

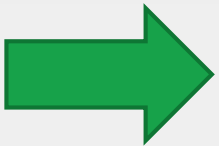
2019 Budget Hearing #1

November 5, 2018

Amended 11/4/2018

Budget Timeline

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



2019 Budget Overview

	As Submitted	Amended	Difference
Revenue	\$94,578,060	\$94,713,260	\$135,200
Operating Budget	\$87,532,102	\$87,667,302	\$135,200
Capital Budget	\$3,905,560	\$3,905,560	\$0
Debt Service	\$2,677,416	\$2,677,416	\$0
Unappropriated Surplus	\$462,982	\$462,982	\$0
Total Expenditures & Surplus:	\$94,578,060	\$94,713,260	\$135,200

Utility/Tax	Referendum-Related	Other	Total	Average Residential Monthly Impact
Tax Rate	0.00%	4.00%	4.00%	\$1.72
Electric Rate	0.00%	0.00%	0.00%	\$0.00
Sewer Fee	0.80%	3.00%	3.80%	\$1.63
Water Rate	1.50%	3.00%	4.50%	\$1.77
Stormwater Fee	20.00%	0.00%	20.00%	\$0.59
				\$5.71

Utility/Tax	2018	2019	Average Residential Monthly Impact
Tax Rate (4%)	\$42.88	\$44.60	\$1.72
Electric Rate (w/out RSA)	\$155.00	\$155.00	\$0.00
Sewer Fee	\$42.97	\$44.60	\$1.63
Water Rate	\$39.36	\$41.13	\$1.77
Stormwater Fee	\$2.95	\$3.54	\$0.59
Total:	\$283.16	\$288.87	\$5.71
Est. RSA Electric Credit (03/2019)	-\$3.82	-\$12.05	-\$8.23
Net Change:	\$279.34	\$276.82	-\$2.52

Revenues



OP EX



CIP



Debt Service



	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Revenue					
Utility Sales	\$68,875,796	\$69,391,524	\$72,616,719	\$3,225,195	4.6%
Property and Realty Taxes	\$8,613,322	\$8,695,000	\$9,532,015	\$837,015	9.6%
Fees for Service	\$9,415,623	\$9,107,230	\$10,213,199	\$1,105,969	12.1%
Intergovernmental Revenue	\$1,501,545	\$1,390,843	\$1,361,047	(\$29,796)	-2.1%
Other Revenue	\$1,164,084	\$943,090	\$910,280	(\$32,810)	-3.5%
Appropriation of Fund Balance (DNP)	\$0	\$0	\$80,000	\$80,000	n/a
Total Operating Revenue	\$89,570,370	\$89,527,687	\$94,713,260	\$5,185,573	5.6%
Expenditures					
Personnel Services	\$30,949,713	\$31,874,679	\$33,317,346	\$1,442,667	4.5%
Utility Purchases	\$38,338,621	\$38,266,885	\$38,856,932	\$590,047	1.5%
Materials and Supplies	\$2,125,197	\$2,317,467	\$2,503,059	\$185,592	8.0%
Contractual Services	\$8,378,034	\$9,661,377	\$9,805,255	\$143,878	1.5%
Equipment Depreciation	\$1,424,975	\$1,745,300	\$1,665,978	(\$79,322)	-4.5%
Other Expenses	\$774,154	\$821,508	\$1,518,732	\$697,224	84.9%
Total Operating Expenses	\$81,990,694	\$84,687,216	\$87,667,302	2,980,086	3.5%
Capital Improvements					
Gross Capital Improvements	\$11,234,899	\$13,149,857	\$19,573,858	\$6,424,001	48.9%
Less: Use of Reserves	(\$6,499,164)	(\$1,678,364)	(\$848,799)	\$829,565	-49.4%
Equipment Replacement	(\$1,101,509)	(\$1,002,492)	(\$1,001,105)	\$1,387	-0.1%
Grants	(\$860,464)	(\$1,354,241)	(\$1,825,744)	(\$471,503)	34.8%
Bond Issues	\$0	(\$790,549)	(\$680,650)	\$109,899	-13.9%
SRL	\$0	(\$5,015,000)	(\$10,625,000)	(\$5,610,000)	111.9%
Other Sources	\$0	(\$1,079,000)	(\$687,000)	\$392,000	-36.3%
Net Capital Improvements	\$2,773,762	\$2,230,211	\$3,905,560	\$1,675,349	75.1%
Debt Service	\$1,157,616	\$2,665,707	\$2,677,416	\$11,709	0.4%
Net Current Surplus	\$3,648,298	(\$55,447)	462,982	\$518,429	-935.0%
TOTAL EXPENDITURES AND SURPLUS	\$89,570,370	\$89,527,687	\$94,713,260	\$5,185,573	5.8%

TOTAL BUDGET AT A GLANCE

4

City of Newark 2019 Expenditure Budget Recommendation

OPEX - Budget Adjustments from Department Presentations

Revenue	10/3/2018	11/5/2018	\$ Difference	% Difference
Utility Sales	\$72,561,519	\$72,616,719	\$55,200	0.1%
Property and Realty Taxes	\$9,532,015	\$9,532,015	\$0	0.0%
Fees for Service	\$10,070,199	\$10,213,199	\$143,000	1.4%
Intergovernmental Revenue	\$1,553,082	\$1,361,047	-\$192,035	-12.4%
Other Revenue	\$910,280	\$910,280	\$0	0.0%
Appropriation of Fund Balance (DNP)		\$80,000	\$80,000	n/a
Total Revenue:	\$94,627,095	\$94,713,260	\$86,165	0.1%

Budget Adjustments from October 3 Workshop:

Revenue

- +\$150,000 for Emergency Services Fee
- -\$75,000 for revenue associated with the DNP Program
- -\$124,035 to offset UniCity program
- +\$55,200 move Aetna utility subvention to operating expense
- +\$80,000 to reflect the DNP reserves used to provide a budget of \$150,000 for 2019 (was previously reflected as a use of fund equity)

Net difference: \$86,165

Expense

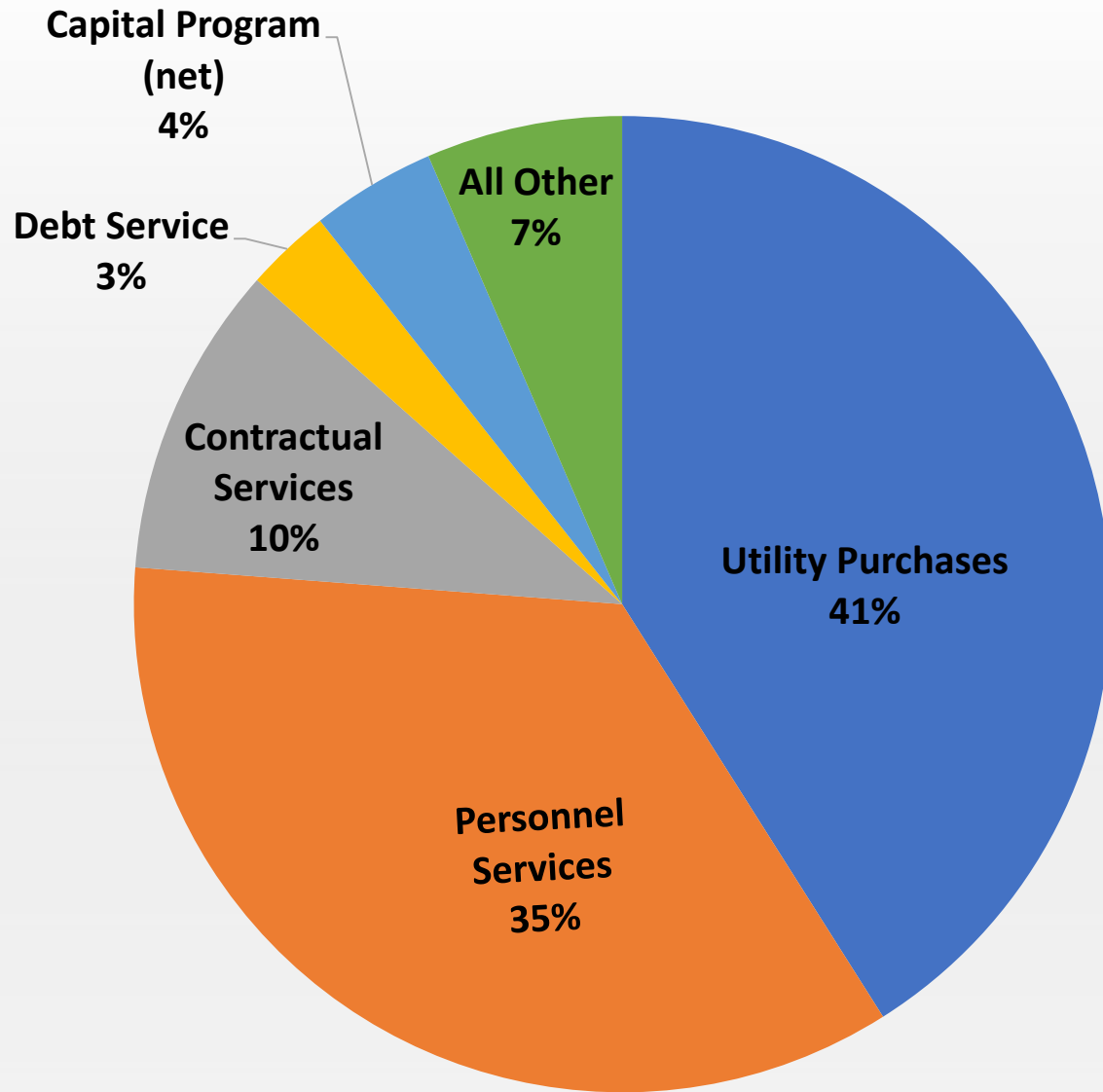
- -\$75,000: Remove DNP (current) budget
- +\$70,000: for DNP (new. Use \$80,000 in DNP reserves to bring total to \$150,000
- +\$32,068: Contractual Service funding for Planning assistance
- +\$100,000: Aetna Subvention increase
- -\$83,292: Removed NEW Planner II
- -\$92,811: Reduced health care expense
- +\$55,200 for Aetna utility subvention
- +\$80,000 for DNP budget to reflect full \$150,000

Net difference: \$86,165

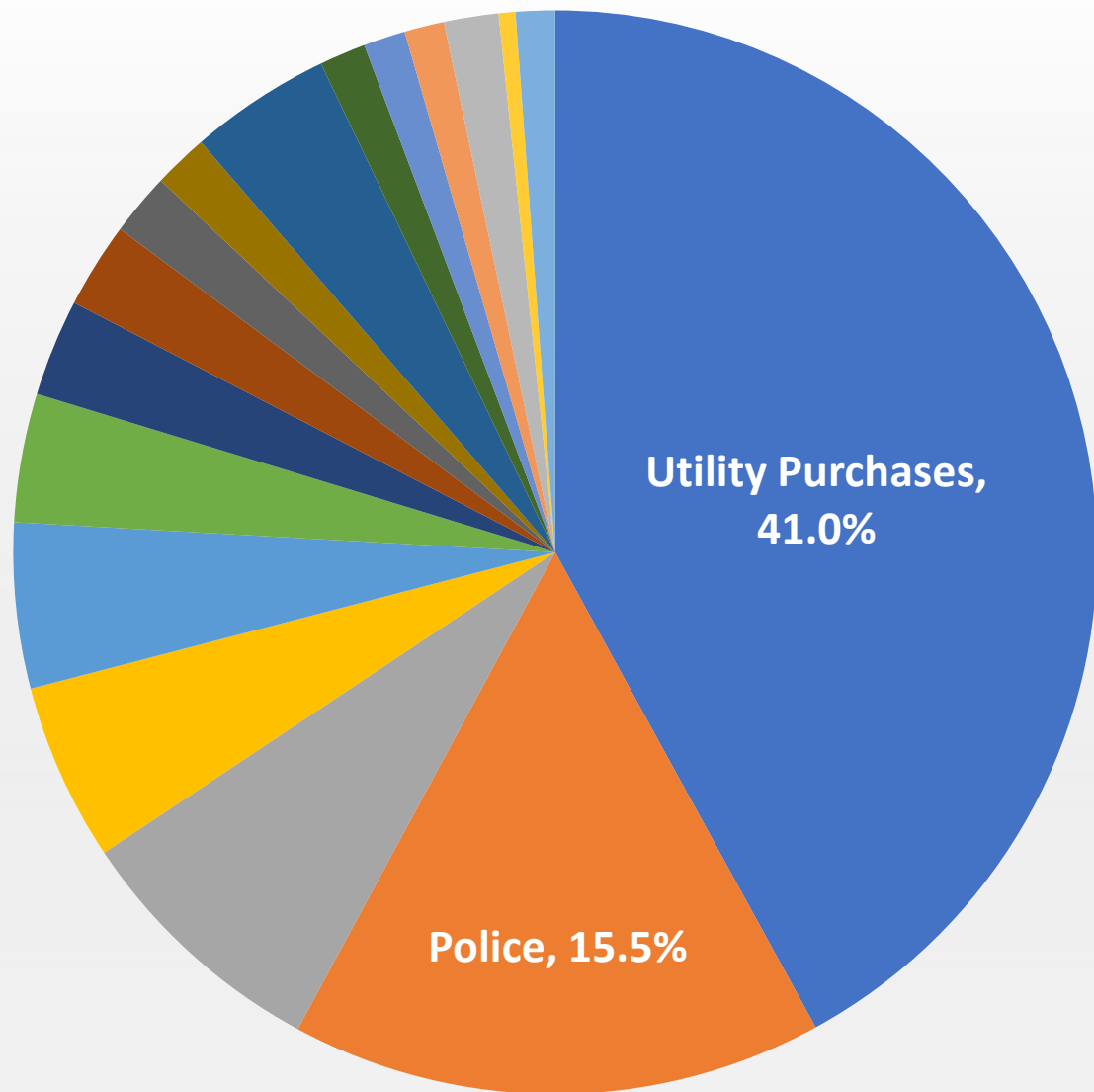
Expense Budget – A Closer Look

	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Expenditures					
Personnel Services	\$30,949,713	\$31,874,679	\$33,317,346	\$1,442,667	4.5%
Utility Purchases	\$38,338,621	\$38,266,885	\$38,856,932	\$590,047	1.5%
Materials and Supplies	\$2,125,197	\$2,317,467	\$2,503,059	\$185,592	8.0%
Contractual Services	\$8,378,034	\$9,661,377	9,805,255	\$143,878	1.5%
Equipment Depreciation	\$1,424,975	\$1,745,300	\$1,665,978	(\$79,322)	-4.5%
Other Expenses	\$774,154	\$821,508	1,518,732	\$697,224	84.9%
Total Operating Expenses	\$81,990,694	\$84,687,216	\$87,667,302	2,980,086	3.5%
Capital Improvements					
Gross Capital Improvements	\$11,234,899	\$13,149,857	\$19,573,858	\$6,424,001	48.9%
Less: Use of Reserves	(\$6,499,164)	(\$1,678,364)	(\$848,799)	\$829,565	-49.4%
Equipment Replacement	(\$1,101,509)	(\$1,002,492)	(\$1,001,105)	\$1,387	-0.1%
Grants	(\$860,464)	(\$1,354,241)	(\$1,825,744)	(\$471,503)	34.8%
Bond Issues	\$0	(\$790,549)	(\$680,650)	\$109,899	-13.9%
SRL	\$0	(5,015,000)	(\$10,625,000)	(\$5,610,000)	111.9%
Other Sources	\$0	(\$1,079,000)	(\$687,000)	\$392,000	-36.3%
Net Capital Improvements	\$2,773,762	\$2,230,211	\$3,905,560	\$1,675,349	75.1%
Debt Service	\$1,157,616	\$2,665,707	\$2,677,416	\$11,709	0.4%
Net Current Surplus	\$3,648,298	(\$55,447)	462,982	\$518,429	-935.0%
TOTAL EXPENDITURES AND SURPLUS	\$89,570,370	\$89,527,687	\$94,713,260	\$5,185,573	5.8%

87% of the City's expenses are from Utility Purchases, Contractual Services and Personnel



Expense Type	2019 Budget	% of Budget
Utility Purchases	\$38,856,932	41.0%
Personnel Services	\$33,317,346	35.2%
Contractual Services	\$9,805,255	10.4%
Capital Program (net)	\$3,905,560	4.1%
Debt Service	\$2,677,416	2.8%
Materials and Supplies	\$2,503,059	2.6%
Equipment Depreciation	\$1,665,978	1.8%
Other Expenses	\$1,518,732	1.6%
Surplus	\$462,982	0.5%
Total Expenditures and Surplus	\$94,713,260	100%



Budget By Function	2018	2019
Utility Purchases	42.7%	41.0%
Police	15.8%	15.5%
Electric	7.6%	7.6%
Public Works	5.4%	5.2%
Water	4.8%	4.8%
Parks and Recreation	3.8%	3.7%
Debt Service	3.0%	2.8%
Parking	2.3%	2.5%
Legislative/Judicial	1.9%	1.8%
Code Enforcement	1.7%	1.6%
Capital	2.5%	4.1%
Stormwater	1.4%	1.4%
Special Revenue/Self-Insurance/OPEB	1.2%	1.2%
Sewer	1.2%	1.2%
Administration/Finance/IT	1.7%	1.6%
Surplus	-0.1%	0.5%
Planning	0.7%	1.1%
Maintenance - Fleet/Facilities	2.4%	2.4%
Total	100.0%	100.0%

Expense Budget Overview – Operating Expenditures (OP EX)

	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Expenditures					
Personnel Services	\$30,949,713	\$31,874,679	\$33,317,346	\$1,442,667	4.5%
Utility Purchases	\$38,338,621	\$38,266,885	\$38,856,932	\$590,047	1.5%
Materials and Supplies	\$2,125,197	\$2,317,467	\$2,503,059	\$185,592	8.0%
Contractual Services	\$8,378,034	\$9,661,377	9,805,255	\$143,878	1.5%
Equipment Depreciation	\$1,424,975	\$1,745,300	\$1,665,978	(\$79,322)	-4.5%
Other Expenses	\$774,154	\$821,508	1,518,732	\$697,224	84.9%
Total Operating Expenses	\$81,990,694	\$84,687,216	\$87,667,302	2,980,086	3.5%

- Personnel Expenses increased by \$1.4 million (4.5%)
- Utility Purchases increased by \$590K (1.5%)
- Non-Personnel/Utility Operating Expenses up \$947K (6.5%)
 - Materials & Supplies increased \$185,000 (8%)
 - Contractual Services increased \$144,000 (1.5%)
 - Equipment Depreciation Expense -\$79,322 (-4.5%)
 - Other Expenses increased by \$700,000 (84.9%). \$360,000 reflects subventions previously netted against revenue.

Total operating expenses are up 3.5%, or \$3 million compared to 2018

Personnel Expenses – Operating Budget By Type

Personnel Expense	2018	2019	Difference	% Change
Wages	\$20,609,711	\$21,544,829	\$935,118	4.5%
Pension	\$3,500,000	\$3,550,000	\$50,000	1.4%
Health Care	\$3,971,561	\$4,291,166	\$319,605	8.0%
OPEB	\$1,322,000	\$1,422,000	\$100,000	7.6%
Other	\$2,471,407	\$2,509,351	\$37,944	1.5%
Total:	\$31,874,679	\$33,317,346	\$1,442,667	4.5%

Highlights of the Personnel Expenses Line for 2019:

- **No new positions.** Includes funding for FOP and AFSCME COLAs, and wage progression for employees where applicable. No COLA for Management staff included.
- \$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.
- \$100,000 – Increase funding to the City's OPEB liability. \$800,000 to fund future obligations and \$622,000 to fund current retiree expenses.
- \$319,000 – The annual health care renewal (4.75% increase over 2018 premium).

Expense Budget Overview – Capital Improvements



	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Total Operating Expenses	\$81,990,694	\$84,687,216	\$87,667,302	2,980,086	3.5%
Capital Improvements					
Gross Capital Improvements	\$11,234,899	\$13,149,857	\$19,573,858	\$6,424,001	48.9%
Less: Use of Reserves	(\$6,499,164)	(\$1,678,364)	(\$848,799)	\$829,565	-49.4%
Equipment Replacement	(\$1,101,509)	(\$1,002,492)	(\$1,001,105)	\$1,387	-0.1%
Grants	(\$860,464)	(\$1,354,241)	(\$1,825,744)	(\$471,503)	34.8%
Bond Issues	\$0	(\$790,549)	(\$680,650)	\$109,899	-13.9%
SRL	\$0	(5,015,000)	(\$10,625,000)	(\$5,610,000)	111.9%
Other Sources	\$0	(\$1,079,000)	(\$687,000)	\$392,000	-36.3%
Net Capital Improvements	\$2,773,762	\$2,230,211	\$3,905,560	\$1,675,349	75.1%

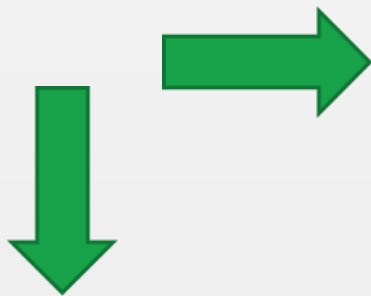
- The Gross CIP Budget increased \$6.4 million (48.9%) to \$19,573,858.
- Funding of the CIP consists of five sources, with the largest source being the state revolving loan program due to the Rodney and the South Well Field Water Treatment Plant projects.
- Net CIP Budget increased by \$1.67 million (75.1%) to \$3,905,560. **This represents the portion of the capital budget that is supported by current revenues (taxes, fees, etc.)**

Expense Budget Overview – Debt Service

	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Total Operating Expenses	81,990,694	84,687,216	87,667,302	2,980,086	3.5%
Net Capital Improvements	2,773,762	2,230,211	3,905,560	1,675,349	75.1%
Debt Service	1,157,616	2,665,707	2,677,416	11,709	0.4%
Net Current Surplus	3,648,298	(55,447)	462,982	518,429	-935.0%
TOTAL EXPENDITURES AND SURPLUS	\$89,570,370	\$89,527,687	\$94,713,260	\$5,185,573	5.8%

Expense Budget Overview – Debt Service

	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Total Operating Expenses	81,990,694	84,687,216	87,667,302	2,980,086	3.5%
Net Capital Improvements	2,773,762	2,230,211	3,905,560	1,675,349	75.1%
Debt Service	1,157,616	2,665,707	2,677,416	11,709	0.4%
Net Current Surplus	3,648,298	(55,447)	462,982	518,429	-935.0%
TOTAL EXPENDITURES AND SURPLUS	\$89,570,370	\$89,527,687	\$94,713,260	\$5,185,573	5.8%



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
Total:	\$2,677,416	

ESTIMATED DEBT FROM REFERENDUM (INCLUDED IN CIP)

Debt	2019 Payment	Ending Date
Rodney Stormwater Park*	\$163,500	Interest-only payments until 2021, +20 years
Sanitary Sewer Repairs	\$55,000	Interest-only payments until 2022, +20 years
Air Stripper Replacement - South Well Field	\$90,000	Interest-only payments until 2020, +20 years
Water Tank Maintenance	\$11,000	Interest-only payments until 2022, +20 years
Water SCADA System	\$6,000	Interest-only payments until 2021, +20 years
Water Main Replacement Program	\$30,000	Interest-only payments until 2022, +20 years
Total:	\$355,500	

Expense Budget Overview – Net Current Surplus



	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Total Operating Expenses	81,990,694	84,687,216	87,667,302	2,980,086	3.5%
Net Capital Improvements	2,773,762	2,230,211	3,905,560	1,675,349	75.1%
Debt Service	1,157,616	2,665,707	2,677,416	11,709	0.4%
Net Current Surplus	3,648,298	(55,447)	462,982	518,429	-935.0%
TOTAL EXPENDITURES AND SURPLUS	\$89,570,370	\$89,527,687	\$94,713,260	\$5,185,573	5.8%

Fund	Net Current Surplus	Comments
General Fund	\$4,989	Operating
Law Enforcement Fund	\$83,539	Grant funds must stay in programs
Capital Fund	\$2,289	Gov't-type funds for Capital spending
Electric Fund	\$7,604	Operating
Water Fund	\$54,152	Operating
Sewer Fund	\$9,431	Operating
Stormwater Fund	\$297,384	Stormwater does not support governmental funds
Parking Fund	\$3,594	Operating
Total	\$462,982	

City of Newark 2019 Revenue Budget Recommendation

Revenue Budget at a Glance – Summary

	ACTUAL 2017	2018 BUDGET AS AMENDED	2019 REQUEST	\$ FROM 2018 BUDGET	% FROM 2018 BUDGET
Revenue					
Utility Sales	\$68,875,796	\$69,391,524	\$72,616,719	\$3,225,195	4.6%
Property and Realty Taxes	\$8,613,322	\$8,695,000	\$9,532,015	\$837,015	9.6%
Fees for Service	\$9,415,623	\$9,107,230	\$10,213,199	\$1,105,969	12.1%
Intergovernmental Revenue	\$1,501,545	\$1,390,843	\$1,361,047	(\$29,796)	-2.1%
Other Revenue	\$1,164,084	\$943,090	\$910,280	(\$32,810)	-3.5%
Appropriation of Fund Balance (DNP)	\$0	\$0	\$80,000	\$80,000	n/a
Total Operating Revenue	\$89,570,370	\$89,527,687	\$94,713,260	5,185,573	5.6%

- Rate/Property Tax Recommendations:

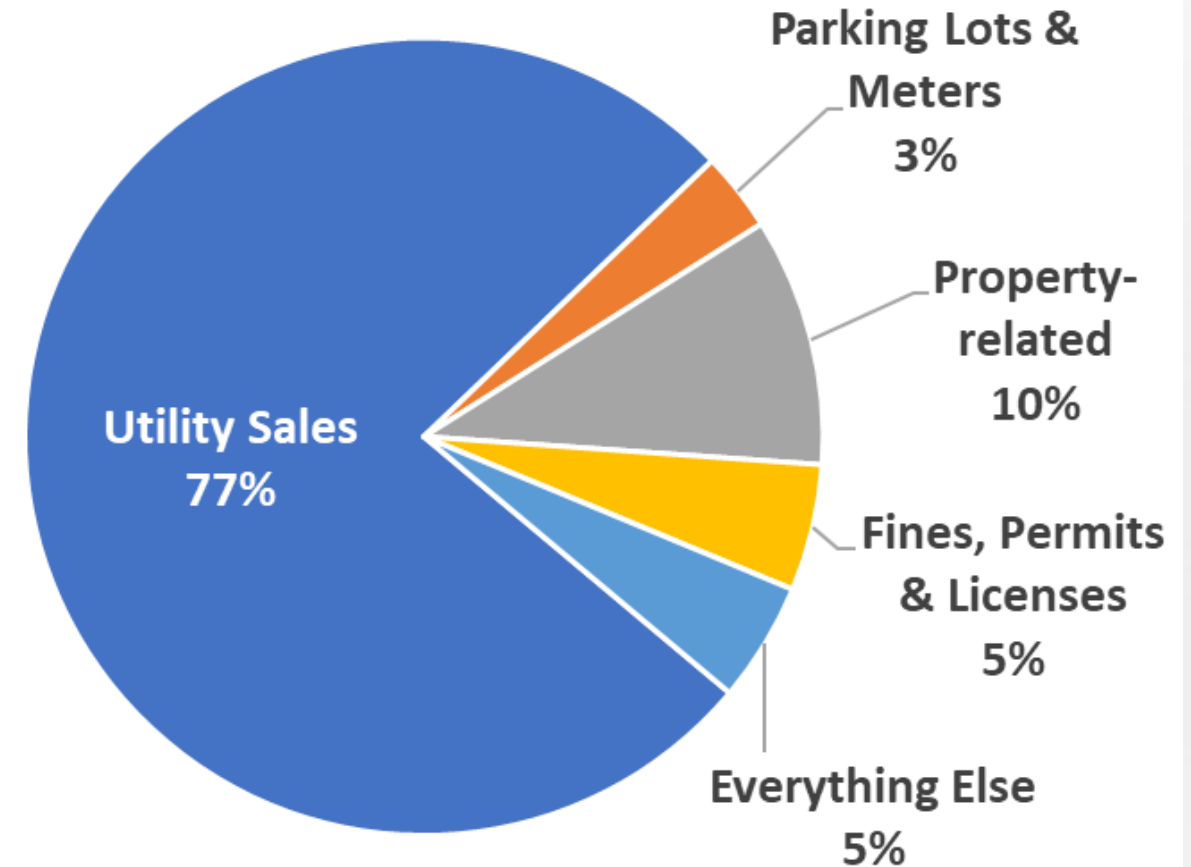
- Electric Rate – No Change/Annual RSA Adjustment will eliminate the following rate adjustments in March 2019:

- Sewer Rate – 3.8%
- Water Rate – 4.5%
- Property Tax – 4.0%
- Stormwater Fee – 20%

	2018	2019 Recommended	Comments
Electric (winter rate)	\$ 0.145	\$ 0.145	Cents per kwh
Water (0-3174 gallons)	\$ 7.1400	\$ 7.4613	Per thousand gallons
Water (>3174 gallons)	\$ 9.0940	\$ 9.5032	Per thousand gallons
Sewer	\$ 8.5920	\$ 8.9185	Per thousand gallons
Stormwater (Tier 2) - 1ERU	\$ 2.9500	\$ 3.5400	New fee in 2018. Per ERU.
Property Tax	\$ 0.7737	\$ 0.8046	Cents per \$100 of taxable assessed value

2019 Revenue By Type

Source of Revenue	2018	2019	Change	\$ Difference
Utility Sales	77.5%	76.7%	-0.8%	\$3,225,195
Property Tax	8.0%	7.7%	-0.3%	\$162,015
Realty Transfer Tax	1.7%	1.6%	-0.1%	\$0
Lodging Tax	0.0%	0.7%	0.7%	\$675,000
Fines, Permits & Licenses	4.5%	5.1%	0.6%	\$859,900
Investment Income	0.3%	0.4%	0.1%	\$102,735
Intergovernmental Revenue	1.6%	1.4%	-0.2%	(\$29,796)
Parking Lots & Meters	3.3%	3.2%	-0.1%	\$51,335
Other Revenue	0.7%	0.6%	-0.1%	(\$135,545)
Appropriation of Fund Balance (DNP)	0.0%	0.1%	0.1%	\$80,000
Internal Service Revenue	2.4%	2.4%	0.0%	\$194,734
	100.0%	100.0%	0.0%	\$5,185,573



City of Newark 2019 General Fund

Property Taxes

Reliance on utility transfers to the Governmental Funds continue into 2019 totaling \$16.1M in 2019._

Proposed tax rate increase of 4% from \$0.7737 per \$100 of Assessed Value (AV) to \$0.8046.

Median tax bill today is \$516. 22% of residential properties pay less than \$315 annually, the cost of residential trash service.

- Median taxable residential AV is \$66,700 as of 10/1/2018, or \$516 (increase of \$200 in assessed value from 2017).
- One penny is equal to a 1.29% increase, or \$6.67/year (\$0.56/month)
- 10% of all residential properties hold a senior or disabled exemption (55 properties pay \$0). Exemption maximum is up to \$50,000.

\$16.1M = Transfer amount is equal to 31,240 homes added to the tax base without increasing the footprint of the City.

To	Transfer In
General	\$13,502,463
Community Development Fund	\$1,248
Special Parks Fund	\$13,875
UniCity	\$120,784
Debt Service Fund	\$271,152
Capital Fund	\$1,400,000
Self Insurance Fund	\$220,900
OPEB	\$625,000
Internal Services Fund	-\$35,122
Total Transfer to Governmental Funds:	\$16,120,300

Property Tax Exemptions

	Gross Assessment	%	City Tax Revenue
Total Land Assessment	199,937,800	12.8%	\$1,546,919
Total Building Assessment	1,356,542,520	87.2%	\$10,495,569
A Total Assessment	1,556,480,320	100.0%	\$12,042,488
County Exemptions			
University of Delaware/1743 Holdings	(562,878,136)	-36.2%	-\$4,354,988
Christina School District	(29,566,400)	-1.9%	-\$228,755
Senior Citizen	(24,675,148)	-1.6%	-\$190,912
Newark Charter School	(15,240,700)	-1.0%	-\$117,917
City of Newark	(14,716,000)	-0.9%	-\$113,858
Churches	(13,026,700)	-0.8%	-\$100,788
Exempt Organizations	(10,678,720)	-0.7%	-\$82,621
United States	(7,934,800)	-0.5%	-\$61,392
State of Delaware	(7,046,600)	-0.5%	-\$54,520
Newark Housing Authority	(1,903,600)	-0.1%	-\$14,728
Disability	(1,795,450)	-0.1%	-\$13,891
New Castle County	(1,643,000)	-0.1%	-\$12,712
Other Schools	(287,800)	0.0%	-\$2,227
B Total County Exemptions	(691,393,054)	-44.4%	-\$5,349,308
Newark Exemptions			
Newark Economic Development	(4,306,340)	-0.3%	-\$33,318
Newark Historic Properties	(920,036)	-0.1%	-\$7,118
Parking Lot Lease Agreements	(871,164)	-0.1%	-\$6,740
C Total City Exemptions	(6,097,540)	-0.4%	-\$47,177
A-B-C=D Net Taxable Assessment	858,989,726	55.2%	\$6,646,004
A-D Foregone Tax Revenue:			\$5,396,485

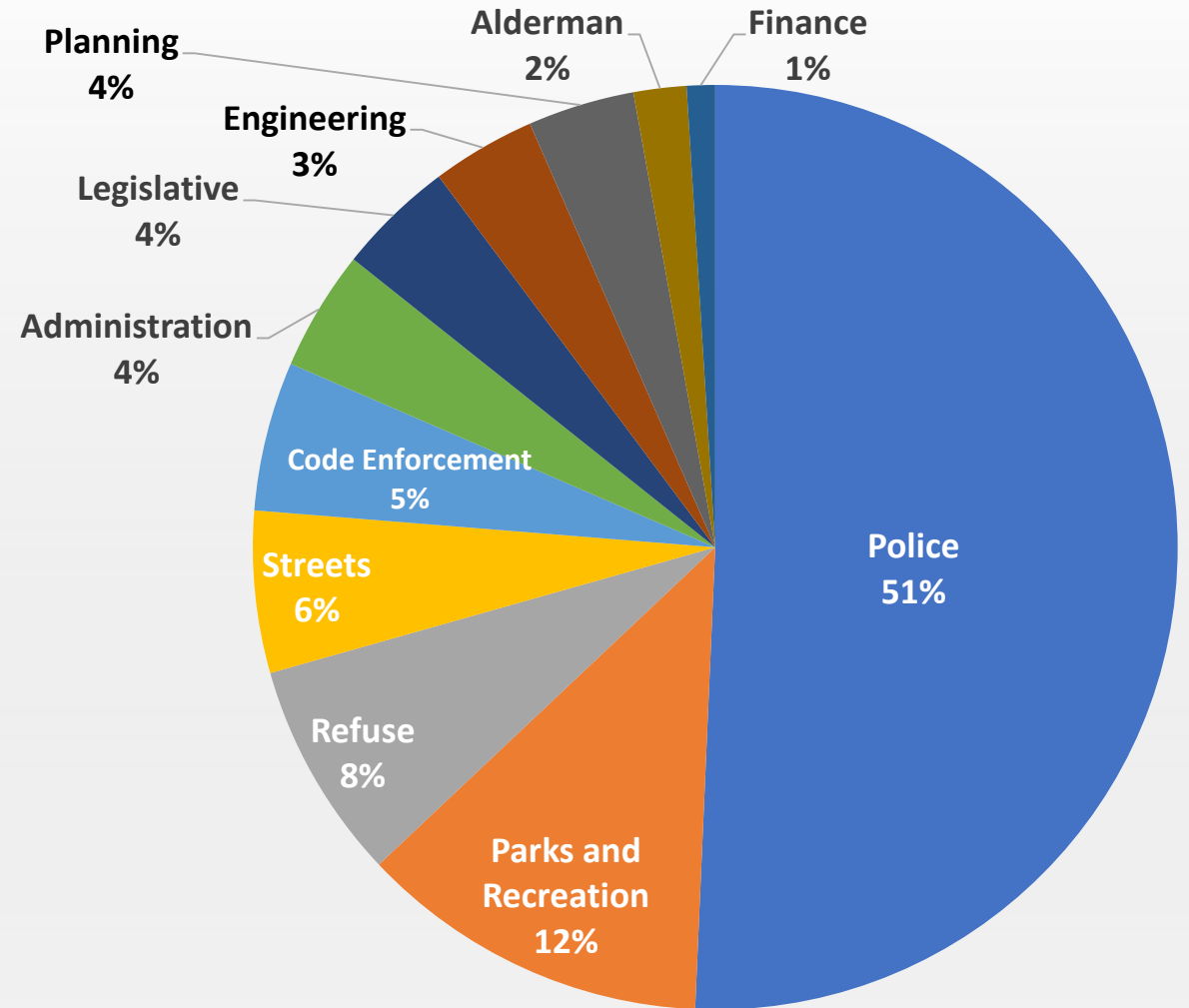
- There are just over 8100 tax parcels within the City of Newark.
 - Over 1,100 of properties in Newark receive some level of exemption. About 700 are senior/disabled exemptions and another 200 belong to UD.
- Only 55% of the assessed property in Newark is taxable.
 - City loses \$5.4 million annually to property exemptions.
 - The University of Delaware accounts for over 36% of our assessed property, and over 80% of the property exemption value granted.
- If there were no tax exemptions, the City would still be over \$10.7 million short in the governmental funds (equal to adding 20,783 homes to the tax roll without changing the size of the Newark).

Revenue	2018	2019	Difference	% Difference
Tax Revenue	\$7,145,000	\$7,307,015	\$162,015	2.3%
Lodging Tax	\$0	\$675,000	\$675,000	n/a
Real Estate Transfer Tax	\$1,550,000	\$1,550,000	\$0	0.0%
Fees for Service	\$3,986,300	\$4,774,600	\$788,300	19.8%
Intergovernmental Revenue/Emer Comm Fees	\$588,776	\$607,800	\$19,024	3.2%
Other	\$424,885	\$443,000	\$18,115	4.3%
Appropriation of Fund Balance (DNP)	\$0	\$80,000	\$80,000	n/a
Total Operating Revenue	\$13,694,961	\$15,437,415	\$1,742,454	12.7%
Expenditures	2018	2019	Difference	% Difference
Personnel Services	\$22,793,035	\$23,662,739	\$869,704	3.8%
Materials and Supplies	\$757,779	\$824,254	\$66,475	8.8%
Contractual Services	\$5,074,125	5,090,630	\$16,505	0.3%
Equipment Depreciation	\$1,181,600	\$1,074,341	(\$107,259)	-9.1%
Other Expenses	\$279,410	611,206	\$331,796	118.7%
Inter-Dept Charges	(\$2,335,297)	(\$2,328,281)	\$7,016	-0.3%
Total Operating Expenses	\$27,750,652	\$28,934,889	\$1,184,237	4.3%
Net Current Surplus	\$47,509	\$4,989	(\$42,520)	-89.5%
General Fund Shortfall Funded by Utility Transfer:	\$14,103,200	\$13,502,463	(\$600,737)	-4.3%

General Fund Overview – Revenue vs. Expenditures 22

Department/Division	2018	2019	\$ Difference	% Difference
Police	\$14,135,171	\$14,667,590	\$532,419	3.8%
Parks and Recreation	\$3,416,904	\$3,550,410	\$133,506	3.9%
Refuse	\$2,121,342	\$2,213,903	\$92,561	4.4%
Streets	\$1,728,273	\$1,637,986	-\$90,287	-5.2%
Code Enforcement	\$1,491,151	\$1,510,620	\$19,469	1.3%
Administration	\$1,189,898	\$1,217,453	\$27,555	2.3%
Legislative	\$1,130,265	\$1,186,518	\$56,253	5.0%
Engineering	\$996,092	\$1,051,328	\$55,236	5.5%
Planning	\$654,735	\$1,078,583	\$423,848	64.7%
Alderman	\$551,609	\$534,220	-\$17,389	-3.2%
Finance	\$285,780	\$286,278	\$498	0.2%
Total GF Expenses:	\$27,701,220	\$28,934,889	\$1,233,669	4.5%

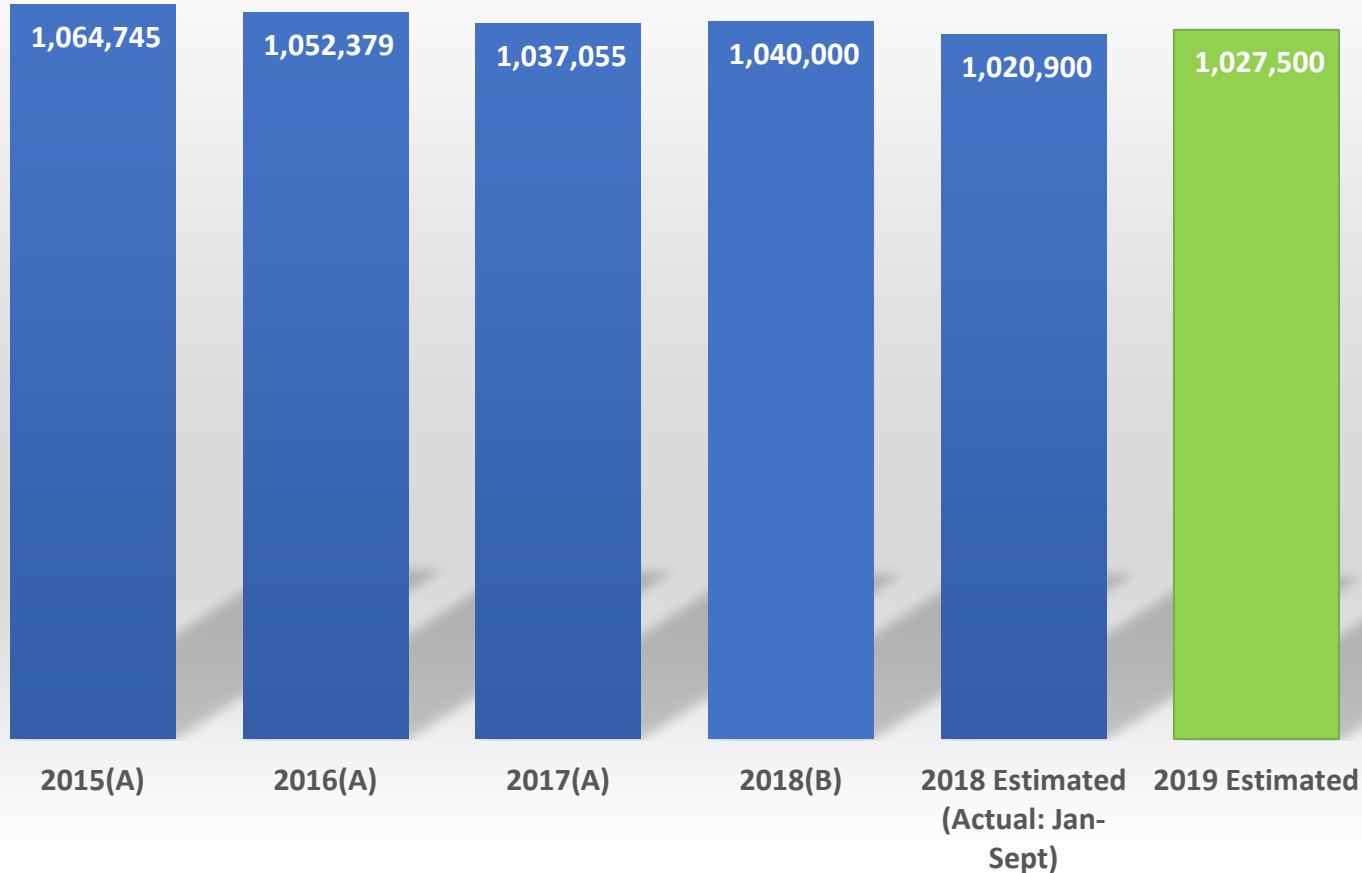
- 2019 Projected Expenses: \$28.9 million:
 - Police, \$14.7 million (51%)**
 - Parks & Recreation, \$3.6 million
 - Public Works, \$4.9 million
 - Administration and related, \$5.8 million



City of Newark 2019 Enterprise Funds

Utility Sales Projections - Water

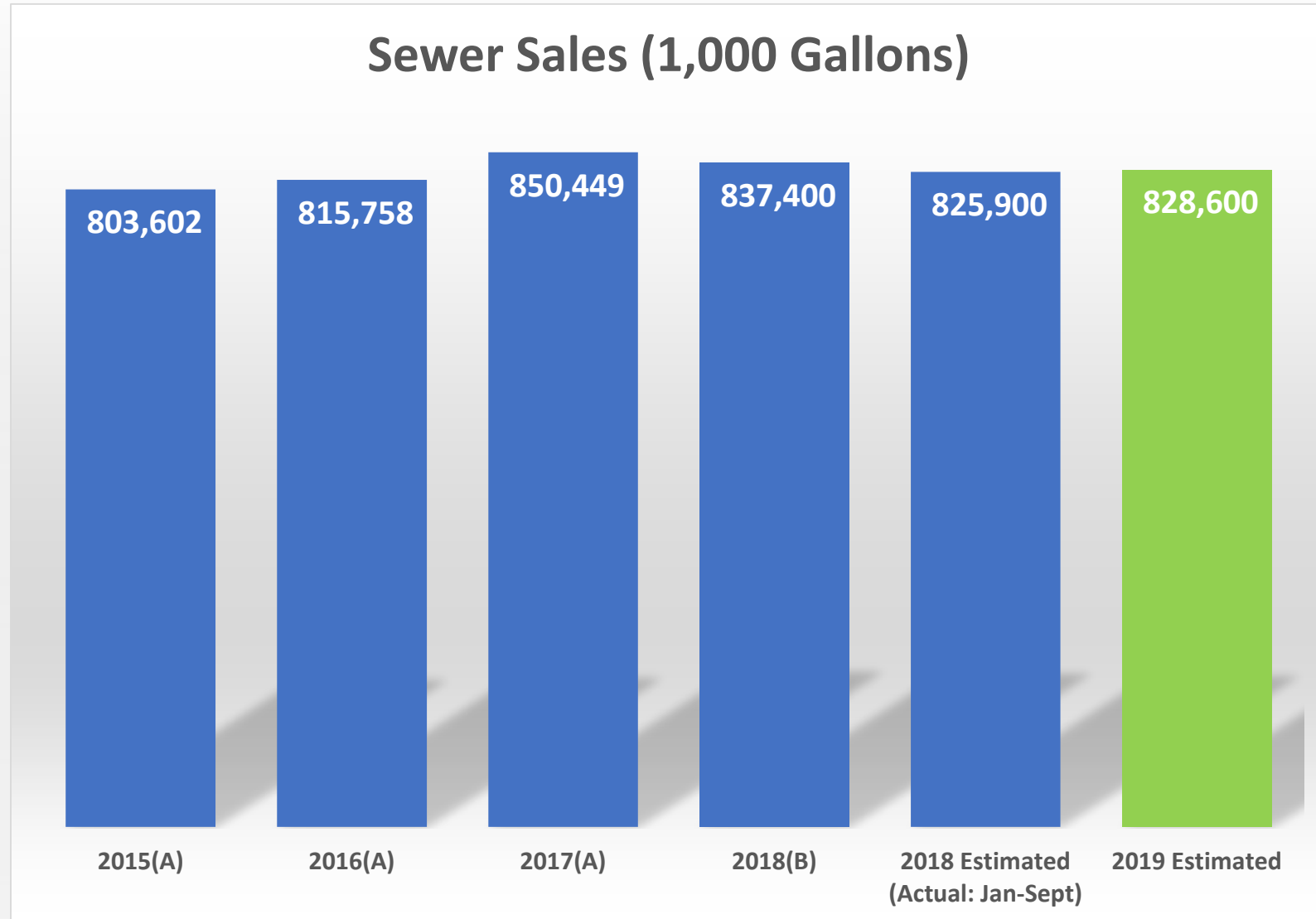
Water Sales (1,000 Gallons)



- There are 10,292 water customers as of September 2018.
 - 8,046 in-town (78%)
 - 2,246 outside the City (22%)
- In-town water customers account for 81% of the sales.
- Only 13 accounts have been added since December 2017.
- 2018 budget reflects relatively no change from the 2018 estimate.
- Water sales from 2015 to 2018 are fairly flat at 1 billion gallons annually.
- STAR Campus – Most water is provided by Suez aside from old MOPAR parcel.

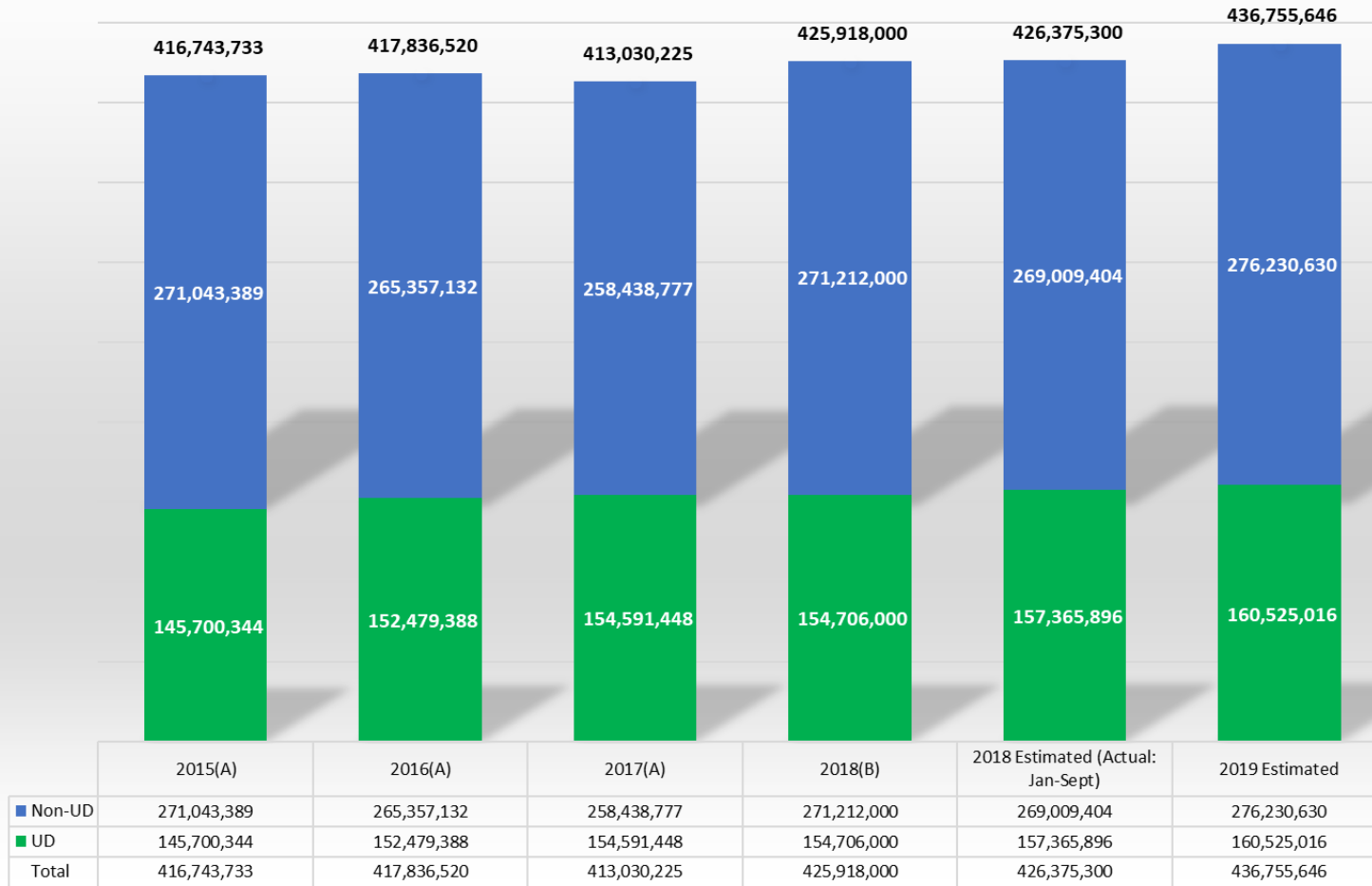
Utility Sales Projections - Sewer

- There are 8,117 sewer customers as of September 2018.
- 8 accounts have been added since December 2017.
- 2019 budget reflects no change from the 2018.
- Sewer sales from 2015 to 2018 have experienced relatively no change.
- STAR Campus
 - All of STAR Campus is served by Newark's sewer utility
 - STAR Tower online today
 - Chemours and BPI in 2020



Utility Sales Projections – Electric

Electric Sales (1,000 kwh)



- 2.5% increase in electric sales over 2018.
 - STAR Tower accounts for a large portion of the increase (15%).
- Twenty-Five of the University of Delaware's electric accounts make up 36% of the entire City's electric sales (ESA).
- 12,823 electric meters throughout the City.
- STAR Campus
 - Full load not expected until 2020 for Chemours and BPI.

Utility Sales

Revenue	2017 Actual	2018 Budget	2018 Estimated	2019 Recommended	Difference	% Difference
Electric	\$51,800,395	\$51,626,068	\$51,617,165	\$52,608,368	\$982,300	1.9%
Water	\$9,382,030	\$9,200,000	\$9,009,087	\$9,616,300	\$416,300	4.5%
Sewer	\$7,018,863	\$6,875,000	\$7,016,249	\$7,634,150	\$759,150	11.0%
Stormwater	\$0	\$1,315,600	\$1,945,000	\$2,280,000	\$964,400	73.3%
Utility Sales	\$68,201,288	\$69,016,668	\$69,587,500	\$72,138,818	\$3,122,150	4.5%

Revenue	2017 Actual	2018 Budget	2018 Estimated	2019 Recommended	Difference	% Difference
Electric	\$51,800,395	\$51,626,068	\$51,617,165	\$52,608,368	\$991,203	1.9%
Water	\$9,382,030	\$9,200,000	\$9,009,087	\$9,616,300	\$607,213	6.7%
Sewer	\$7,018,863	\$6,875,000	\$7,016,249	\$7,634,150	\$617,901	8.8%
Stormwater	\$0	\$1,315,600	\$1,945,000	\$2,280,000	\$335,000	17.2%
Utility Sales	\$68,201,288	\$69,016,668	\$69,587,500	\$72,138,818	\$2,551,318	3.7%

City of Newark 2019 Capital Budget Recommendation

Goals of the CIP

Projects will seek to advance Newark's vision elements

- Healthy & Active Community
- Sustainable Community
- Inclusive Community

Maintain and enhance the City's physical framework

- Streets and Sidewalks
- Parks and Parking Facilities
- Municipal & Police Facilities
- Utility infrastructure

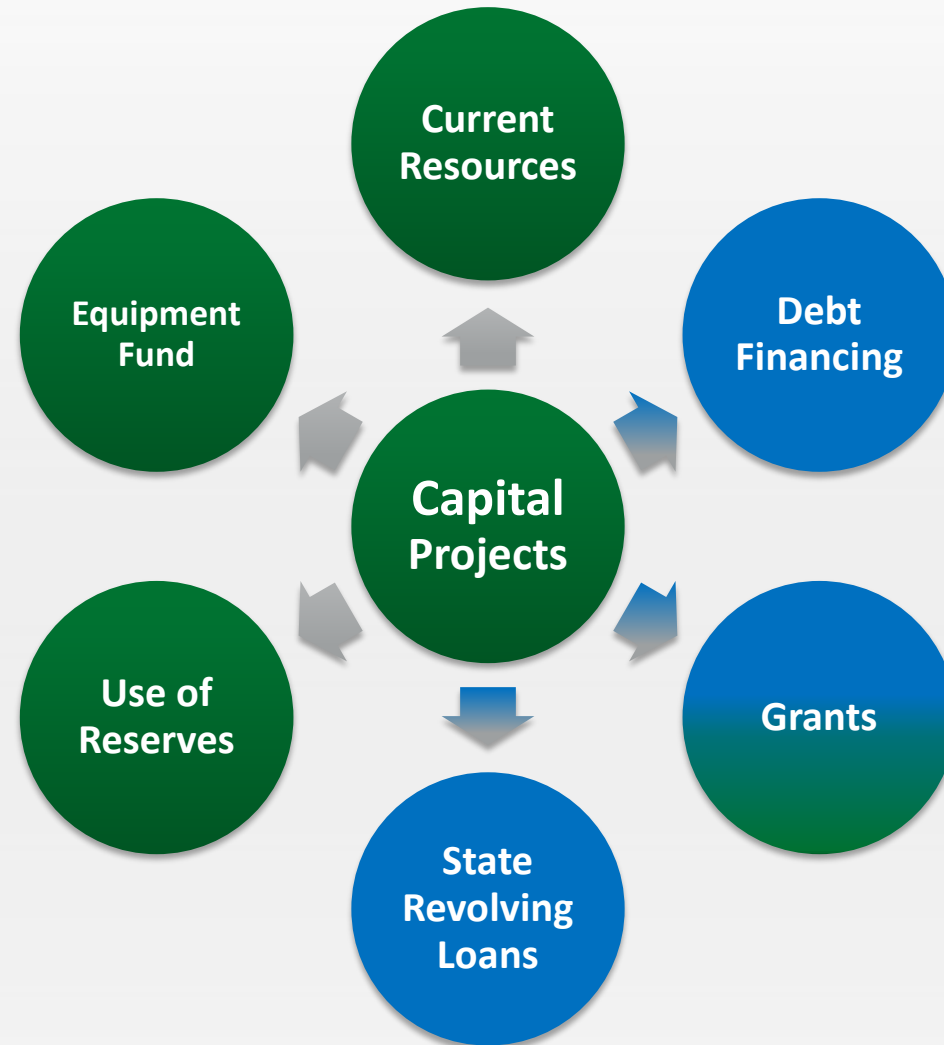
Support the provision of services to the City's residents

- Maintain the City's core services and functions

Ensure the financial strength of the City via prudent investments and decision making

- Conservative use of Capital Reserves
- Revenue requirements must be met
- Cost recovery must be fair and equitable

CIP Funding is now more Diversified



FUNDING SUMMARY

New Funding:
 *Prior Authorized Balance:
 2019-2023 Funding:

2019	2020	2021	2022	2023	Total 5 Year
\$ 15,195,674	\$ 12,565,813	\$ 9,181,931	\$ 9,571,323	\$ 8,097,703	\$ 54,612,444
\$ 4,378,184	\$ 21,108	\$ -	\$ -	\$ -	\$ 4,399,292
\$ 19,573,858	\$ 12,586,921	\$ 9,181,931	\$ 9,571,323	\$ 8,097,703	\$ 59,011,736

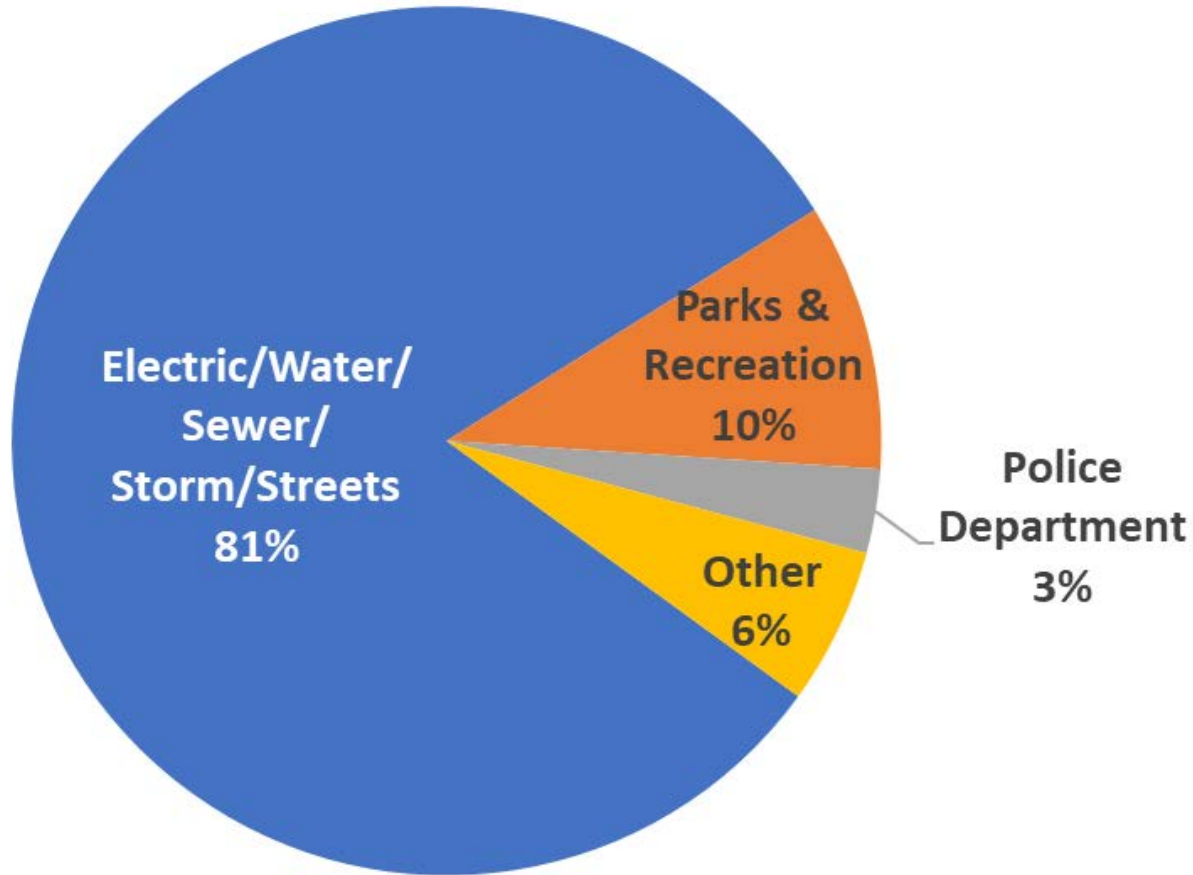
*Prior Authorized Balance includes 2018 carryover funding only.

2018 BUDGET AMENDED	2019		P R O P O S E D B U D G E T S					TOTAL PROPOSED AMOUNTS	
	RESERVES & OTHER FUNDING	CURRENT FUNDING	2019	2020	2021	2022	2023		
ELECTRIC FUND	\$ 1,706,500	\$ 310,044	\$ 1,118,400	\$ 1,428,444	\$ 1,202,000	\$ 705,000	\$ 1,410,000	\$ 1,068,000	\$ 5,813,444
WATER FUND	3,953,500	4,710,376	413,624	5,124,000	2,328,000	2,724,000	3,649,000	1,479,000	15,304,000
SEWER FUND	1,336,701	1,300,000	55,000	1,355,000	1,000,000	800,000	800,000	1,300,000	5,255,000
STORMWATER FUND	2,103,000	5,026,375	758,125	5,784,500	2,894,050	576,203	550,513	610,000	10,415,266
PUBLIC WORKS - GENERAL FUND	1,800,671	1,300,821	878,329	2,179,150	2,222,395	2,567,736	1,918,178	2,582,441	11,469,900
POLICE DEPARTMENT	445,492	440,442	172,882	613,324	501,868	281,492	211,682	734,262	2,342,628
PARKS & RECREATION DEPARTMENT	941,634	1,618,000	329,500	1,947,500	625,108	1,200,000	999,450	324,000	5,096,058
PARKING FUND	323,490	354,740	54,000	408,740	149,000	105,000	-	-	662,740
INFORMATION TECHNOLOGY DIVISION	-	32,500	75,700	108,200	495,500	32,500	32,500	-	668,700
MAINTENANCE FUND	452,549	420,000	50,000	470,000	1,124,000	35,000	-	-	1,629,000
OTHER DEPARTMENTS/DIVISIONS	86,320	155,000	-	155,000	45,000	155,000	-	35,000	390,000
	<u>\$ 13,149,857</u>	<u>\$ 15,668,298</u>	<u>\$ 3,905,560</u>	<u>\$ 19,573,858</u>	<u>\$ 12,586,921</u>	<u>\$ 9,181,931</u>	<u>\$ 9,571,323</u>	<u>\$ 8,132,703</u>	<u>\$ 59,046,736</u>
PLANNED FINANCING SOURCES:									
GROSS CAPITAL IMPROVEMENTS	\$ 13,149,857	\$ 15,668,298	\$ 3,905,560	\$ 19,573,858	\$ 12,586,921	\$ 9,181,931	\$ 9,571,323	\$ 8,132,703	\$ 59,046,736
LESS: USE OF RESERVES	(1,678,364)	(848,799)	-	(848,799)	(289,448)	(384,667)	(63,383)	(510,587)	(2,096,884)
VEHICLE & EQUIPMENT REPLACEMENT	(1,002,492)	(1,001,105)	-	(1,001,105)	(1,400,864)	(691,344)	(449,414)	(1,214,588)	(4,757,315)
GRANTS	(1,354,241)	(1,825,744)	-	(1,825,744)	(562,271)	(704,744)	(516,671)	(612,029)	(4,221,459)
BOND ISSUES	(790,549)	(680,650)	-	(680,650)	(1,085,895)	(547,236)	(548,930)	-	(2,862,711)
STATE REVOLVING LOAN	(5,015,000)	(10,625,000)	-	(10,625,000)	(5,065,000)	(2,500,000)	(4,225,000)	-	(22,415,000)
OTHER FINANCING SOURCES	(1,079,000)	(687,000)	-	(687,000)	(270,000)	(270,000)	(270,000)	(120,000)	(1,617,000)
NET CAPITAL IMPROVEMENTS	<u>\$ 2,230,211</u>	<u>\$ -</u>	<u>\$ 3,905,560</u>	<u>\$ 3,905,560</u>	<u>\$ 3,913,443</u>	<u>\$ 4,083,940</u>	<u>\$ 3,497,925</u>	<u>\$ 5,675,499</u>	<u>\$ 21,076,367</u>

2019 Capital Improvement Program Totals 2019-2023

32

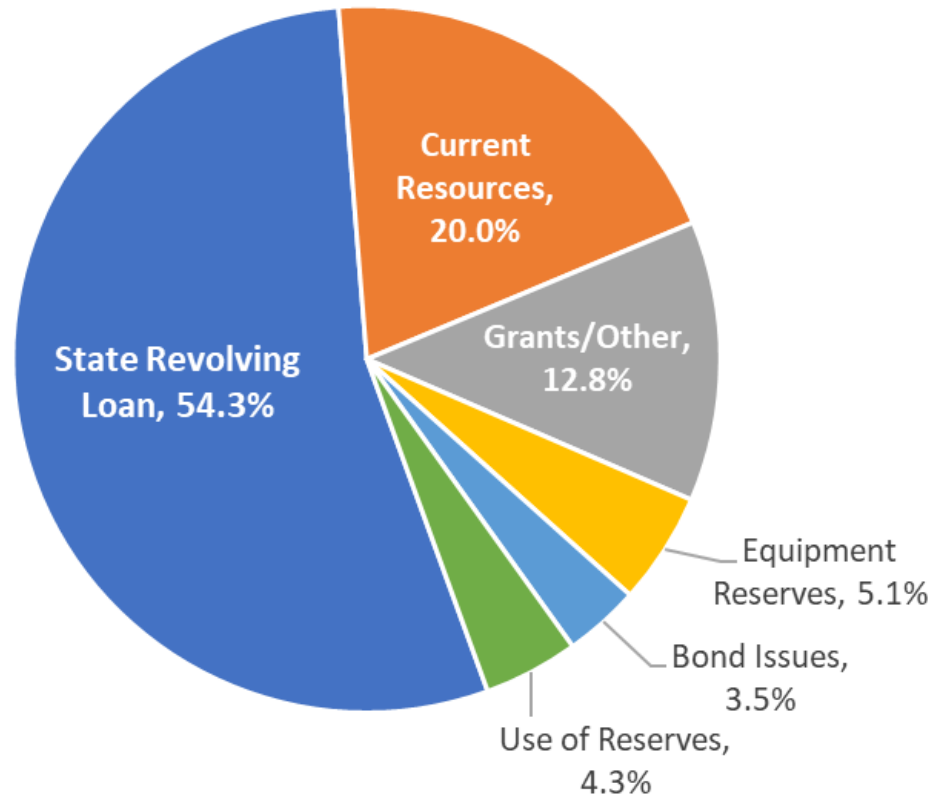
2019 Gross Capital Expenditures by Department



Department/Division	2019	% of Total
Water	\$5,124,000	26.2%
Sewer	\$1,355,000	6.9%
Stormwater	\$5,784,500	29.6%
Street Program	\$2,179,150	11.1%
Electric	\$1,428,444	7.3%
Parks & Recreation	\$1,947,500	9.9%
Police Department	\$613,324	3.1%
Maintenance Fund	\$470,000	2.4%
Information Technology	\$108,200	0.6%
Parking	\$408,740	2.1%
Other Departments	\$155,000	0.8%
Grand Total:	\$19,573,858	100.0%

Department/Division	2019	% of Total
Water/Sewer/Stormwater/Electric/Streets	\$15,871,094	81%
Parks & Recreation	\$1,947,500	10%
Police Department	\$613,324	3%
Other	\$1,141,940	6%
Grand Total:	\$19,573,858	100%

2019 Funding Sources for CIP



Funding Source	Amount	%
State Revolving Loan	\$10,625,000	54.3%
Current Resources	\$3,905,560	20.0%
Grants/Other	\$2,512,744	12.8%
Equipment Reserves	\$1,001,105	5.1%
Bond Issues	\$680,650	3.5%
Use of Reserves	\$848,799	4.3%
Total:	\$19,573,858	100.0%

Funding Source	2018	2019
State Revolving Loan	38.1%	54.3%
Current Resources	17.0%	20.0%
Grants/Other	18.5%	12.8%
Equipment Reserves	7.6%	5.1%
Bond Issues	6.0%	3.5%
Use of Reserves	12.8%	4.3%
Total:	100.0%	100.0%

Capital Projects – SRL Financing

2018	\$ 1,000,000
2019-2023	\$ 22,415,000
TOTAL FUNDING:	\$ 23,415,000

Project Number				2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL
					2019	2020	2021	2022	2023	
Q1802	Stormwater Division	Stormwater Fund	Rodney Regional Stormwater Park	1,000,000	4,775,000	2,365,000	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	0	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	0	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
				\$1,000,000	\$10,625,000	\$5,065,000	\$2,500,000	\$4,225,000	\$0	\$22,415,000

- State Revolving Loan financing totals \$23.4 million through 2022. Projects listed above may have other sources of funding, as this table reflects the anticipated SRL funds needed between 2018 and 2022.
- It is estimated that \$1 million will be used in 2018 towards the Rodney Regional Stormwater Park project.

Capital Projects – Bond Financing

2018	\$ 409,549
2019-2023	\$ 2,282,711
TOTAL FUNDING:	\$ 2,692,260

Project Number				2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL
					2019	2020	2021	2022	2023	
H1901	Street Division	General Fund	Annual Street Program	0	100,000	50,000	100,000	140,252	0	390,252
H1902	Street Division	General Fund	ADA Accessibility Transition Plan	115,000	128,150	131,395	134,736	138,178	0	532,459
K1301	Parks & Recreation Department	General Fund	Hard Surface Facilities Improvements	50,000	145,000	422,000	280,000	238,000	0	1,085,000
N1801	Facilities Maintenance Division	Maintenance Fund	Rear Concrete Deck and Stairs	50,000	50,000	0	0	0	0	50,000
N1806	Facilities Maintenance Division	Maintenance Fund	FOC - Master Plan	70,000	225,000	0	0	0	0	225,000
V1901	Parking Division	Parking Fund	Parking Lot Surface Maintenance	0	0	0	0	0	0	0
M1401	Fleet Maintenance Division	Maintenance Fund	Truck Lift Systems Improvements	124,549	0	0	0	0	0	0
				\$409,549	\$648,150	\$603,395	\$514,736	\$516,430	\$0	\$2,282,711

- Bond/debt financing totals \$2.7 million through 2022. Projects listed above may have other sources of funding, as this table reflects the anticipated debt financing needed between 2018 and 2022.
- Parking Lot Surface Maintenance (V1901) is no longer anticipated to use debt financing.

Capital Projects – Bond Financing

2018	\$ 409,549
2019-2023	\$ 2,282,711
TOTAL FUNDING:	\$ 2,692,260

Project Number				2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL
					2019	2020	2021	2022	2023	
H1901	Street Division	General Fund	Annual Street Program	0	100,000	50,000	100,000	140,252	0	390,252
H1902	Street Division	General Fund	ADA Accessibility Transition Plan	115,000	128,150	131,395	134,736	138,178	0	532,459
K1301	Parks & Recreation Department	General Fund	Hard Surface Facilities Improvements	50,000	145,000	422,000	280,000	238,000	0	1,085,000
N1801	Facilities Maintenance Division	Maintenance Fund	Rear Concrete Deck and Stairs	50,000	50,000	0	0	0	0	50,000
N1806	Facilities Maintenance Division	Maintenance Fund	FOC - Master Plan	70,000	225,000	0	0	0	0	225,000
V1901	Parking Division	Parking Fund	Parking Lot Surface Maintenance	0	0	0	0	0	0	0
M1401	Fleet Maintenance Division	Maintenance Fund	Truck Lift Systems Improvements	124,549	0	0	0	0	0	0
				\$409,549	\$648,150	\$603,395	\$514,736	\$516,430	\$0	\$2,282,711

- Bond/debt financing totals \$2.7 million through 2022. Projects listed above may have other sources of funding, as this table reflects the anticipated debt financing needed between 2018 and 2022.
- Parking Lot Surface Maintenance (V1901) is no longer anticipated to use debt financing.

Capital Projects – Priority 1 Projects

Project Number				2018 BUDGET	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
					2019	2020	2021	2022	2023	TOTAL
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 Upgrades	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	4,775,000	2,365,000	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	115,000	153,150	156,395	159,736	163,178	166,441	798,900
C1902	Police Department	General Fund	Mobile Video Recording Refresh	0	190,224	50,116	50,116	50,116	50,116	390,688
C1904	Police Department	General Fund	Body Worn Camera Project	0	115,658	68,268	68,268	68,268	68,268	388,730
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				\$3,463,139	\$12,052,918	\$7,358,313	\$4,647,431	\$5,087,373	\$2,924,703	\$32,070,738

Priority 1 projects are of the highest priority, are already underway and must be completed.

Capital Projects – Equipment

					FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM					
Project		Project		2018	RECOMMENDED FUNDING					
Number		Description		BUDGET	2019	2020	2021	2022	2023	TOTAL
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	233,000	65,000	0	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
FEQSF	Finance Department	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	\$1,731,000	\$1,754,000	\$1,057,000	\$557,000	\$2,184,000	\$7,283,000

Capital Projects – Priority 2 Projects

Project					FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM					
Project Number	Project Description			2018 BUDGET	RECOMMENDED FUNDING					
					2019	2020	2021	2022	2023	TOTAL
W1701	Water Division	Water Fund	Valve Inspection, Exercising and Rehabilitation	0	165,000	125,000	125,000	125,000	125,000	665,000
W1702	Water Division	Water Fund	Source Water Protection	20,000	20,000	20,000	20,000	20,000	25,000	105,000
W1703	Water Division	Water Fund	Laird Tract Well Field Restoration	0	0	0	0	1,925,000	0	1,925,000
W1402	Water Division	Water Fund	Air Stripper Replacement - South Well Field	0	3,000,000	0	0	0	0	3,000,000
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
H1503	Street Division	General Fund	Newark Transportation Plan Implementation	704,000	20,000	20,000	20,000	20,000	20,000	100,000
K1301	Parks & Recreation Department	General Fund	Hard Surface Facilities Improvements	50,000	145,000	422,000	280,000	238,000	109,000	1,194,000
K0908	Parks & Recreation Department	General Fund	Children's Play Equipment	3,550	60,000	40,000	40,000	16,450	60,000	216,450
V1901	Parking Division	Parking Fund	Parking Lot Surface Maintenance	0	127,740	0	105,000	0	0	232,740
V1904	Parking Division	Parking Fund	Parking Ambassador Radios	0	27,000	0	0	0	0	27,000
V1802	Parking Division	Parking Fund	Lot #1 Expansion	75,000	215,000	0	0	0	0	215,000
V1701	Parking Division	Parking Fund	LPR's for Parking Ambassador Vehicles	0	0	100,000	0	0	0	100,000
I1901	Information Technology Division	General Fund	Sonicwall Firewall Replacement	0	58,000	0	0	0	0	58,000
N1901	Facilities Maintenance Division	Maintenance Fund	City Hall - HVAC System Upgrades	0	50,000	950,000	0	0	0	1,000,000
N1801	Facilities Maintenance Division	Maintenance Fund	Rear Concrete Deck and Stairs	50,000	50,000	0	0	0	0	50,000
N1806	Facilities Maintenance Division	Maintenance Fund	FOC - Master Plan	123,000	225,000	0	0	0	0	225,000
Includes Debt Funding				\$1,025,550	\$4,712,740	\$2,377,000	\$1,290,000	\$2,844,450	\$339,000	\$11,563,190

Priority 2 projects are a critical need to remediate a failing service, prevent failure, or generate a savings.

Capital Projects – Priority 3 Projects

Project NumberProject Description2018 BUDGET					FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM						
					RECOMMENDED FUNDING						
					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	

Priority 3 projects are projects where the City would be taking a calculated risk in the deferral of this project.

Capital Projects – Priority 4 Projects

Project				2018						
Number	Description			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
				\$431,084	\$495,700	\$452,108	\$1,130,000	\$850,000	\$0	\$2,927,808

Priority 4 projects are a need and not a want, presenting no significant risk in the deferral of this project.

Capital Projects – Priority 5 Projects

Project Number				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
				\$0	\$100,000	\$250,000	\$50,000	\$50,000	\$285,000	\$735,000

Priority 5 projects are a need and not a want, and can be moved to year two.

City of Newark Cash/Investment Balances

LAST YEAR: Estimated Cash/Investment Balances – Based on Proposed 2018 Budget

		GENERAL/CAPITAL PROJECTS FUND	ELECTRIC FUND	WATER FUND	SEWER FUND	PARKING FUND	STORMWATER FUND	FLEET MAINTENANCE FUND	TOTALS
	Total Minimum per Current Policies	\$4,395,579	\$8,367,261	\$3,112,981	\$1,109,052	\$512,180	\$129,585	\$358,100	\$17,984,738
	Total Maximum per Current Policies	\$7,966,883	\$14,650,355	\$4,941,290	\$1,725,570	\$660,250	\$274,962	\$476,324	\$30,695,634
A	Estimated Cash Balance as of 12/31/2017	\$11,684,073	\$10,661,113	\$668,073	\$2,700,747	\$419,868	\$110,000	\$417,984	\$26,661,858
	LESS RESERVES REQUIRED PER POLICY:								
B	Reserve for Budget Balance (All Minimum - 30 to 51 days) # of Days	(\$3,181,479) 30	(\$6,434,251) 51	(\$2,842,081) 51	(\$905,312) 51	(\$369,930) 51	(\$106,085) 51	(\$285,590) 51	(\$14,124,728)
C	Reserve for Equipment Replacement	(\$1,214,100)	(\$340,000)	(\$165,000)	(\$132,586)	(\$148,937)	(\$18,000)	(\$133,317)	(\$2,151,940)
D	Reserve for Capital Projects	(\$1,261,031)	(\$773,713)	(\$1,149,480)	(\$1,314,731)	(\$587,578)	(\$428,547)	(\$206,724)	(\$5,721,804)
E	Reserve for Rate Stabilization	\$0	(\$2,954,619)	\$0	\$0	\$0	\$0	\$0	(\$2,954,619)
F = (B+C+D+E)	Reserve Totals	(\$5,656,610)	(\$10,502,583)	(\$4,156,561)	(\$2,352,629)	(\$1,106,445)	(\$552,632)	(\$625,631)	(\$24,953,091)
G = A-F	Unreserved Cash/Investments 12/31/2017	\$6,027,463	\$158,530	(\$3,488,488)	\$348,118	(\$686,577)	(\$442,632)	(\$207,647)	\$1,708,767
	LESS:								
H	60 Days of Operating Expenses (not in policy - Adds to B)	(\$4,497,698)	(\$836,903)	(\$567,011)	(\$112,074)	(\$267,597)	(\$119,511)	(\$312,476)	(\$6,713,270)
I = G-H	Net Available Cash	\$1,529,765	(\$678,373)	(\$4,055,499)	\$236,044	(\$954,174)	(\$562,143)	(\$520,123)	(\$5,004,503)

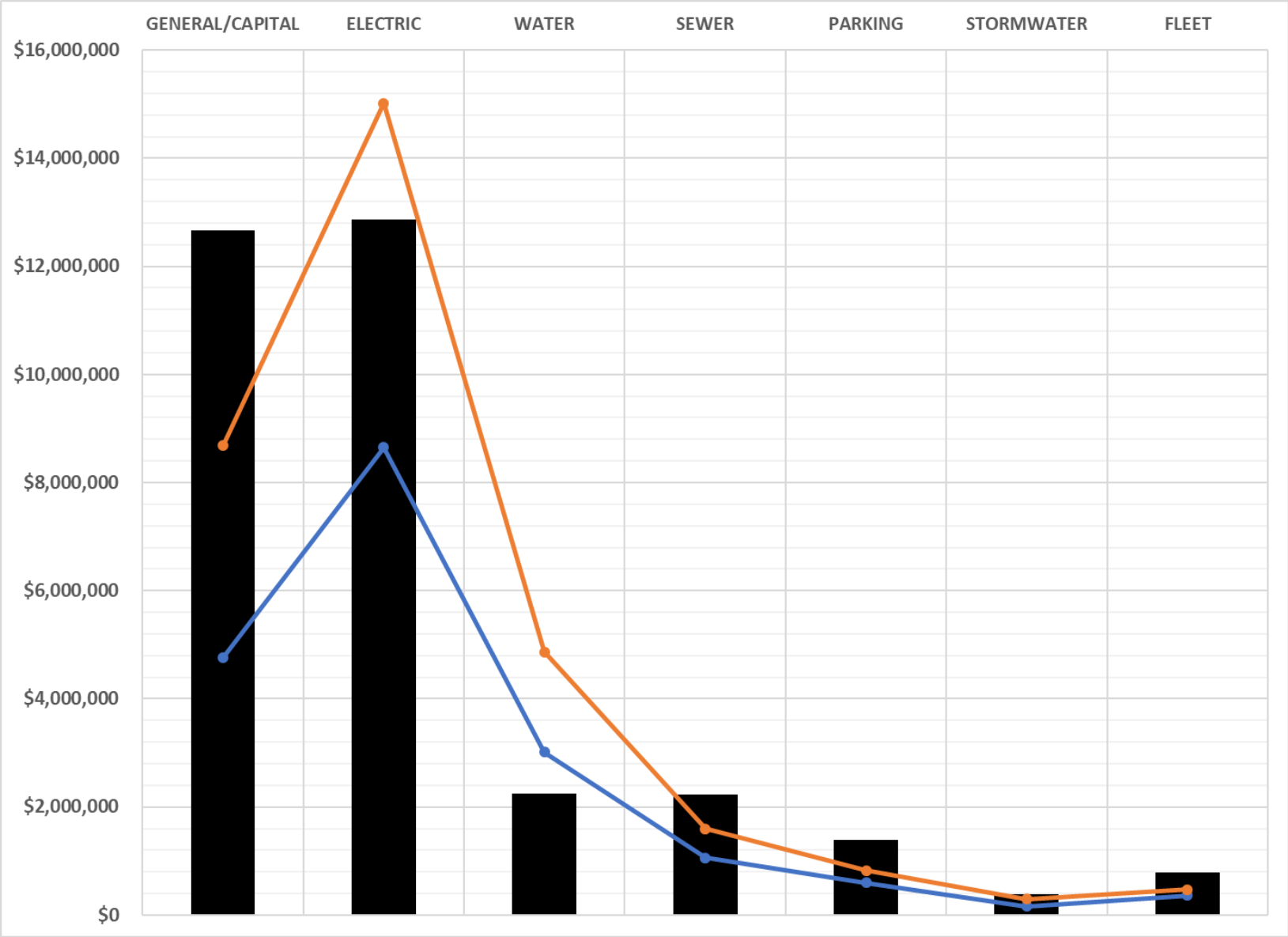
Estimated Cash/Investment Balances – Based on Proposed 2019 Budget

	GENERAL/CAPITAL	ELECTRIC	WATER	SEWER	PARKING	STORMWATER	FLEET	TOTALS
Minimum	\$4,769,466	\$8,646,445	\$3,011,847	\$1,058,817	\$598,962	\$161,048	\$366,497	\$18,613,082
Maximum	\$8,696,062	\$15,020,376	\$4,866,032	\$1,594,297	\$822,354	\$295,831	\$471,035	\$31,765,986
A Estimated Cash Balance as of 12/31/2018	\$12,671,736	\$12,857,090	\$2,249,857	\$2,222,239	\$1,389,990	\$385,006	\$786,070	\$32,561,988
LESS RESERVES REQUIRED PER POLICY:								
B Reserve for Budget Balance (All Minimum - 30 to 51 days) # of Days	(\$3,397,356) 30	(\$6,520,793) 51	(\$2,936,094) 51	(\$996,892) 51	(\$438,182) 51	(\$135,213) 51	(\$311,106) 51	(\$14,735,636)
C Reserve for Equipment Replacement	(\$1,074,341)	(\$278,832)	(\$165,000)	(\$132,586)	(\$148,937)	(\$233,000)	(\$133,317)	(\$2,166,013)
D Reserve for Capital Projects	(\$1,643,524)	(\$1,787,458)	(\$192,201)	(\$93,551)	(\$722,333)	(\$260,370)	(\$188,906)	(\$4,888,343)
E Reserve for Rate Stabilization	\$0	(\$3,179,619)	\$0	\$0	\$0	\$0	\$0	(\$3,179,619)
F = (B+C+D+E) Reserve Totals	(\$6,115,221)	(\$11,766,702)	(\$3,293,295)	(\$1,223,029)	(\$1,309,452)	(\$628,583)	(\$633,329)	(\$24,969,611)
G = A-F Cash/Investments 12/31/2018 NO 60d	\$6,556,515	\$1,090,388	(\$1,043,438)	\$999,210	\$80,538	(\$243,577)	\$152,741	\$7,592,377
H LESS: 60 Days of Operating Expenses (not in policy - Adds to B)	(\$4,949,397)	(\$927,270)	(\$641,040)	(\$122,016)	(\$325,215)	(\$154,135)	(\$342,107)	(\$7,461,180)
I = G-H Net Available Cash	↑ \$1,607,118	↑ \$163,118	↓ (\$1,684,478)	↑ \$877,194	↓ (\$244,677)	↓ (\$397,712)	↓ (\$189,366)	↑ \$131,197
2018 Comparison	\$1,529,765	(\$678,373)	(\$4,055,499)	\$236,044	(\$954,174)	(\$562,143)	(\$520,123)	(\$5,004,503)
Difference from 2018:	↑ \$77,353	↑ \$841,491	↑ \$2,371,021	↑ \$641,150	↑ \$709,497	↑ \$164,431	↑ \$330,757	↑ \$5,135,700

ALL FUNDS	
Min Amount	\$18,613,082
Max Amount	\$31,765,986
Est Cash Balance	\$32,561,988
Less Reserve Requirement	(\$24,969,611)
Unreserved Cash/Investments	\$7,592,377

Currently, all but the Water fund is minimally meeting the requirements for reserves. Based on 30-51 day reserve requirements.

The utility funds ensure that the general/capital fund is covering its obligations.

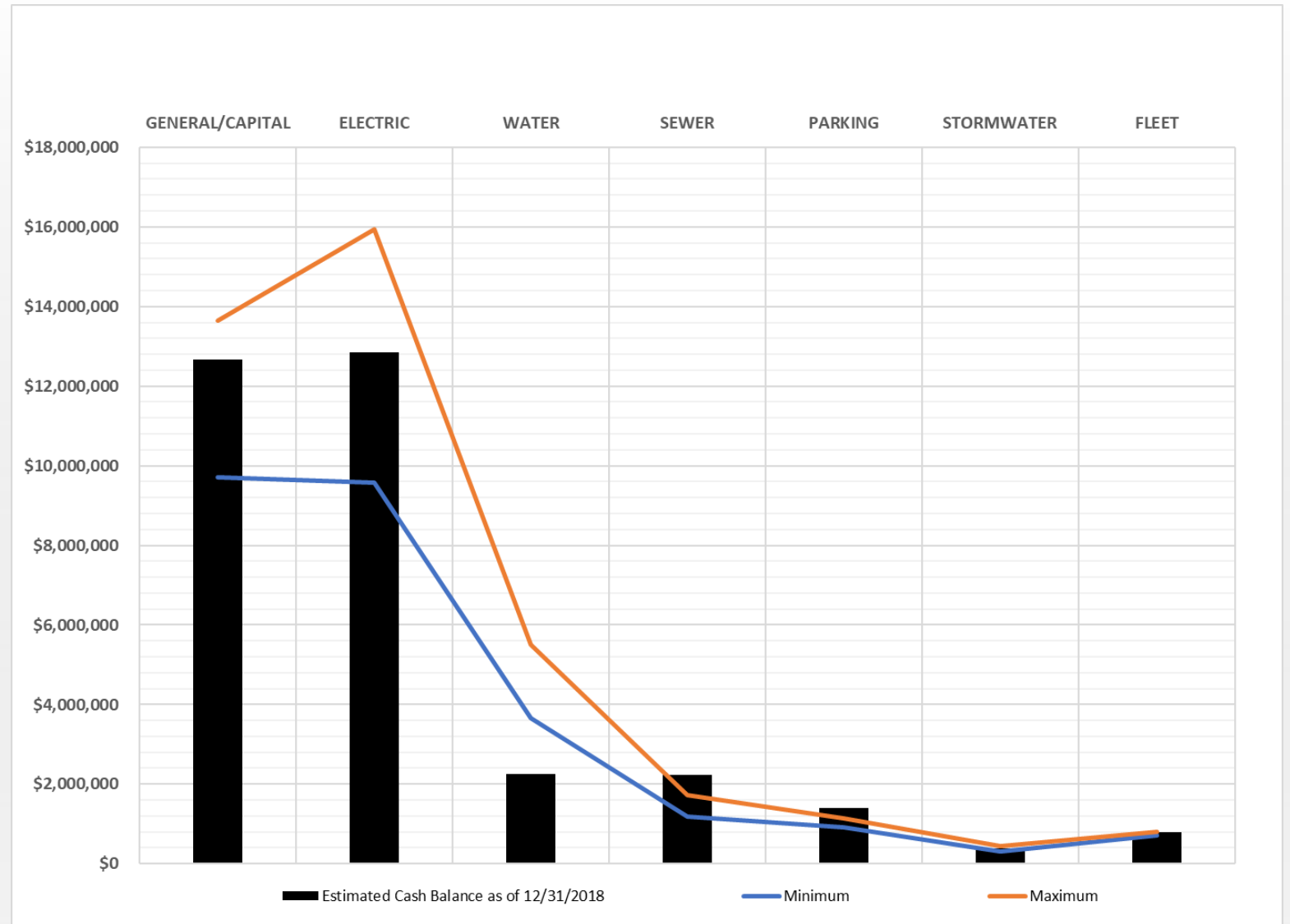


ALL FUNDS - WITH 90-111 DAY RESERVE

Min Amount	\$26,074,262
Max Amount	\$39,227,166
Est Cash Balance	\$32,561,988
Less Reserve Requirement	(\$24,969,611)
Less 60 Days/Operating Exp	(\$7,461,180)
Unreserved Cash/Investments	\$131,197

Adding another 60-day operating reserve to our financial policies to catch up with best practice standards would be a challenge to implement immediately.

Does not resolve the issue of the governmental funds' dependency on utilities.



Council Direction

Council Direction

- Estimated RSA in March of 2019 is anticipated to be - \$0.01205, which equates to a \$12.05 monthly credit for the average homeowner.
- 2019 proposed budget with RSA will reduce the average homeowner bill by \$2.52 per month.
- Recommendation is to increase tax rate by 7% (vs 4%), which would still result in a \$1.24 per month reduction.

	Current	Proposed 10/3		Mid Point		No Impact on Average Resident	
Utility/Tax	2018	2019 4%	2019 5%	2019 7%	2019 8%	2019 9.9%	Comments
Tax Rate	\$42.88	\$44.60	\$45.02	\$45.88	\$46.31	\$47.13	
Electric Rate (w/out RSA)	\$155.00	\$155.00	\$155.00	\$155.00	\$155.00	\$155.00	based on winter rate (\$0.145) + \$10 customer charge
Sewer Fee	\$42.97	\$44.60	\$44.60	\$44.60	\$44.60	\$44.60	
Water Rate	\$39.36	\$41.13	\$41.13	\$41.13	\$41.13	\$41.13	
Stormwater Fee	\$2.95	\$3.54	\$3.54	\$3.54	\$3.54	\$3.54	
Total:	\$283.16	\$288.87	\$289.29	\$290.15	\$290.58	\$291.40	
Est. RSA Electric Credit (03/2019)	-\$3.82	-\$12.05	-\$12.05	-\$12.05	-\$12.05	-\$12.05	
Net Change:	\$279.34	\$276.82	\$277.24	\$278.10	\$278.53	\$279.35	
Monthly diff from 2018:	\$0.00	-\$2.52	-\$2.10	-\$1.24	-\$0.81	\$0.01	
Annual Difference from 2018:		-\$30.30	-\$25.15	-\$14.86	-\$9.72	\$0.06	

Council Direction

- Budget includes \$150,000 for an Emergency Services Fee which would require Council approval.
- Modeled after current building permit fees
- Applications for building permits issued by the City of Newark would be subject to an additional surcharge of based on construction value.
 - Current building permit fees are \$12/\$1000 of construction value up to \$1,000,000 and \$6/\$1000 on the portion of construction value that exceeds \$1,000,000.
 - The currently proposed emergency services fee would increase the permit fee by \$5/\$1000 of construction value up to \$1,000,000 and \$2.5/\$1000 on the portion of construction value that exceeds \$1,000,000.

2017 Permit Activity – Top Ten Permit Types <\$1 Million

Permit Type	Total	#	Avg Value/Permit	Fee
Electric:	\$5,101,802.00	279	\$18,286.03	\$91.43
HVAC Replacement:	\$2,111,268.00	257	\$8,215.05	\$41.08
Roof:	\$3,561,523.00	198	\$17,987.49	\$89.94
Renovations:	\$7,136,787.00	94	\$75,923.27	\$379.62
Plumbing:	\$1,955,023.00	90	\$21,722.48	\$108.61
Water Heater:	\$132,178.00	80	\$1,652.23	\$8.26
Fire Sprinkler:	\$1,605,888.00	79	\$20,327.70	\$101.64
Driveway/Sidewalk:	\$728,728.00	72	\$10,121.22	\$50.61
Fire Alarms:	\$758,898.00	51	\$14,880.35	\$74.40
HVAC:	\$1,050,316.00	47	\$22,347.15	\$111.74

Conclusion / Questions

