,000,000	
W1402	Water Division Water Fund Air Stripper Replacement - South Well Field	0	3,000,000	0	0	0	0	3,000,000	
W1703	Water Division Water Fund Laird Tract Well Field Restoration	0	0	0	0	1,925,000	0	1,925,000	
W9302	Water Division Water Fund Water SCADA System	0	200,000	350,000	0	0	0	550,000	
W8605	Water Division Water Fund Water Tank Maintenance	0	350,000	350,000	700,000	500,000	0	1,900,000	
			<b>\$1,000,000</b>	<b>\$12,025,000</b>	<b>\$3,665,000</b>	<b>\$2,500,000</b>	<b>\$4,225,000</b>	<b>\$0</b>	<b>\$22,415,000</b>

# Capital Projects – Bond Financing

2018	\$ 294,549
2018-2022	\$ 2,397,711
<b>TOTAL FUNDING:</b>	<b>\$ 2,692,260</b>

Project Number	Project Description	2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL	
			2019	2020	2021	2022	2023		
H1901	Street Division General Fund	0	100,000	50,000	100,000	140,252	0	390,252	
H1902	Street Division General Fund	0	243,150	131,395	134,736	138,178	0	647,459	
K1301	Parks & Recreation Department General Fund	50,000	145,000	422,000	280,000	238,000	0	1,085,000	
N1801	Facilities Maintenance Division Maintenance Fund	50,000	50,000	0	0	0	0	50,000	
N1806	Facilities Maintenance Division Maintenance Fund	70,000	225,000	0	0	0	0	225,000	
V1901	Parking Division Parking Fund	0	0	0	0	0	0	0	
M1401	Fleet Maintenance Division Maintenance Fund	124,549	0	0	0	0	0	0	
			<b>\$294,549</b>	<b>\$763,150</b>	<b>\$603,395</b>	<b>\$514,736</b>	<b>\$516,430</b>	<b>\$0</b>	<b>\$2,397,711</b>



# Capital Projects – Priority 1 Projects

Project Number	Project Description	2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL	
			2019	2020	2021	2022	2023		
E1901	Electric Department Electric Fund New Lines and Services	0	125,000	130,000	135,000	140,000	145,000	675,000	
E1502	Electric Department Electric Fund Underground Distribution - UD Star Campus	120,000	120,000	120,000	120,000	120,000	120,000	600,000	
E1203	Electric Department Electric Fund CAD Software	40,500	40,444	0	0	0	0	40,444	
E0503	Electric Department Electric Fund SCADA and Automatic Switching	300,000	655,000	250,000	0	450,000	0	1,355,000	
W1601	Water Division Water Fund Backup Generation at Water Facilities	82,500	70,000	0	0	0	0	70,000	
W0503	Water Division Water Fund Well Restoration Program	28,000	28,000	58,000	29,000	29,000	29,000	173,000	
W0002	Water Division Water Fund Curtis WTP Alt. Disinfection and Facilities Up	673,000	25,000	0	0	0	0	25,000	
W9308	Water Division Water Fund Water Main Replacement Program	0	1,000,000	1,000,000	1,000,000	1,000,000	0	4,000,000	
Q1802	Stormwater Division Stormwater Fund Rodney Regional Stormwater Park	1,000,000	6,175,000	965,000	0	0	0	7,140,000	
Q1301	Stormwater Division Stormwater Fund Storm Drainage Improvements	420,000	491,000	463,050	536,203	510,513	525,000	2,525,766	
Q0101	Stormwater Division Stormwater Fund NPDES (Phase II) Stormwater Quality Program	40,000	40,000	40,000	40,000	40,000	40,000	200,000	
S0904	Sewer Division Sewer Fund Sanitary Sewer Study and Repairs	0	1,300,000	1,000,000	800,000	800,000	0	3,900,000	
H1901	Street Division General Fund Annual Street Program	0	1,600,000	1,625,000	1,650,000	1,675,000	1,750,000	8,300,000	
H1902	Street Division General Fund ADA Accessibility Transition Plan	0	268,150	156,395	159,736	163,178	166,441	913,900	
C1902	Police Department General Fund Mobile Video Recording Refresh/Body Worn	0	305,882	118,384	118,384	118,384	118,384	779,418	
C1601	Police Department General Fund Taser X26P Replacement	20,389	21,408	22,478	23,602	24,782	26,021	118,291	
C1401	Police Department General Fund Ballistic Vests	3,000	14,034	10,006	35,506	16,516	4,857	80,919	
K1601	Parks & Recreation Department General Fund Charles Emerson Bicycle/Pedestrian Bridge	500,000	1,250,000	0	0	0	0	1,250,000	
V1702	Parking Division Parking Fund Additional Parking Sensors	68,250	15,000	0	0	0	0	15,000	
V1703	Parking Division Parking Fund Lot Countdown Signs	52,500	24,000	0	0	0	0	24,000	
Includes Debt Funding			<b>\$3,348,139</b>	<b>\$13,567,918</b>	<b>\$5,958,313</b>	<b>\$4,647,431</b>	<b>\$5,087,373</b>	<b>\$2,924,703</b>	<b>\$32,185,738</b>

# Capital Projects – Equipment

Project Number	Project Description	2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL	
			2019	2020	2021	2022	2023		
EEQSF	Electric Department Electric Fund	Equipment Replacement Program 340,000	218,000	487,000	0	250,000	368,000	1,323,000	
WEQSF	Water Division Water Fund	Equipment Replacement Program 0	124,000	310,000	100,000	50,000	50,000	634,000	
QEQSF	Stormwater Division Stormwater Fund	Equipment Replacement Program 18,000	315,000	26,000	0	0	45,000	386,000	
SEQSF	Sewer Division Sewer Fund	Equipment Replacement Program 0	0	0	0	0	300,000	300,000	
REQSF	Refuse Division General Fund	Equipment Replacement Program 0	0	225,000	430,000	0	0	655,000	
HEQSF	Street Division General Fund	Equipment Replacement Program 200,000	331,000	196,000	233,000	60,000	611,000	1,431,000	
TEQSF	Engineering Division General Fund	Equipment Replacement Program 0	75,000	0	0	0	35,000	110,000	
MEQSF	Fleet Maintenance Division Maintenance Fund	Equipment Replacement Program 0	40,000	0	0	0	0	40,000	
CEQSF	Police Department General Fund	Equipment Replacement Program 184,000	240,000	351,000	104,000	52,000	585,000	1,332,000	
KEQSF	Parks & Recreation Department General Fund	Equipment Replacement Program 62,000	180,000	90,000	28,000	145,000	155,000	598,000	
BEQSF	Code Enforcement Division General Fund	Equipment Replacement Program 27,000	25,000	45,000	25,000	0	0	95,000	
UEQSF	Unicity Transportation Division Transportation Fund	Equipment Replacement Program 0	130,000	0	130,000	0	0	260,000	
VEQSF	Parking Division Parking Fund	Equipment Replacement Program 0	0	49,000	0	0	0	49,000	
IEQSF	Information Technology Division General Fund	Equipment Replacement Program 0	0	0	0	0	35,000	35,000	
NEQSF	Facilities Maintenance Division Maintenance Fund	Equipment Replacement Program 30,000	0	0	35,000	0	0	35,000	
Includes Grant Funding			\$861,000	\$1,678,000	\$1,779,000	\$1,085,000	\$557,000	\$2,184,000	\$7,283,000

# Capital Projects – Priority 2 Projects

Project Number	Project Description	2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM					TOTAL
			RECOMMENDED FUNDING					
			2019	2020	2021	2022	2023	
W1701	Water Division Water Fund	0	165,000	125,000	125,000	125,000	125,000	665,000
W1702	Water Division Water Fund	20,000	20,000	20,000	20,000	20,000	25,000	105,000
W1703	Water Division Water Fund	0	0	0	0	1,925,000	0	1,925,000
W1402	Water Division Water Fund	0	3,000,000	0	0	0	0	3,000,000
W9302	Water Division Water Fund	0	200,000	350,000	0	0	0	550,000
W8605	Water Division Water Fund	0	350,000	350,000	700,000	500,000	0	1,900,000
H1503	Street Division General Fund	704,000	20,000	20,000	20,000	20,000	20,000	100,000
K1301	Parks & Recreation Department General Fund	50,000	145,000	422,000	280,000	238,000	55,000	1,140,000
K0908	Parks & Recreation Department General Fund	3,550	60,000	40,000	40,000	16,450	60,000	216,450
V1901	Parking Division Parking Fund	0	127,740	0	105,000	0	0	232,740
V1904	Parking Division Parking Fund	0	27,000	0	0	0	0	27,000
V1802	Parking Division Parking Fund	75,000	215,000	0	0	0	0	215,000
V1701	Parking Division Parking Fund	0	0	100,000	0	0	0	100,000
I1901	Information Technology Division General Fund	0	58,000	0	0	0	0	58,000
N1901	Facilities Maintenance Division Maintenance Fund	0	50,000	950,000	0	0	0	1,000,000
N1801	Facilities Maintenance Division Maintenance Fund	50,000	50,000	0	0	0	0	50,000
N1806	Facilities Maintenance Division Maintenance Fund	123,000	225,000	0	0	0	0	225,000
Includes Debt Funding		<b>\$1,025,550</b>	<b>\$4,712,740</b>	<b>\$2,377,000</b>	<b>\$1,290,000</b>	<b>\$2,844,450</b>	<b>\$285,000</b>	<b>\$11,509,190</b>

# Capital Projects – Priority 3 Projects

Project Number	Project Description	2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL
			2019	2020	2021	2022	2023	
E1912	Electric Department Electric Fund 35kV Disconnect Switches Replacement - Ke	0	0	0	150,000	150,000	150,000	450,000
E1602	Electric Department Electric Fund Circuit Breaker Replacement	0	0	65,000	0	0	0	65,000
W1602	Water Division Water Fund Roseville Park Pressure District	0	0	25,000	250,000	0	0	275,000
W1503	Water Division Water Fund Academy Street Interconnection Pump Stati	0	0	50,000	500,000	0	0	550,000
W1302	Water Division Water Fund Abandon Old Wells	0	5,000	40,000	0	0	0	45,000
H1903	Street Division General Fund Skid Steer Purchase	0	0	0	75,000	0	0	75,000
I1703	Parks & Recreation Department General Fund Recreation Management Software	0	88,500	0	0	0	0	88,500
I1601	Information Technology Division General Fund Virtual Environment Host Replacement	0	0	75,000	0	0	0	75,000
I1603	Information Technology Division General Fund Surveillance Camera Refresh	0	32,500	32,500	32,500	32,500	0	130,000
I1606	Information Technology Division General Fund Disaster Recovery and Planning	0	0	75,000	0	0	0	75,000
N1803	Facilities Maintenance Division Maintenance Fund Exterior Paint and Powerwash	0	0	33,000	0	0	0	33,000
Includes Debt Funding		\$0	\$126,000	\$395,500	\$1,007,500	\$182,500	\$150,000	\$1,861,500

# Capital Projects – Priority 4 Projects

Project Number	Project Description	2018 BUDGET	2019	2020	2021	2022	2023	TOTAL	
E1911	Electric Department Electric Fund 34kV Line 3402 Capacity Upgrade	0	0	0	250,000	250,000	0	500,000	
E1805	Electric Department Electric Fund Line Extension - UD Farm	0	170,000	0	0	0	0	170,000	
E1806	Electric Department Electric Fund Christianstead Cable Addition	0	0	50,000	0	0	0	50,000	
C1903	Police Department General Fund NPD Ethernet Rewiring Project	0	32,000	0	0	0	0	32,000	
K1704	Parks & Recreation Department General Fund Lumbrook Park Pavilion	0	0	45,000	0	0	0	45,000	
K1705	Parks & Recreation Department General Fund Preston's Playground Utility Lines	124,084	60,000	0	0	0	0	60,000	
K1605	Parks & Recreation Department General Fund Redd Park Trail Improvements	32,000	0	32,000	30,000	0	0	62,000	
K1501	Parks & Recreation Department General Fund Iron Glen Park Master Plan	0	0	0	50,000	0	0	50,000	
K1502	Parks & Recreation Department General Fund Fitness Stations	20,000	0	21,108	0	0	0	21,108	
K1305	Parks & Recreation Department General Fund Pomeroy Trail Connector	150,000	11,000	0	0	0	0	11,000	
K1202	Parks & Recreation Department General Fund Kershaw Park Improvements	0	0	0	200,000	0	0	200,000	
K1203	Parks & Recreation Department General Fund Old Paper Mill Park Improvements	0	100,000	0	600,000	600,000	0	1,300,000	
I1902	Information Technology Division General Fund Tyler Technologies Contracts, Bid Module and Cash Management Module	0	17,700	23,000	0	0	0	40,700	
I1801	Information Technology Division General Fund Citywide Fiber (Phase II)	0	0	140,000	0	0	0	140,000	
N1805	Facilities Maintenance Division Maintenance Fund Lower Level Bathroom	0	0	30,000	0	0	0	30,000	
N1808	Facilities Maintenance Division Maintenance Fund FOC - Buildings 1 and 2, Security Improvements	0	0	31,000	0	0	0	31,000	
N1809	Facilities Maintenance Division Maintenance Fund TRN - New Windows	0	0	55,000	0	0	0	55,000	
N1702	Facilities Maintenance Division Maintenance Fund Council Chamber Renovations	0	0	25,000	0	0	0	25,000	
N1603	Facilities Maintenance Division Maintenance Fund GWC - HVAC System Upgrades	105,000	105,000	0	0	0	0	105,000	
			<b>\$431,084</b>	<b>\$495,700</b>	<b>\$452,108</b>	<b>\$1,130,000</b>	<b>\$850,000</b>	<b>\$0</b>	<b>\$2,927,808</b>

# Capital Projects – Priority 5 Projects

Project Number	Project Description		2018 BUDGET	2019	2020	2021	2022	2023	TOTAL	
E1807	Electric Department	Electric Fund	Relay Replacements - Kershaw Substation	0	0	50,000	50,000	50,000	50,000	200,000
E1808	Electric Department	Electric Fund	Voltage Upgrade - North College Avenue	0	0	50,000	0	0	0	50,000
E1809	Electric Department	Electric Fund	12.47kV Line Extension	0	100,000	0	0	0	0	100,000
E1810	Electric Department	Electric Fund	Lightning Arrestor Replacement	0	0	0	0	0	235,000	235,000
I1804	Information Technology Division	General Fund	Harris Automation Platform	0	0	150,000	0	0	0	150,000
				<b>\$0</b>	<b>\$100,000</b>	<b>\$250,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$285,000</b>	<b>\$735,000</b>

# Monthly Impact on the Average Resident

	Proposed	2018	2019 Estimated Fee	2019 Change
Water	4.5%	\$39.36	\$41.13	\$1.77
Sewer	3.8%	\$42.97	\$44.60	\$1.63
Stormwater	20.0%	\$2.95	\$3.54	\$0.59
Electric	0.0%	\$150.64	\$150.64	\$0.00
Tax	4.0%	\$42.88	\$44.60	\$1.72
<b>Total</b>	<b>2.0%</b>	<b>\$278.80</b>	<b>\$284.51</b>	<b>\$5.71</b>

- Average resident within the City will see an overall increase of 2%, or \$68.52.
- No proposed change to electric rates in 2019. Revenue Stabilization Adjustment (RSA) will continue to provide a credit to our electric customers.

# To Be Considered???

## – Items Not Currently in the Budget

- Customer Charges for Utilities (Electric, Water, Sewer) – Staff to come back in 2019 with proposals
- Police Staffing review?
- Utility fee increases as proposed (Water, Sewer, Stormwater)
- Tax Increase for 2019?
- Water/Sewer/Stormwater rate adjustments?
- Credit Card Fees/Paper Billing – Staff to return with proposal
- Bulk-item fee for trash service – Staff to return with proposal
- UniCity? – Lobby state for sufficient funding to meet program costs. Currently short by \$121K.
- DNP – Currently in the budget for \$75,000 (revenue/expense). No change from 2018.
- University Assistance



# Budget Process – Next Thirty Days

10/05/2018	Draft Version of CIP for Budget Central
10/15/2018	Deadline to advertise budget summary
10/16/2018	Draft CIP Presented to the Planning Commission
10/31/2018	Final Version of CIP & Operating Budgets for Council
11/05/2018	Budget Hearing #1



***THANK YOU!***