

Financial Workshop

2020 Budget Overview

Budget Process – Next Steps

TITLE	DATE	COMMENT
Council Meeting #1 - Dept. Budget Hearing	Monday, August 19, 2019	Overview, Alderman, Electric, Parks & Recreation
Council Meeting #2 - Dept. Budget Hearing	Monday, September 9, 2019	City Secretary
Council Meeting #3 - Dept. Budget Hearing	Monday, September 16, 2019	Administration & PWWR
Council Meeting #4 - Dept. Budget Hearing	Monday, September 23, 2019	Finance, Planning & Police
Financial Workshop	Monday, October 7, 2019	Budget Overview
Planning Commission Approval of CIP	Tuesday, October 15, 2019	
Circulation of Draft Budget Message	Thursday, October 31, 2019	
Budget Hearing #1	Monday, November 4, 2019	
Budget Hearing #2	Monday, November 18, 2019	If Necessary

Budget Adjustments from Department Hearings

	*AS PRESENTED ON 8/19/19-9/23/19	CURRENT	
REVENUE/OTHER FUNDING SOURCES	2020 BUDGET *	2020 BUDGET	DOLLAR CHANGE
Revenue/Other Funding Sources			
Utility Sales	\$ 74,125,286	\$ 75,109,808	\$ 984,522
Property and Realty Taxes	9,668,000	10,190,000	522,000
Fees for Service	10,323,997	10,376,850	52,853
Intergovernmental Revenue	1,400,505	1,400,505	-
Other Revenue	1,165,200	1,175,200	10,000
Appropriation of Prior Year Reserves	-	350,000	350,000
TOTAL OPERATING REVENUE/OTHER FUNDING SOURCES:	\$ 96,682,988	\$ 98,602,363	\$ 1,919,375

Details are available on Budget Central

- Utility sales were increased to reflect additional electric and sewer revenue requirements

Budget Adjustments from Department Hearings

*AS PRESENTED ON 8/19/19-9/23/19			
		CURRENT	
EXPENDITURES	2020 BUDGET *	2020 BUDGET	DOLLAR CHANGE
Expenditures			
Personnel Services	\$ 35,243,837	\$ 35,185,316	\$ (58,521)
Utility Purchases	39,813,815	40,574,933	761,118
Materials and Supplies	2,454,323	2,478,823	24,500
Contractual Services	10,679,187	10,664,150	(15,037)
Equipment Depreciation	1,524,265	1,524,265	-
Other Expenses	1,374,993	1,227,492	(147,501)
TOTAL OPERATING EXPENSES:	\$ 91,090,420	\$ 91,654,979	\$ 564,559

Details are available on Budget Central

- Utility purchases were increased to reflect additional electric and sewer revenue requirements

Budget Adjustments from Department Hearings

*AS PRESENTED ON 8/19/19-9/23/19			
		CURRENT	
CAPITAL IMPROVEMENTS	2020 BUDGET *	2020 BUDGET	DOLLAR CHANGE
Capital Improvements			
Gross Capital Improvements	\$ 18,765,269	\$ 20,813,665	\$ 2,048,396
Less: Use of Reserves	(419,726)	(654,726)	(235,000)
Equipment Replacement	(978,398)	(730,778)	247,620
Grants	(1,995,743)	(2,021,076)	(25,333)
Bond Issues	(767,947)	(767,947)	-
State Revolving Loan	(8,777,353)	(11,360,048)	(2,582,695)
Other Sources	(1,689,530)	(1,689,530)	-
NET CAPITAL IMPROVEMENTS:	\$ 4,136,572	\$ 3,589,560	\$ (547,012)

Budget Central

- All adjustments made since the department presentations
- Equipment list has also been provided as a separate document
- Department presentation updates to reflect updated budget information

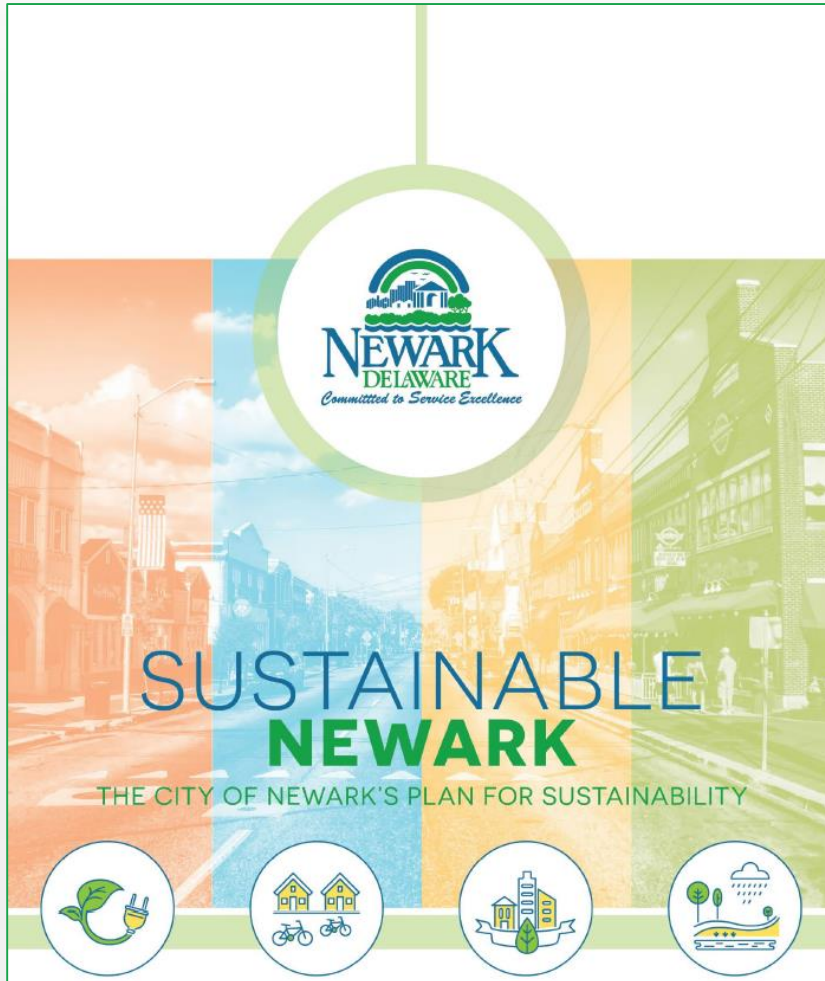
Overview

- Structural/legacy expenses are driving the costs in the 2020 budget
 - \$850,000: Workers compensation program (DFIT)
 - \$600,000: Pension obligations
 - \$279,800: OPEB requirements
 - \$1,700,000: Electric and Sewer Utility purchases
 - \$393,000: Healthcare for our active and eligible retirees

Sustainable Newark

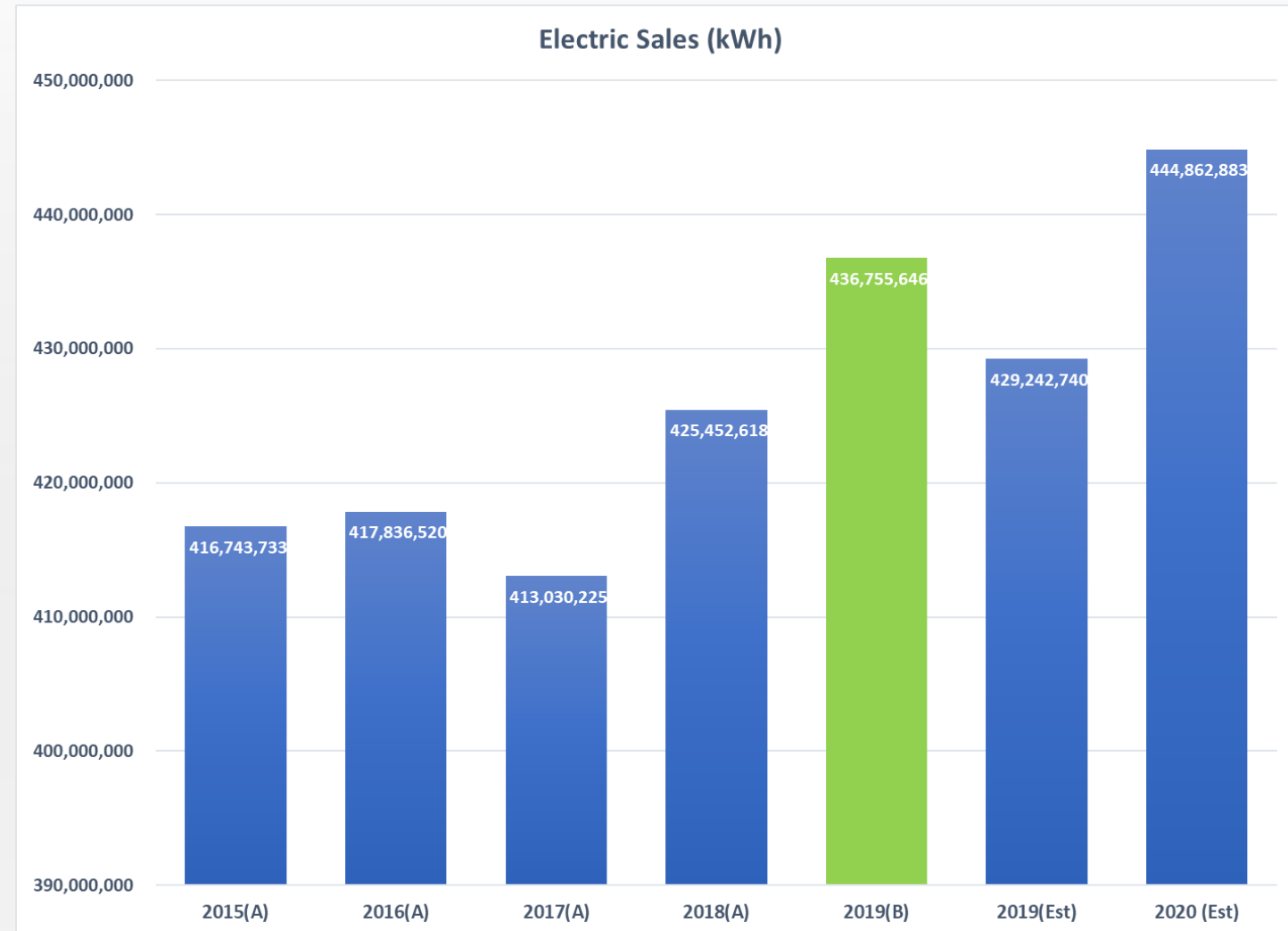
Newark is mindful of its need to improve sustainability

- 2020 budget recommendation includes:
 - Efficiency Smart program
 - Purchase of electric vehicles where appropriate to replace gas vehicles
 - Three in the budget (Parking, Stormwater and Electric)
 - Electric charging stations
 - Includes the City purchasing Renewable Energy Credits (REC's) for the City's electric sales to meet 100% RPS target
 - Renewable Portfolio Standards



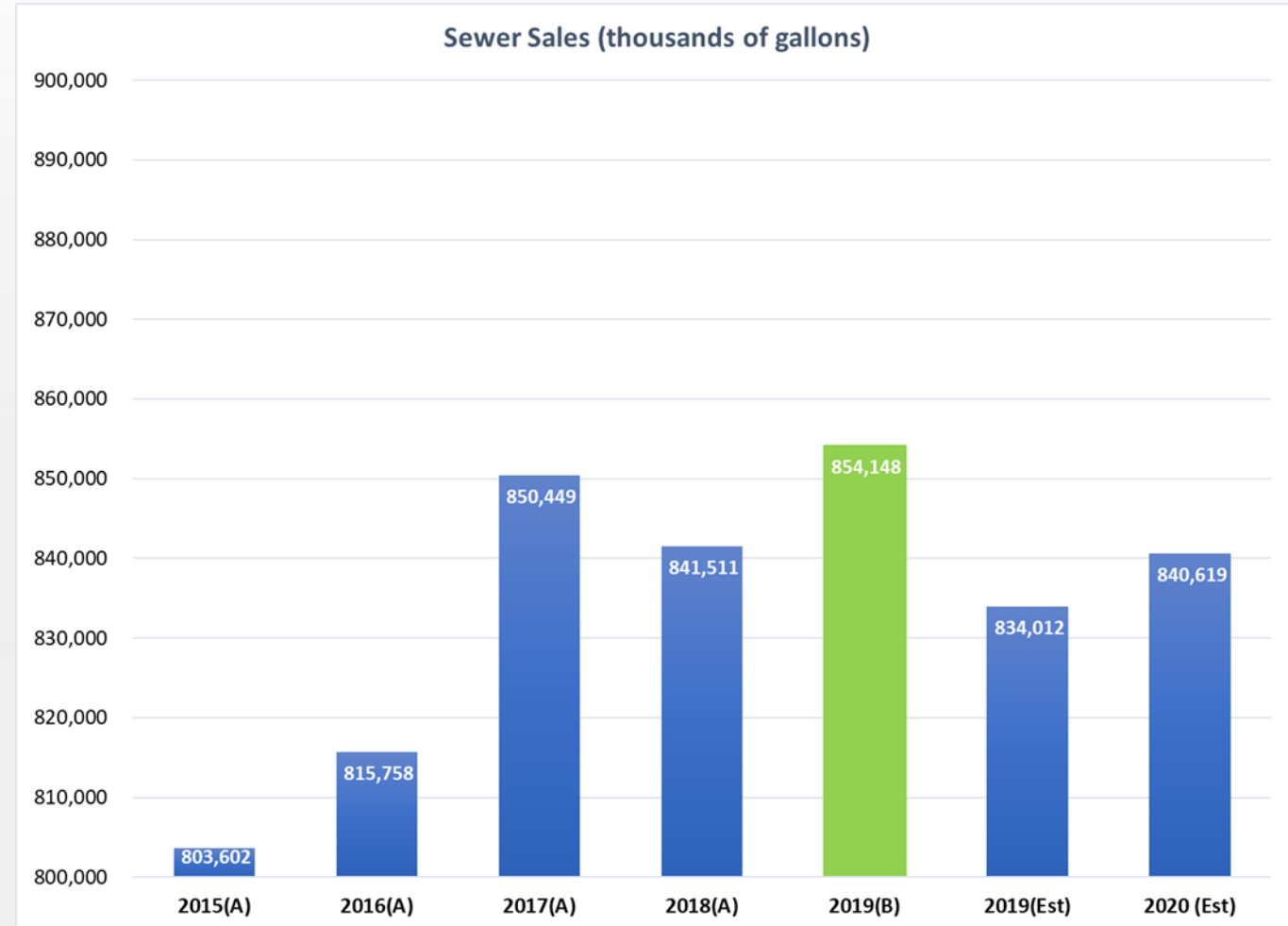
Electric Utility

- Electric sales growth due primarily to:
 - Includes UD's Whitney Complex (7/20), AP-BIO (2/20), offset by removal of the Towers
 - Chemours at STAR
- Wholesale cost of power are expected to remain relatively level for 2020
- Projected Green Energy sales
- Together with possible 2019 over-collection, should still result in rebate through RSA on 2020 electric bills
- Electric rate study is underway
- City Hall HVAC review underway



Sewer Utility

- Sewer sales have been relatively steady
- Addition of Chemours will add sales
- Loss of Christiana Towers
- Current sewer revenue is not meeting budgeted expectations in 2019
- Staff recommends the use of customer service charges vs. rate increase for 2020
- Management of SRL program for sewer projects

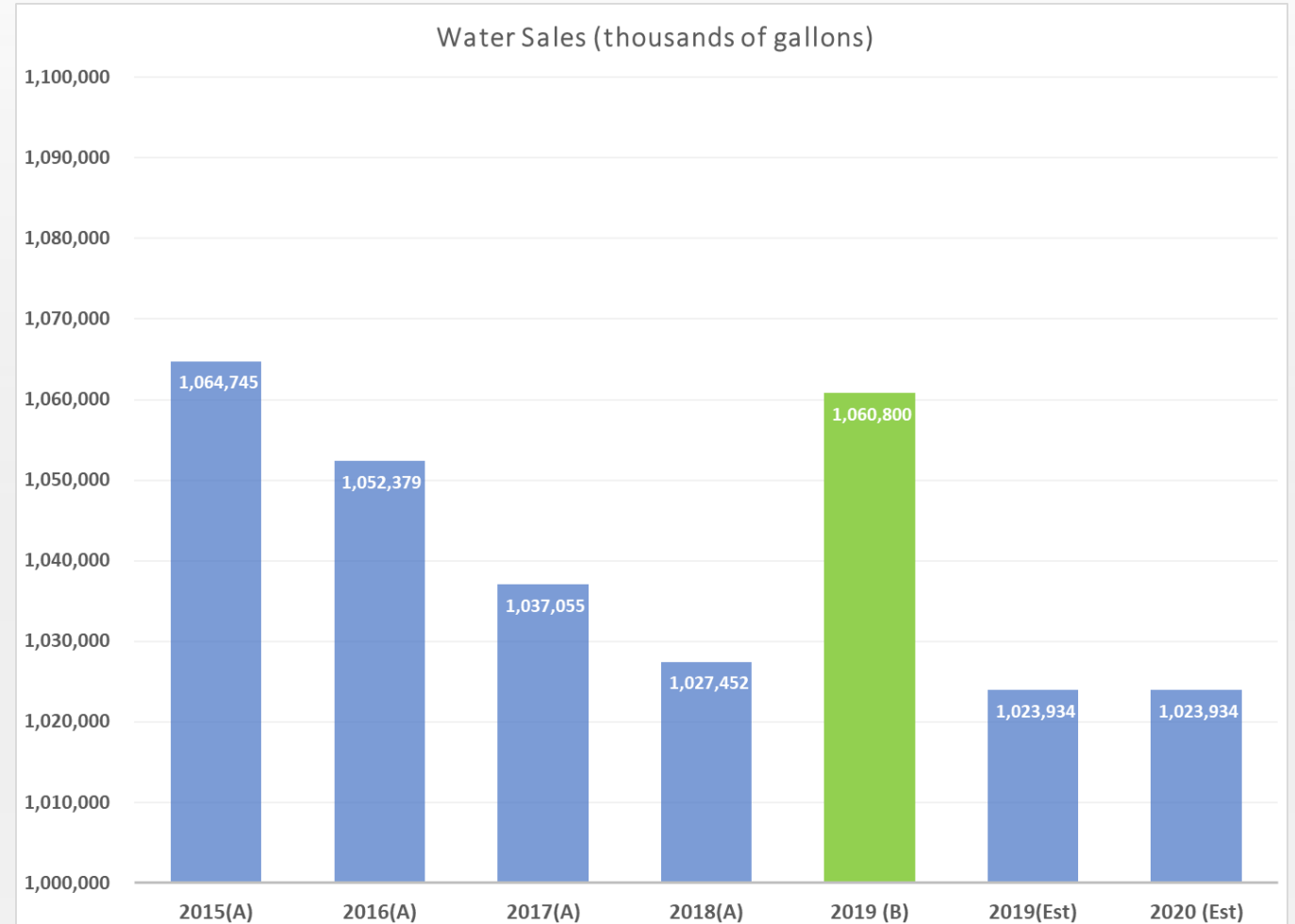


Sewer Utility - New Castle County fee

- New Castle County sewer treatment rate will remain the same until July 1, 2020
 - Annual bill expected to be \$5.6 million (increase of \$300,000) due to BOD/SS portion of bill
 - City should revise BOD and SS charges to include City costs whenever the County changes its sewer fee

Water Utility

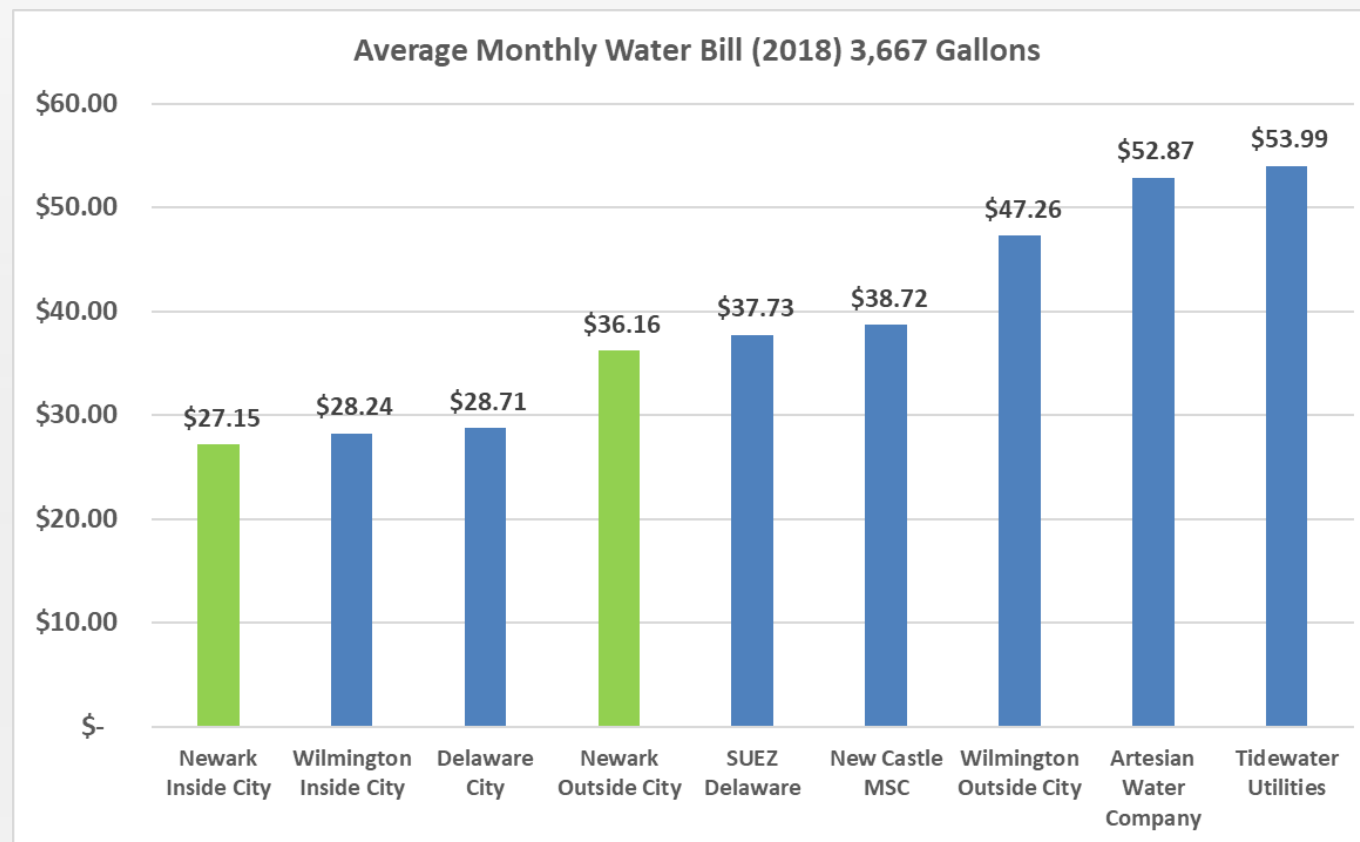
- Water sales have been just over 1 billion gallons annually
- Loss of water sales = loss of revenue needed to fund City operations (about \$300,000 in 2019 from sales)
- Small customer growth 25 new customers in 2019 (10,311)
- Loss of Christiana Towers
- Chemours is in Suez territory (no future water sales, sewer sales only)
- Staff recommends the use of customer service charges vs. rate increases for 2020
- Management of SRL program for water projects



Water Utility Comparisons

- A November 2018 study by UD's Water Resource Center, listed Newark's water rates as the lowest in the area
- Average residential bill (excluding Newark) is \$41.07 per month
 - 51% higher than the in-City rate, 14% higher than outside-City rate

Utility	Average Monthly Water Bill	\$/1000 gal
Newark Inside City	\$ 27.15	\$7.40
Wilmington Inside City	\$ 28.24	\$7.70
Delaware City	\$ 28.71	\$7.83
Newark Outside City	\$ 36.16	\$9.86
SUEZ Delaware	\$ 37.73	\$10.29
New Castle MSC	\$ 38.72	\$10.56
Wilmington Outside City	\$ 47.26	\$12.89
Artesian Water Company	\$ 52.87	\$14.42
Tidewater Utilities	\$ 53.99	\$14.72



Stormwater Utility

- Performing as anticipated
- No recommended change for 2020

Parking Fund

- Expansion and reconfiguration of Lot #1 delayed to Spring 2020.
 - Revenue impact is anticipated to add \$90,000 annually once the project is completed.
- Parking meter revenue is anticipated to be negatively impacted by Main Street rehabilitation in 2020.
 - The Central Business District will be impacted from October 2019 to April 2020 (Chapel to South College), where on-street meters will not be available during construction.
- Planning Commission Parking Subcommittee consultant review is underway.

SUMMARY	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,616,719	\$ 75,109,808	\$ 2,493,089	3.4%
Property and Realty Taxes	9,532,015	10,190,000	657,985	6.9%
Fees for Service	10,125,840	10,376,850	251,010	2.5%
Intergovernmental Revenue	1,361,047	1,400,505	39,458	2.9%
Other Revenue	910,280	1,175,200	264,920	29.1%
Appropriation of Prior Year Reserves	80,000	350,000	270,000	337.5%
Total Operating Revenue/Other Funding Sources	\$ 94,625,901	\$ 98,602,363	\$ 3,976,462	4.2%
Expenditures				
Personnel Services	\$ 33,291,716	\$ 35,185,316	\$ 1,893,600	5.7%
Utility Purchases	38,856,932	40,574,933	1,718,001	4.4%
Materials and Supplies	2,512,559	2,478,823	(33,736)	-1.3%
Contractual Services	10,088,111	10,664,150	576,039	5.7%
Equipment Depreciation	1,665,978	1,524,265	(141,713)	-8.5%
Other Expenses	1,518,732	1,227,492	(291,240)	-19.2%
Total Operating Expenses	\$ 87,934,028	\$ 91,654,979	\$ 3,720,951	4.2%
Capital Improvements				
Gross Capital Improvements	\$ 20,209,389	\$ 20,813,665	\$ 604,276	3.0%
Less: Use of Reserves	(1,363,330)	(654,726)	708,604	-52.0%
Equipment Replacement	(1,001,105)	(730,778)	270,327	-27.0%
Grants	(1,825,744)	(2,021,076)	(195,332)	10.7%
Bond Issues	(680,650)	(767,947)	(87,297)	12.8%
State Revolving Loan	(10,625,000)	(11,360,048)	(735,048)	6.9%
Other Sources	(687,000)	(1,689,530)	(1,002,530)	145.9%
Net Capital Improvements	\$ 4,026,560	\$ 3,589,560	\$ (437,000)	-10.9%
Debt Service	\$ 2,677,416	\$ 3,000,282	\$ 322,866	12.1%
Net Current Surplus	(12,103)	357,542	369,645	-3054.2%
TOTAL EXPENDITURES AND SURPLUS	\$ 94,625,901	\$ 98,602,363	\$ 3,976,462	4.2%

Operating Budget By Type

City of Newark 2020 Expenditure Budget

OPERATING EXPENSES	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Personnel Services	\$ 33,291,716	\$ 35,185,316	\$ 1,893,600	5.7%
Utility Purchases	38,856,932	40,574,933	1,718,001	4.4%
Materials and Supplies	2,512,559	2,478,823	(33,736)	-1.3%
Contractual Services	10,088,111	10,664,150	576,039	5.7%
Equipment Depreciation	1,665,978	1,524,265	(141,713)	-8.5%
Other Expenses	1,518,732	1,227,492	(291,240)	-19.2%
TOTAL OPERATING EXPENDITURES	\$ 87,934,028	\$ 91,654,979	\$ 3,720,951	4.2%

- ▶ Personnel Expenses increased by \$1.9 million (5.6%)
- ▶ Utility Purchases are up \$1.7 million (4.4%)
- ▶ Non-Personnel/Utility Operating Expenses up \$109K (.7%)
 - Materials & Supplies decreased \$34,000 (-1.3%)
 - Contractual Services increased \$576,000 (5.70%)
 - Equip Depreciation Expense -\$142,000 (-8.5%)
 - Other Expenses increased by \$291,000 (-19.2%)

Total operating expenses are up 4.2%, or \$3.7 million compared to 2019

Expense Budget Overview – Operating Expenditures (OP EX)

BUDGET DRIVERS

EXPENDITURE CHANGE	2019 BUDGET AS AMENDED	% OF 2019 BUDGET	2020 BUDGET	% OF 2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Electric Purchases (DEMEC)	\$ 33,570,788	35.48%	\$ 34,974,933	35.47%	\$ 1,404,145	4.18%
Wages	21,544,829	22.77%	22,050,792	22.36%	505,963	2.35%
Sewer Purchases (NCC)	5,286,144	5.59%	5,600,000	5.68%	313,856	5.94%
Healthcare	4,291,166	4.53%	4,684,499	4.75%	393,333	9.17%
Pension	3,550,000	3.75%	4,150,000	4.21%	600,000	16.90%
Cash funding of Capital (CIP)	4,026,560	4.26%	3,589,560	3.64%	(437,000)	-10.85%
OPEB	1,379,500	1.46%	1,659,300	1.68%	279,800	20.28%
Workers Compensation Program (DFIT)	-	0.00%	850,000	0.86%	850,000	n/a
TOTAL:	\$ 73,648,987	77.83%	\$ 77,559,084	78.66%	\$ 3,910,097	5.31%

- \$74M out of the \$91.7M (81%) operating budget is comprised of utility purchases (44%) and personnel expenses (37%)
- Personnel expenses include both current employees and retirees
- 2020 reflects the first full year of the DFIT Workers Compensation Program

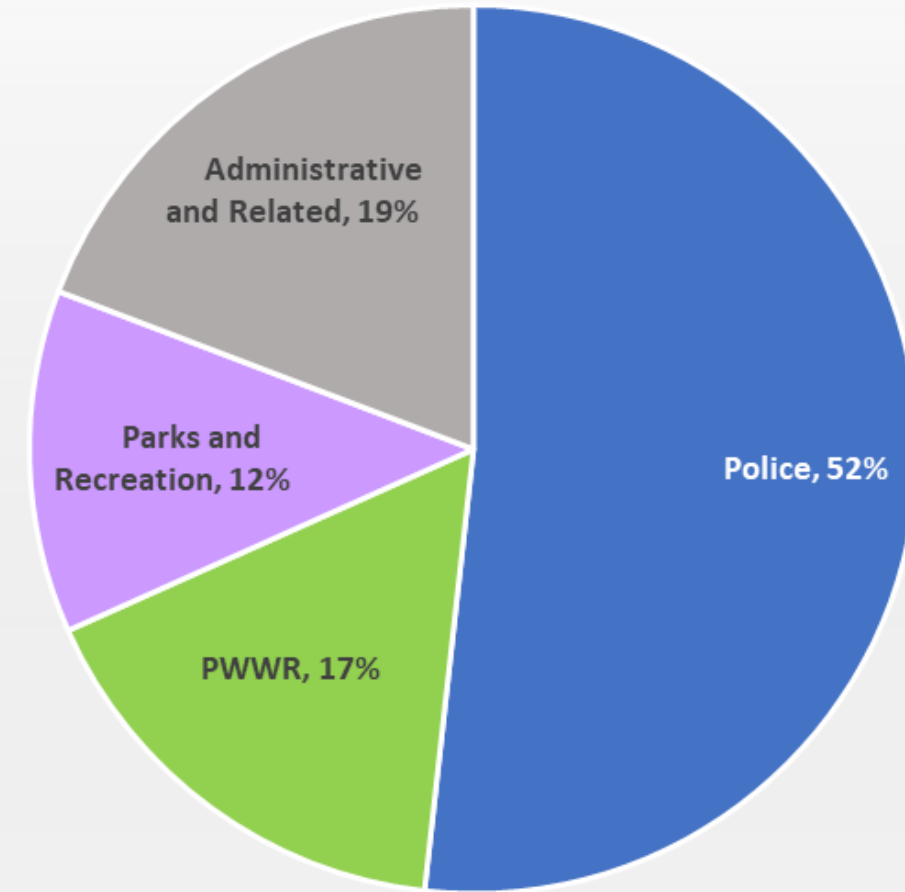
Personnel Expenses – Operating Budget By Type

PERSONNEL SERVICES	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET	COMMENTS
Wages					
Full Time	\$ 18,261,013	\$ 18,805,681	\$ 544,668	3.0%	Delete one Communications position, scheduled merits, union negotiations
Part Time	881,686	751,038	(130,648)	-14.8%	Delete one CSR, reduce Parking Ambassadors
Other	2,402,130	2,494,073	91,943	3.8%	All other wages
Total Wages:	\$ 21,544,829	\$ 22,050,792	\$ 505,963	2.3%	
Pension	3,550,000	4,150,000	600,000	16.9%	City Contribution to the Pension Fund.
Defined Contribution (401A)	330,034	358,781	28,747	8.7%	City Contribution to non-pensioned employees.
OPEB	1,379,500	1,659,300	279,800	20.3%	2020: \$1,000,000 (future obligations) and \$659,300 (current retirees)
Retirement Health Savings Account	124,831	134,285	9,454	7.6%	Pay as you go
Health Care	4,291,166	4,684,499	393,333	9.2%	
Other	2,096,986	2,147,659	50,673	2.4%	Social Security, FICA, Dental, Life, Vision, and other insurances.
TOTAL PERSONNEL SERVICES	\$ 33,317,346	\$ 35,185,316	\$ 1,867,970	5.6%	

Expense Budget Overview – General Fund

GENERAL FUND - EXPENSES	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Police	\$ 14,772,302	\$ 15,821,453	\$ 1,049,151	7.1%
PWWR	4,917,473	5,059,702	142,229	2.9%
Parks and Recreation	3,577,522	3,810,436	232,914	6.5%
Administrative and Related	5,812,891	5,874,250	61,359	1.1%
TOTAL PERSONNEL SERVICES	\$ 29,080,188	\$ 30,565,841	\$ 1,485,653	5.1%

- General fund expenses are up \$1.5 million, or 5.8% over 2019 primarily due to:
 - Police: +\$1.1 million
 - Parks: +\$232,000
 - Code Enforcement: +\$139,000
 - Legislative: +\$60,000
 - Offset by reductions in other departments



OPERATING EXPENDITURE OVERVIEW - DEBT SERVICE

- 2020 Debt Service declines \$32K when compared to 2019.
- City's interest-only payments on the state-revolving loans were deferred to 2020, as City cash-funded to save on the interest expense.
- GASB 89 accounting rule now requires interest on active construction projects be included in debt service.

CURRENT DEBT

Debt	Ending Date	2019 Budget	2020 Budget	Change from 2019 Budget	Comments
GOB Series 2011	9/14/2022	\$1,476,000	\$1,491,400	\$15,400	
Energy Conservation Loan	7/1/2022	\$68,438	\$68,438	\$0	
Smart Meters	9/1/2022 1/1/2028	\$1,046,189	\$1,046,494	\$305	ARRA/DNREC (\$343,144) BOA (\$703,350)
Parking Fee Collection Equipment	10/15/2019	\$37,534	\$0	-\$37,534	
Fiber Lease	8/5/2027	\$49,255	\$49,255	\$0	
Total:		\$2,677,416	\$2,655,587	-\$21,829	

ESTIMATED DEBT FROM REFERENDUM

Debt	2019 Budget	2020 Budget	Change from 2019 Budget	Ending Date
Rodney Stormwater Park	\$163,500 *	\$120,000	-\$43,500	Interest-only payments until 2021, +20 years
Sanitary Sewer Repairs	\$55,000 *	\$35,000	-\$20,000	Interest-only payments until 2020, +20 years
Air Stripper Replacement - South Well Field	\$90,000 *	\$77,500	-\$12,500	Interest-only payments until 2020, +20 years
Water Tank Maintenance	\$11,000 *	\$7,500	-\$3,500	Interest-only payments until 2023, +20 years
Water SCADA System	\$6,000 *	\$5,000	-\$1,000	Interest-only payments until 2021, +20 years
Water Main Replacement Program	\$30,000 *	\$25,000	-\$5,000	Interest-only payments until 2023, +20 years
General Fund Projects	\$0	\$75,000	\$75,000	Interest-only payments until 2022, +15 years
Total:	\$355,500	\$345,000	-\$10,500	

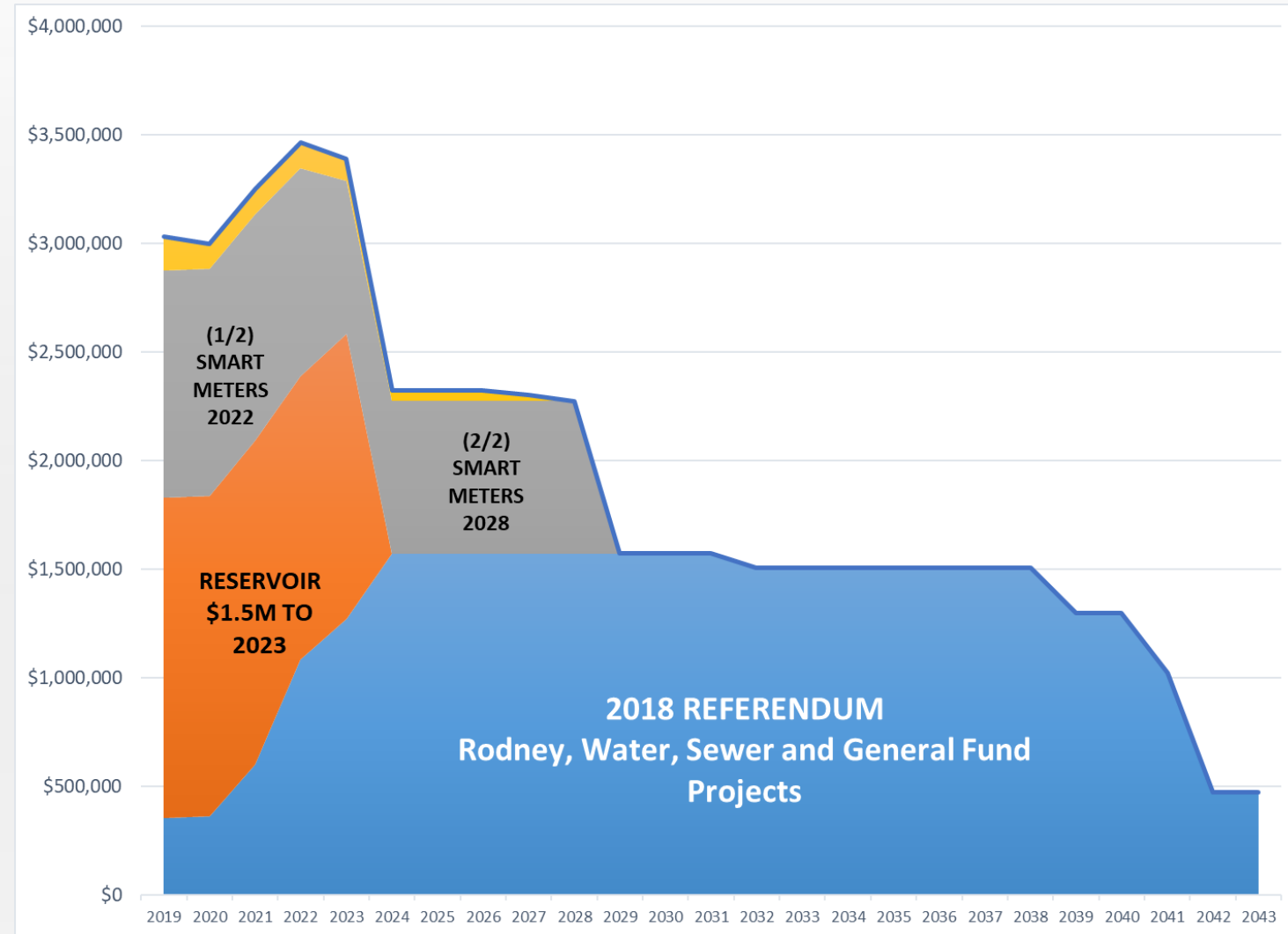
Estimated Debt Service 2019:	\$3,032,916	\$3,000,587	-\$32,329
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*Did not need to pay in 2019.

SCHEDULED ANNUAL DEBT SERVICE PAYMENTS

City's current annual debt service payments over the next three decades.

- Interest-only payments will be made until the 2018 Referendum projects are completed.
 - Est. \$345,000 in 2020
 - Sewer: .5% rate increase
 - Water: 1.25% rate increase
 - Tax: 2.14% tax increase
- Debt service payments will equate to just over 3% of the annual operating budget in 2020.



Expense Budget Overview – Capital Improvements

CAPITAL IMPROVEMENTS:	2018 ACTUAL	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Gross Capital Improvements	\$ 9,629,999	\$ 20,209,389	\$ 20,813,665	\$ 604,276	3.0%
Less: Use of Reserves	(4,970,123)	(1,363,330)	(654,726)	708,604	-52.0%
Vehicle and Equipment Replacement	(1,157,711)	(1,001,105)	(730,778)	270,327	-27.0%
Grants	(728,043)	(1,825,744)	(2,021,076)	(195,332)	10.7%
Bond Issues	-	(680,650)	(767,947)	(87,297)	12.8%
State Revolving Loan	-	(10,625,000)	(11,360,048)	(735,048)	6.9%
Other Financing Sources	(444,910)	(687,000)	(1,689,530)	(1,002,530)	145.9%
Net Capital Improvements	\$ 2,329,212	\$ 4,026,560	\$ 3,589,560	\$ (437,000)	-10.9%

- The Gross CIP Budget increased \$604,000 (3%) to \$20.8M
- Net CIP Budget decreased by \$437,000 (-10.9%) to \$3,589,560. *This represents the portion of the capital budget that is supported by current revenues (taxes, fees, etc.)*
- **Use of reserves decreased by \$708,000 compared to 2019 (52%)**
- Some 2019 State Revolving Loan projects were delayed into 2020

City of Newark FY2020 Capital Budget Recommendation

2020 CIP Requested/Funding Sources:

CAPITAL IMPROVEMENTS - BY FUND	2019 BUDGET AMENDED	-----2020-----		P R O P O S E D B U D G E T S					TOTAL PROPOSED AMOUNTS
		RESERVES & OTHER FUNDING	CURRENT FUNDING	2020	2021	2022	2023	2024	
General Fund	\$ 4,873,174	\$ 3,524,379	\$ 1,659,487	\$ 5,183,866	\$ 9,600,247	\$ 3,426,912	\$ 3,696,459	\$ 4,651,884	\$ 26,559,368
Electric Fund	1,428,444	423,890	1,057,716	1,481,606	975,000	1,410,000	3,038,000	15,945,000	22,849,606
Water Fund	5,329,155	4,886,241	147,155	5,033,396	2,569,000	4,229,000	1,554,000	3,000,000	16,385,396
Sewer Fund	1,355,000	1,000,000	-	1,000,000	800,000	800,000	1,300,000	1,350,000	5,250,000
Stormwater Fund	5,784,500	6,027,353	516,053	6,543,406	645,000	570,000	640,000	870,000	9,268,406
Maintenance Fund	591,000	1,225,000	3,000	1,228,000	185,000	15,000	40,000	-	1,468,000
Parking Fund	718,116	137,242	206,149	343,391	183,000	-	-	40,000	566,391
Transportation Fund	130,000	-	-	-	130,000	-	-	150,000	280,000
Gross Capital Improvements	<u>\$ 20,209,389</u>	<u>\$ 17,224,105</u>	<u>\$ 3,589,560</u>	<u>\$ 20,813,665</u>	<u>\$ 15,087,247</u>	<u>\$ 10,450,912</u>	<u>\$ 10,268,459</u>	<u>\$ 26,006,884</u>	<u>\$ 82,627,167</u>
PLANNED FINANCING SOURCES:									
Gross Capital Improvements	\$ 20,209,389	\$ 17,224,105	\$ 3,589,560	\$ 20,813,665	\$ 15,087,247	\$ 10,450,912	\$ 10,268,459	\$ 26,006,884	\$ 82,627,167
Less: Use of Reserves	(1,363,330)	(654,726)	-	(654,726)	(281,030)	(43,223)	(2,286,446)	(223,995)	(3,489,420)
Vehicle and Equipment Replacement	(1,001,105)	(730,778)	-	(730,778)	(1,386,753)	(445,493)	(1,204,628)	(1,972,152)	(5,739,804)
Grants	(1,825,744)	(2,021,076)	-	(2,021,076)	(875,673)	(585,000)	(575,000)	(639,073)	(4,695,822)
Bond Issues	(680,650)	(767,947)	-	(767,947)	(414,736)	(368,178)	(107,181)	(15,700,000)	(17,358,042)
State Revolving Loan	(10,625,000)	(11,360,048)	-	(11,360,048)	(2,650,000)	(4,325,000)	-	-	(18,335,048)
Other Financing Sources	(687,000)	(1,689,530)	-	(1,689,530)	(4,473,000)	(270,000)	(220,000)	(100,000)	(6,752,530)
Net Capital Improvements	<u>\$ 4,026,560</u>	<u>\$ -</u>	<u>\$ 3,589,560</u>	<u>\$ 3,589,560</u>	<u>\$ 5,006,055</u>	<u>\$ 4,414,018</u>	<u>\$ 5,875,204</u>	<u>\$ 7,371,664</u>	<u>\$ 26,256,501</u>

Capital Projects – Priority 1 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2020	2021	2022	2023	2024	TOTAL
E2001	Electric	Electric	New Lines and Services	130,000	135,000	140,000	145,000	145,000	695,000
E1502	Electric	Electric	Underground Distribution - UD Star Campus	120,000	120,000	120,000	120,000	-	480,000
E1203	Electric	Electric	CAD Software	40,444	-	-	-	-	40,444
E0503	Electric	Electric	SCADA and Automatic Switching	250,000	-	450,000	-	-	700,000
W1601	Water	Water	Backup Generation at Water Facilities	125,000	-	-	-	-	125,000
W0503	Water	Water	Well Restoration Program	58,000	29,000	29,000	29,000	-	145,000
W9308	Water	Water	Water Main Replacement Program	1,000,000	1,000,000	1,000,000	1,250,000	1,500,000	5,750,000
Q1802	Stormwater	Stormwater	Rodney Regional Stormwater Park	5,977,353	-	-	-	-	5,977,353
Q1301	Stormwater	Stormwater	Storm Drainage Improvements	466,053	575,000	500,000	525,000	550,000	2,616,053
Q0101	Stormwater	Stormwater	Stormwater Quality Improvements (NPDES Phase II Permit)	70,000	70,000	70,000	70,000	70,000	350,000
S0904	Sewer	Sewer	Sanitary Sewer Study and Repairs	1,000,000	800,000	800,000	1,000,000	1,000,000	4,600,000
H2001	Street	General	Annual Street Program	1,337,842	1,650,000	1,675,000	1,750,000	1,750,000	8,162,842
H2002	Street	General	ADA Accessibility Transition Plan	159,606	159,736	163,178	166,441	175,000	823,961
C1902	Police	General	Mobile Video Recording Refresh	50,116	50,116	50,116	50,116	-	200,464
C1904	Police	General	Body Worn Camera Project	68,268	68,268	68,268	68,268	-	273,072
C1601	Police	General	Taser X26P Replacement	21,408	22,478	23,601	24,781	26,020	118,288
C1401	Police	General	Ballistic Vests	7,188	30,671	13,749	7,403	15,864	74,875
K1601	Parks & Rec	General	Charles Emerson Bicycle/Pedestrian Bridge	1,957,000	-	-	-	-	1,957,000
V1703	Parking	Parking	Lot Countdown Signs	-	15,000	-	-	-	15,000
*Includes Debt Funding				\$12,838,278	\$ 4,725,269	\$ 5,102,912	\$ 5,206,009	\$ 5,231,884	\$ 33,104,352

Capital Projects – Equipment

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2020	2021	2022	2023	2024	TOTAL
EEQSF	Electric	Electric	Equipment Replacement Program	297,000	220,000	250,000	338,000	100,000	1,205,000
WEQSF	Water	Water	Equipment Replacement Program	302,701	100,000	50,000	50,000	-	502,701
QEQSF	Stormwater	Stormwater	Equipment Replacement Program	30,000	-	-	45,000	250,000	325,000
SEQSF	Sewer	Sewer	Equipment Replacement Program	-	-	-	300,000	350,000	650,000
REQSF	Refuse	General	Equipment Replacement Program	-	655,000	-	-	1,200,000	1,855,000
HEQSF	Street	General	Equipment Replacement Program	-	429,000	60,000	611,000	350,000	1,450,000
TEQSF	Engineering	General	Equipment Replacement Program	-	-	-	35,000	-	35,000
CEQSF	Police	General	Equipment Replacement Program	152,000	281,000	52,000	585,000	640,000	1,710,000
KEQSF	Parks & Rec	General	Equipment Replacement Program	40,000	30,000	145,000	155,000	25,000	395,000
BEQSF	Code	General	Equipment Replacement Program	20,000	50,000	-	-	-	70,000
FEQSF	Finance	General	Equipment Replacement Program	-	-	-	35,000	-	35,000
UEQSF	Unicity	Transportation	Equipment Replacement Program	-	130,000	-	-	150,000	280,000
VEQSF	Parking	Parking	Equipment Replacement Program	51,000	-	-	-	40,000	91,000
NEQSF	Facilities	Maintenance	Equipment Replacement Program	-	35,000	-	-	-	35,000
*Includes Grant Funding				\$ 892,701	\$ 1,930,000	\$ 557,000	\$ 2,154,000	\$ 3,105,000	\$ 8,638,701

Capital Projects – Priority 2 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2020	2021	2022	2023	2024	TOTAL
E2002	Electric	Electric	New Substation	300,000	-	-	2,000,000	15,700,000	18,000,000
W2001	Water	Water	Newark Reservoir Upgrades	-	-	-	100,000	1,500,000	1,600,000
W1701	Water	Water	Valve Inspection, Exercising and Rehabilitation	165,000	125,000	125,000	125,000	-	540,000
W1702	Water	Water	Source Water Protection	-	-	-	-	-	-
W1703	Water	Water	Laird Tract Well Field Restoration	-	100,000	1,925,000	-	-	2,025,000
W1402	Water	Water	Air Stripper Replacement - South Well Field	2,582,695	-	-	-	-	2,582,695
W9302	Water	Water	Water SCADA System	350,000	-	-	-	-	350,000
W8605	Water	Water	Water Tank Maintenance	450,000	850,000	600,000	-	-	1,900,000
H1503	Street	General	Newark Transportation Plan Implementation	300,000	20,000	20,000	20,000	-	360,000
C2001	Police	General	Police Firearms Range	250,000	4,453,000	-	-	-	4,703,000
C2002	Police	General	Vehicle 943 Addition to Fleet	-	49,000	-	-	-	49,000
C2003	Police	General	Vehicle 901 Addition to Fleet	-	24,870	-	-	-	24,870
C2004	Police	General	Vehicle Radios	33,570	-	-	-	-	33,570
C2005	Police	General	Building Camera Project	23,400	-	-	-	-	23,400
K1301	Parks & Rec	General	Hard Surface Facilities Improvements	191,300	280,000	230,000	152,000	190,000	1,043,300
K0908	Parks & Rec	General	Children's Play Equipment	60,154	40,000	40,000	16,450	60,000	216,604
V1901	Parking	Parking	Parking Lot Surface Maintenance	105,000	-	-	-	-	105,000
V1905	Parking	Parking	Newark Parking Kiosk Program	187,391	-	-	-	-	187,391
N2003	Facilities	Maintenance	City Building Roof Repair/Replacement	-	50,000	-	20,000	-	70,000
N1901	Facilities	Maintenance	City Hall - HVAC System Upgrades	950,000	-	-	-	-	950,000
N1801	Facilities	Maintenance	Rear Concrete Deck and Stairs	120,000	-	-	-	-	120,000
*Includes Debt Funding				\$ 6,068,510	\$ 5,991,870	\$ 2,940,000	\$ 2,433,450	\$17,450,000	\$ 34,883,830

Capital Projects – Priority 3 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2020	2021	2022	2023	2024	TOTAL
E1912	Electric	Electric	35kV Disconnect Switches Replacement - Kershaw Substation	-	150,000	150,000	150,000	-	450,000
E1602	Electric	Electric	Circuit Breaker Replacement	70,000	-	-	-	-	70,000
W1602	Water	Water	Roseville Park Pressure District	-	275,000	-	-	-	275,000
W1503	Water	Water	Academy Street Interconnection Pump Station	-	90,000	500,000	-	-	590,000
H1903	Street	General	Skid Steer Purchase	-	75,000	-	-	-	75,000
K2001	Parks & Rec	General	Park Signage	-	36,000	36,000	-	-	72,000
K2002	Parks & Rec	General	Olan Thomas Sidewalk Improvement	-	-	200,000	-	-	200,000
K2003	Parks & Rec	General	Handloff Park Trail	-	-	-	-	200,000	200,000
K2004	Parks & Rec	General	Facilities Accessibilty (ADA Compliance)	45,000	45,000	20,000	20,000	20,000	150,000
K2005	Parks & Rec	General	Track loader/Mini-Skid Steerer	36,000	-	-	-	-	36,000
I1703	Parks & Rec	General	Recreation Management Software	88,500	-	-	-	-	88,500
V2002	Parking	Parking	Campus District Kiosk Installation	-	168,000	-	-	-	168,000
I1601	IT	General	Virtual Environment Host Replacement	-	75,000	-	-	-	75,000
I1603	IT	General	Surveillance Camera Refresh	32,500	-	-	-	-	32,500
I1606	IT	General	Disaster Recovery and Planning	-	75,000	-	-	-	75,000
N2001	Facilities	Maintenance	City Hall - Electric Vehicle Charging Station Wiring	50,000	-	-	-	-	50,000
N1803	Facilities	Maintenance	Exterior Paint and Powerwash	-	33,000	-	-	-	33,000
				\$ 322,000	\$ 1,022,000	\$ 906,000	\$ 170,000	\$ 220,000	\$ 2,640,000

Capital Projects – Priority 4 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2020	2021	2022	2023	2024	TOTAL
E1911	Electric	Electric	34kV Line 3402 Capacity Upgrade	-	250,000	250,000	-	-	500,000
E1805	Electric	Electric	Line Extension - UD Farm	150,000	-	-	-	-	150,000
E1806	Electric	Electric	Christianstead Cable Addition	-	50,000	-	-	-	50,000
E8510	Electric	Electric	Transformer Maintenance (was once BF#6)	24,162	-	-	-	-	24,162
K1704	Parks & Rec	General	Lumbrook Park Pavilion	45,000	-	-	-	-	45,000
K1705	Parks & Rec	General	Preston's Playground Utility Lines	50,000	-	-	-	-	50,000
K1605	Parks & Rec	General	Redd Park Trail Improvements	-	32,000	30,000	-	-	62,000
K1501	Parks & Rec	General	Iron Glen Park Master Plan	-	50,000	-	-	-	50,000
K1502	Parks & Rec	General	Fitness Stations	-	21,108	-	-	-	21,108
K1202	Parks & Rec	General	Kershaw Park Improvements	-	200,000	-	-	-	200,000
K1203	Parks & Rec	General	Old Paper Mill Park Improvements	-	600,000	600,000	-	-	1,200,000
I1902	IT	General	Tyler Technologies Contracts, Bid Module and Cash Management Module	-	23,000	-	-	-	23,000
I1801	IT	General	Citywide Fiber (Phase II)	140,000	-	-	-	-	140,000
N2002	Facilities	Maintenance	City Hall - Carpet Upgrades	3,000	12,000	15,000	20,000	-	50,000
N1809	Facilities	Maintenance	TRN - New Windows	-	55,000	-	-	-	55,000
N1603	Facilities	Maintenance	GWC - HVAC System Upgrades	105,000	-	-	-	-	105,000
				\$ 517,162	\$ 1,293,108	\$ 895,000	\$ 20,000	\$ -	\$ 2,725,270

Capital Projects – Priority 5 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2020	2021	2022	2023	2024	TOTAL
E1807	Electric	Electric	Relay Replacements - Kershaw Substation	50,000	50,000	50,000	50,000	-	200,000
E1808	Electric	Electric	Voltage Upgrade - North College Avenue	50,000	-	-	-	-	50,000
E1810	Electric	Electric	Lightning Arrestor Replacement	-	-	-	235,000	-	235,000
I1804	IT	General	Harris Automation Platform	75,000	75,000	-	-	-	150,000
				\$ 175,000	\$ 125,000	\$ 50,000	\$ 285,000	\$ -	\$ 635,000

City of Newark 2020 Revenue Budget

Revenue - General Fund

- Real Estate Transfer Tax – volatile, and always at risk
- Loss of Courtyard Apartments, addition of Chemours
- Flat tax growth year over year.
 - Based on 1983 assessments
 - 45% of the City's tax base is exempt from paying property taxes
 - August 2019 CPI (annualized) was 2.3%
 - Tax base is projected to grow 0.2% in July of 2020 (same as 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 \$35,000 in Year 1, and \$70,000 annually afterwards.
 - Every penny (\$.01) is equal to \$53,770 in Year 1, and \$107,540 annually afterwards.
- Estimated transfer to the general fund from the utilities in 2020 will be \$14.5 million.
- Use of RTT overcollection to be used in future years budgets where applicable

Revenue – Utilities

- Overall utility sales are flat except for STAR Campus
- Consider future revenue recovery through customer charges vs rate increases
- Capital recovery fees for new growth to fairly charge customers for the utilities they require
 - Shifts capital costs out of user rates
 - Electric
 - Substation
 - Water
 - Treatment plants
 - Rehabilitation projects
 - Sewer
 - Stormwater
 - Development limitation: staff availability and prioritization

2020 Revenue By Type

REVENUE/OTHER FUNDING SOURCES	2019 BUDGET AS AMENDED	% OF 2019 BUDGET	2020 BUDGET	% OF 2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Utility Sales	\$ 72,616,719	76.7%	\$ 75,109,808	76.2%	\$ 2,493,089	3.4%
Property Taxes	7,307,015	7.7%	7,840,000	8.0%	532,985	7.3%
Real Estate Transfer Tax	1,550,000	1.6%	1,600,000	1.6%	50,000	3.2%
Lodging Tax	675,000	0.7%	750,000	0.8%	75,000	11.1%
Fees for Service	10,125,840	10.7%	10,376,850	10.5%	251,010	2.5%
Intergovernmental Revenue	1,361,047	1.4%	1,400,505	1.4%	39,458	2.9%
Other Revenue	910,280	1.0%	1,175,200	1.2%	264,920	29.1%
Appropriation of Prior Year Reserves	80,000	0.1%	350,000	0.4%	270,000	337.5%
TOTAL REVENUE/OTHER FUNDING SOURCES:	\$ 94,625,901	100.0%	\$ 98,602,363	100.0%	\$ 3,976,462	4.2%

- Utility sales includes revenue requirements for Water and Sewer, no change for Stormwater in 2020
- General fund is also short of revenue needs, primarily due to DFIT enrollment
- RTT increased \$50,000 to \$1.6M - large real estate transactions drive annual performance (7 large transactions in 2019, provided 60% of the revenue - \$1.3M)
- Lodging Tax is relatively new. Should be a consistent source of revenue
- Fees for Service – includes all fees charged by the City. \$2.3 million includes internal service revenues (facilities and fleet maintenance)
- Other revenue increase includes \$185K interest income for sweep program

REVENUE/OTHER FUNDING SOURCES	2018 ACTUAL	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Utility Contributions	\$ 71,039,082	\$ 72,616,719	\$ 75,109,808	\$ 2,493,089	3.4%
Property Tax	7,358,700	7,307,015	7,840,000	532,985	7.3%
Real Estate Transfer Tax	2,365,285	1,550,000	1,600,000	50,000	3.2%
Lodging Tax	46,936	675,000	750,000	75,000	11.1%
Fees for Service	19,356,153	10,641,540	10,902,425	260,885	2.5%
Intergovernmental Revenue	1,146,266	845,347	874,930	29,583	3.5%
Other Revenue	1,082,810	910,280	1,175,200	264,920	29.1%
Appropriation of Prior Year Reserves	-	80,000	350,000	270,000	337.5%
Non-Utility Contributions	\$ 31,356,150	\$ 22,009,182	\$ 23,492,555	\$ 1,483,373	6.7%
TOTAL REVENUE/OTHER FUNDING SOURCES:	\$ 102,395,232	\$ 94,625,901	\$ 98,602,363	\$ 3,976,462	4.2%

Utility/Property Tax Revenue Reflected in Current 2020 Budget:

- Electric Rate – Sales for Green Energy RECs/Annual RSA Adjustment in March 2020
- Sewer Revenue – 4.7% shortfall (0.5% referendum)
- Water Revenue – 5.8% shortfall (1.25% referendum)
- General Fund – 9.3% shortfall (2.14% referendum)
- Stormwater Fee – No change

BUDGET DRIVERS FOR REVENUE NEEDS

EXPENDITURE CHANGE	2019 BUDGET AS AMENDED	% OF 2019 BUDGET	2020 BUDGET	% OF 2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Electric Purchases (DEMEC)	\$ 33,570,788	35.5%	\$ 34,974,933	35.5%	\$ 1,404,145	4.2%
Wages	21,544,829	22.8%	22,050,792	22.4%	505,963	2.3%
Sewer Purchases (NCC)	5,286,144	5.6%	5,600,000	5.7%	313,856	5.9%
Healthcare	4,291,166	4.5%	4,684,499	4.8%	393,333	9.2%
Pension	3,550,000	3.8%	4,150,000	4.2%	600,000	16.9%
Cash funding of Capital (CIP)	4,026,560	4.3%	3,589,560	3.6%	(437,000)	-10.9%
OPEB	1,379,500	1.5%	1,659,300	1.7%	279,800	20.3%
Workers Compensation Program (DFIT)	-	0.0%	850,000	0.9%	850,000	n/a
TOTAL:	\$ 73,648,987	77.8%	\$ 77,559,084	78.7%	\$ 3,910,097	5.3%

2020 Budget Drivers:

- Utility purchases (Electric and Sewer) account for \$1.7 million of the budget increase
- Workers compensation program in 2019 resulted in a \$850,000 impact in 2020
- Healthcare, pension and OPEB obligations account for \$1.3 million

2019 Budget vs. 2020 Recommended Budgeted Revenue

REVENUE/OTHER FUNDING SOURCES	2018 ACTUAL	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Electric	52,401,966	53,000,369	55,110,162	2,109,793	4.0%
Water	9,395,673	9,680,600	9,795,600	115,000	1.2%
Sewer	7,213,727	7,654,150	7,831,046	176,896	2.3%
Stormwater	2,027,716	2,281,600	2,373,000	91,400	4.0%
Utility Contributions	\$ 71,039,082	\$ 72,616,719	\$ 75,109,808	\$ 2,493,089	3.4%
Property Tax	7,358,700	7,307,015	7,840,000	532,985	7.3%
Real Estate Transfer Tax	2,365,285	1,550,000	1,600,000	50,000	3.2%
Lodging Tax	46,936	675,000	750,000	75,000	11.1%
Fees for Service	19,356,153	10,641,540	10,902,425	260,885	2.5%
Intergovernmental Revenue	1,146,266	845,347	874,930	29,583	3.5%
Other Revenue	1,082,810	910,280	1,175,200	264,920	29.1%
Appropriation of Prior Year Reserves	-	80,000	350,000	270,000	337.5%
Non-Utility Contributions	\$ 31,356,150	\$ 22,009,182	\$ 23,492,555	\$ 1,483,373	6.7%
TOTAL REVENUE/OTHER FUNDING SOURCES:	\$ 102,395,232	\$ 94,625,901	\$ 98,602,363	\$ 3,976,462	4.2%

SUMMARY	2019 BUDGET AS AMENDED	2020 BUDGET	\$ FROM 2019 BUDGET	% FROM 2019 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,616,719	\$ 75,109,808	\$ 2,493,089	3.4%
Property and Realty Taxes	9,532,015	10,190,000	657,985	6.9%
Fees for Service	10,125,840	10,376,850	251,010	2.5%
Intergovernmental Revenue	1,361,047	1,400,505	39,458	2.9%
Other Revenue	910,280	1,175,200	264,920	29.1%
Appropriation of Prior Year Reserves	80,000	350,000	270,000	337.5%
Total Operating Revenue/Other Funding Sources	\$ 94,625,901	\$ 98,602,363	\$ 3,976,462	4.2%
Expenditures				
Personnel Services	\$ 33,291,716	\$ 35,185,316	\$ 1,893,600	5.7%
Utility Purchases	38,856,932	40,574,933	1,718,001	4.4%
Materials and Supplies	2,512,559	2,478,823	(33,736)	-1.3%
Contractual Services	10,088,111	10,664,150	576,039	5.7%
Equipment Depreciation	1,665,978	1,524,265	(141,713)	-8.5%
Other Expenses	1,518,732	1,227,492	(291,240)	-19.2%
Total Operating Expenses	\$ 87,934,028	\$ 91,654,979	\$ 3,720,951	4.2%
Capital Improvements				
Gross Capital Improvements	\$ 20,209,389	\$ 20,813,665	\$ 604,276	3.0%
Less: Use of Reserves	(1,363,330)	(654,726)	708,604	-52.0%
Equipment Replacement	(1,001,105)	(730,778)	270,327	-27.0%
Grants	(1,825,744)	(2,021,076)	(195,332)	10.7%
Bond Issues	(680,650)	(767,947)	(87,297)	12.8%
State Revolving Loan	(10,625,000)	(11,360,048)	(735,048)	6.9%
Other Sources	(687,000)	(1,689,530)	(1,002,530)	145.9%
Net Capital Improvements	\$ 4,026,560	\$ 3,589,560	\$ (437,000)	-10.9%
Debt Service	\$ 2,677,416	\$ 3,000,282	\$ 322,866	12.1%
Net Current Surplus	(12,103)	357,542	369,645	-3054.2%
TOTAL EXPENDITURES AND SURPLUS	\$ 94,625,901	\$ 98,602,363	\$ 3,976,462	4.2%

Operating Budget By Type

To Be Considered

2020 Budget Relevant

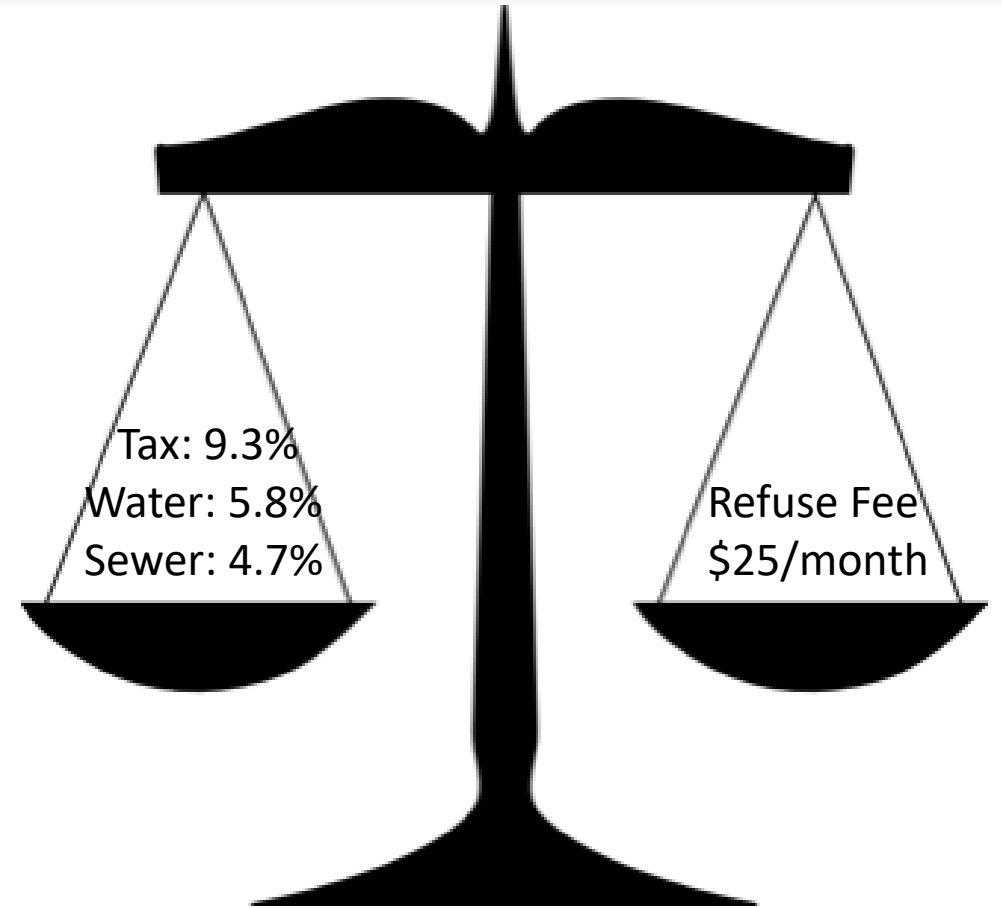
- Customer Charges for Water & Sewer – Fund revenue gap vs. rate increase
- Credit Card Fees – Preference is to not charge credit card fees
 - Parking credit card fees will decline with user-acceptance of Passport app
- Monthly fee for trash service
- Keep funding for Planning Commission stipend (\$8400)?
- Green Energy Rate for 100% green portfolio (currently in the budget)
 - Does not include UD or large industrial users

Future Budget Relevant

- Development/Plan review fees
- Capital recovery fees
- UniCity – Lobby state for sufficient funding to meet program costs

To Be Considered

- Monthly Refuse fee
 - Would supplant the need for:
 - 9.3% tax increase
 - 5.8% water rate increase
 - 4.7% sewer rate increase
 - Provides a dedicated revenue source for the City's refuse expenses
 - One refuse vehicle ~ \$250,000
 - Would generate enough revenue to cover the Refuse program
 - Provides relief to the utilities that support general fund operations
 - Fair/equitable way to support City services



Recommended Direction for Lobbyist

- UniCity – Lobby state for sufficient funding to meet program costs
- Gas franchise fee/tax
- PILOT

Budget Process – Next Thirty Days

10/08/2019	Draft Version of CIP for Budget Central
10/15/2019	Deadline to advertise budget summary
10/15/2019	Draft CIP Presented to the Planning Commission
10/31/2019	Final Version of CIP & Operating Budgets for Council
11/04/2019	Budget Hearing #1