

# 2024 Budget Hearing #1

November 6, 2023

# 2024 RELEVANT BUDGET INFORMATION

Date	Title	Comments	Link		
8/14/2023	Budget Overview	Overview	<a href="#">Budget Overview</a>		
8/28/2023	Budget Hearing #1	Parks and Recreation, Planning, Administration	<a href="#">Planning</a>	<a href="#">Parks</a>	<a href="#">Administration</a>
9/11/2023	Budget Hearing #2	Legislative, Alderman Court, PWWR	<a href="#">Legislative</a>	<a href="#">Alderman Court</a>	<a href="#">PWWR</a>
9/18/2023	Budget Hearing #3	Police, Electric, Finance	<a href="#">Police</a>	<a href="#">Electric</a>	<a href="#">Finance</a>
9/25/2023	Financial Workshop	Budget Workshop	<a href="#">Budget Workshop</a>		
10/17/2023	Planning Commission Approval of CIP	Meeting to receive Planning Commissions feedback and suggestions for CIP	<a href="#">Planning Commission Presentation</a>	<a href="#">2024 to 2028 Proposed CIP</a>	
	Budget Central	Central repository for all budget documentation	<a href="#">Budget Central</a>		

All information is contained on [Budget Central](#)

# TIMELINE

Date	Title	Notes
Monday, August 14, 2023	Budget Overview	Council Direction given for: Overview
Monday, August 28, 2023	Department Budget Hearing #1	Council Direction given for: Parks and Recreation, Planning, Administration
Monday, September 11, 2023	Department Budget Hearing #2	Council Direction given for: Legislative, Alderman Court, PWWR
Monday, September 18, 2023	Department Budget Hearing #3	Council Direction given for: Finance, Police, Electric
Monday, September 25, 2023	Financial Workshop	
Tuesday, October 17, 2023	Planning Commission Review of CIP	
Monday, November 6, 2023	Budget Hearing #1	
Monday, November 27, 2023	Budget Hearing #2 (if needed)	
Monday, November 27, 2023	Intro Date for revenue ordinances	
TBD	Budget Hearing #3	
TBD	Submitted Adopted Budget & adoption date for revenue ordinances	Submitted final copies to City Secretary

- This table represents the current Council schedule for the 2024 budget process
- The budget presented this evening includes changes requested by council
- Tonight’s budget hearing is the first opportunity to approve the 2024 budget

	** as advertised	* as proposed		
BUDGET OVERVIEW	10/13/2023	11/06/2023	% FROM	\$ FROM
	** BUDGET	* BUDGET	10/13 BUDGET	10/13 BUDGET
<b>Revenue/Other Funding Sources</b>				
Utility Sales	\$ 85,478,915	\$ 85,132,051	-0.4%	\$ (346,864)
Real Estate and Other Taxes	12,070,000	12,018,125	-0.4%	(51,875)
Fees for Service	13,012,824	12,975,824	-0.3%	(37,000)
Intergovernmental Revenue	2,041,777	2,041,777	0.0%	-
Other Revenue	2,661,381	2,661,381	0.0%	-
Appropriation of Prior Year Reserves	34,670	34,670	0.0%	-
<b>Total Operating Revenue</b>	<b>\$ 115,299,567</b>	<b>\$ 114,863,828</b>	<b>-0.4%</b>	<b>\$ (435,739)</b>
<b>Expenditures</b>				
Personnel Services	\$ 41,552,774	\$ 41,434,426	-0.3%	\$ (118,348)
Utility Purchases	44,754,088	44,678,500	-0.2%	(75,588)
Materials and Supplies	3,040,423	3,040,423	0.0%	-
Contractual Services	13,525,172	13,525,172	0.0%	-
Equipment Depreciation	2,110,952	2,110,952	0.0%	-
Debt Service	4,939,941	4,939,941	0.0%	-
Other Expenses	1,533,653	1,533,653	0.0%	-
<b>Total Operating Expenses</b>	<b>\$ 111,457,003</b>	<b>\$ 111,263,067</b>	<b>-0.2%</b>	<b>\$ (193,936)</b>
<b>Capital Improvements</b>				
Gross Capital Improvements	\$ 31,899,161	\$ 31,983,081	0.3%	\$ 83,920
Less: Use of Reserves	(3,284,516)	(3,284,516)	0.0%	-
Equipment Replacement	(100,984)	(100,984)	0.0%	-
Grants	(4,816,794)	(4,816,794)	0.0%	-
Bond Issues	-	-	0.0%	-
State Revolving Loan	(6,977,032)	(6,977,032)	0.0%	-
American Rescue Plan Act	(5,111,899)	(5,111,899)	0.0%	-
Other Sources	(8,407,414)	(8,521,334)	1.4%	(113,920)
<b>Net Capital Improvements</b>	<b>\$ 3,200,522</b>	<b>\$ 3,170,522</b>	<b>-0.9%</b>	<b>\$ (30,000)</b>
Net Current Surplus	\$ 642,042	\$ 430,239	-33.0%	\$ (211,803)
<b>Total Expenditures and Surplus</b>	<b>\$ 115,299,567</b>	<b>\$ 114,863,828</b>	<b>-0.4%</b>	<b>\$ (435,739)</b>

## Adjustment from October 13<sup>th</sup> Advertisement

- Budget presented to City Council on November 6<sup>th</sup> is the same budget that was advertised as required by City Code on October 13<sup>th</sup>, except:
  - \$347K: Utility Sales/Purchases updated with Electric Recalculation
  - \$51K: Proposed tax adjustment of 10% has been reduced to 7.5%
  - \$37K: Reduced rental permit revenue due to switching from FT to PT position – Admin Prof I)
  - Personnel
    - 77K: Changes made to FT and PT status as well as updated Start Dates (pushed back to later in the year). 3 positions (Parking Coord., Admin Prof I – Code, Bookkeeper – Finance). *Change was made prior to 10/13.*
    - \$118K: Reducing Benefits from 7% to 5% in General Fund as projections come under the 7% increase.
  - Capital:
    - K2401 - New CIP sheet added K2401 (Trail Phones) – *before 10/13.*
    - N1806 – Some items came in below estimates, reduced project's need.
    - M2201 – Garage lift project approved by Council.

	2022	2023	2024	% FROM	\$ FROM
BUDGET OVERVIEW	ACTUAL	** as amended ** BUDGET	* as proposed * BUDGET	2023 BUDGET	2023 BUDGET
<b>Revenue/Other Funding Sources</b>					
Utility Sales	\$ 77,094,536	\$ 84,031,975	\$ 85,132,051	1.3%	\$ 1,100,076
Real Estate and Other Taxes	14,910,044	11,208,500	12,018,125	7.2%	809,625
Fees for Service	10,090,553	12,841,063	12,975,824	1.0%	134,761
Intergovernmental Revenue	2,577,278	2,303,736	2,041,777	-11.4%	(261,959)
Other Revenue	1,847,590	1,120,600	2,661,381	137.5%	1,540,781
Appropriation of Prior Year Reserves	175,000	60,000	34,670	-42.2%	(25,330)
<b>Total Operating Revenue</b>	<b>\$ 106,695,001</b>	<b>\$ 111,565,874</b>	<b>\$ 114,863,828</b>	<b>3.0%</b>	<b>\$ 3,297,954</b>
<b>Expenditures</b>					
Personnel Services	\$ 37,076,658	\$ 39,480,061	\$ 41,434,426	5.0%	\$ 1,954,365
Utility Purchases	38,524,122	44,417,788	44,678,500	0.6%	260,712
Materials and Supplies	2,679,526	3,069,587	3,040,423	-1.0%	(29,164)
Contractual Services	11,548,552	12,716,460	13,525,172	6.4%	808,712
Equipment Depreciation	1,540,246	1,925,340	2,110,952	9.6%	185,612
Debt Service	3,420,053	4,472,652	4,939,941	10.4%	467,289
Other Expenses	1,425,991	1,358,983	1,533,653	12.9%	174,670
<b>Total Operating Expenses</b>	<b>\$ 96,215,148</b>	<b>\$ 107,440,871</b>	<b>\$ 111,263,067</b>	<b>3.6%</b>	<b>\$ 3,822,196</b>
<b>Capital Improvements</b>					
Gross Capital Improvements	\$ 19,933,243	\$ 35,815,556	\$ 31,983,081	-10.7%	\$ (3,832,475)
Less: Use of Reserves	(4,863,231)	(1,505,435)	(3,284,516)	118.2%	(1,779,081)
Equipment Replacement	(882,862)	(385,105)	(100,984)	-73.8%	284,121
Grants	(2,620,721)	(6,476,331)	(4,816,794)	-25.6%	1,659,537
Bond Issues	(198,177)	(256,000)	-	-100.0%	256,000
State Revolving Loan	(2,234,768)	(2,310,000)	(6,977,032)	202.0%	(4,667,032)
American Rescue Plan Act	(101,017)	(7,282,040)	(5,111,899)	-29.8%	2,170,141
Other Sources	(6,146,269)	(13,495,416)	(8,521,334)	-36.9%	4,974,082
<b>Net Capital Improvements</b>	<b>\$ 2,886,198</b>	<b>\$ 4,105,229</b>	<b>\$ 3,170,522</b>	<b>-22.8%</b>	<b>\$ (934,707)</b>
Net Current Surplus	\$ 7,593,655	\$ 19,774	\$ 430,239	2075.8%	\$ 410,465
<b>Total Expenditures and Surplus</b>	<b>\$ 106,695,001</b>	<b>\$ 111,565,874</b>	<b>\$ 114,863,828</b>	<b>3.0%</b>	<b>\$ 3,297,954</b>

Revenue →

Expenses →

CIP →

- Operating Expenditures: up \$3.8M or 3.6%
- Gross Capital Budget: down \$3.8M or 10.7%
- Total Budget: up \$3.3M or 3%
- August 2023 CPI was 3.9%

# 2024 RECOMMENDED BUDGET

# Revenue Assumptions Included in 2024 Budget

- **\$335,625 - Property Tax Adjustment of 7.5%**
- **\$690,000 - Water/Sewer**
  - Volumetric rate adjustment (Water: \$346,000, Sewer \$277,000)
  - Customer Charge Adjustment (Water: \$67,000, Sewer \$0)
  - No adjustment to stormwater
- **\$430,500 – Permits and Licenses**
  - \$125,000: Technology fee
  - \$150,000: Volunteer Fire Assistance Fund (AETNA) (approved by Council)
  - \$100,000: Building permits (tied to new Code Enforcement & Admin Professional positions)
  - \$55,500: Rental permits (tied to new Code Enforcement & Admin Professional positions)
- **\$170,000 – Parking**
  - Revenue anticipated due to addition of two new Parking Coordinators

# Personnel Expenses – New Positions in 2024 Budget (Revised from 9/25)

Position	#	Initial Start Date	Revised Start Date	Salary & Benefits/Other			Added Revenue	Comments
				2024 Budget 9/25	2024 Revised 11/06	Estimated 2025 Impact		
Distribution Engineer/Compliance Officer	1.00	1/1/2024	4/1/2024	\$ 127,500	\$ 127,501	\$ 164,475	N/A	New position request. Not previously included in Electric's budget. Federal mandate.
Meter Reader (title to be determined)	0.50	1/1/2024	2/1/2024	\$ 27,500	\$ 27,499	\$ 25,496	\$ 150,000	Includes materials/supplies in 2024.
IT Applications Analyst	1.00	1/1/2024	3/1/2024	\$ 87,418	\$ 87,420	\$ 108,305		Includes materials/supplies in 2024.
Bookkeeper	0.50	1/1/2024	2/1/2024	\$ 46,200	\$ 30,569	\$ 99,330	N/A	Includes materials/supplies in 2024.
Fleet Maintenance Manager	1.00	1/1/2024	2/1/2024	\$ 103,378	\$ 103,378	\$ 117,176	N/A	Includes materials/supplies in 2024.
Parking Coordinator	2.00	1/1/2024	2/1/2024 & 8/1/2024	\$ 178,046	\$ 154,019	\$ 204,760	\$ 170,000	Includes materials/supplies in 2024. Parking Lot Manager cut will offset expenses.
Parking Lot Manager	-0.50	1/1/2024	1/1/2024	\$ (23,968)	\$ (23,968)	\$ (25,766)		
Admin Professional I	0.50	1/1/2024	3/1/2024	\$ 74,838	\$ 37,959	\$ 92,993	\$ 55,500	Includes materials/supplies in 2024. Offsetting revenue.
Code Enforcement Officer	1.00	1/1/2024	3/1/2024	\$ 93,536	\$ 93,536	\$ 110,734	\$ 100,000	Includes materials/supplies in 2024. Offsetting revenue.
	<b>7.0</b>			<b>\$ 714,448</b>	<b>\$ 637,913</b>	<b>\$ 897,502</b>	<b>\$ 475,500</b>	

- Net FY2024 impact of all 6 full-time and 3 part-time positions (9) positions is \$162,000
- \$637K expense
- \$476K revenue
- Initial request was 10 positions
- \$76K budget reduction from 9/25 Budget Workshop

# Customer Charges & Tax Rate Summary

Utility/Tax	2023 Customer Charge	2024 Customer Charge	Volumetric Rate Change?	Comments
Electric	\$ 10.00	\$ 10.00	No	Any change will come from revenue stabilization adjustment (RSA) process in March 2024. Assumes 4% increase from DEMEC.
Stormwater	Tier 1 \$ 2.33	\$ 2.33	N/A	No Rate change in 2024 proposed
	Tier 2 \$ 3.89	\$ 3.89		
	Tier 3 \$ 5.07	\$ 5.07		
	Tier 4 \$ 7.01	\$ 7.01		
Water (in-City)	\$ 8.37	\$ 8.76	Yes	Water customer charge and volumetric rate changes proposed.
Water (outside City)	\$ 11.30	\$ 11.83	Yes	
Sewer (in-City)	\$ 7.83	\$ 7.83	Yes	Sewer volumetric rate change proposed only.
Sewer (outside City)	\$ 10.57	\$ 10.57	Yes	
Property Tax	\$ 0.9815	\$ 1.0551	N/A	7.5% increase



# Revenue – Water Adjustment

## CONSUMPTION CHARGE

Gallons	2023	2024 Proposed	Difference	% Difference
No Consumption	\$ 8.37	\$ 8.76	\$ 0.39	4.7%
3,174	\$ 30.40	\$ 31.71	\$ 1.31	4.3%
3,667	\$ 34.76	\$ 36.26	\$ 1.50	4.3%
5,000	\$ 46.54	\$ 48.54	\$ 2.00	4.3%
10,000	\$ 90.74	\$ 94.62	\$ 3.88	4.3%

- 39 cents increase in the customer charge will cover debt service from State Revolving Loans
- 4.25% Volumetric increase to cover operating expense increases
- Combined with customer charge increase will result in an average water rate adjustment of 4.3%
  - \$1.50 average impact per household per month (3,667 gallons)
  - Impact can be mitigated by conservation

## WATER CUSTOMER CHARGE

In City				
Meter Size	Current	2024 Proposed	Monthly Difference	Annual Difference
5/8"	\$ 8.37	\$ 8.76	\$ 0.39	\$ 4.72
3/4"	\$ 11.71	\$ 12.26	\$ 0.55	\$ 6.60
1"	\$ 18.41	\$ 19.27	\$ 0.86	\$ 10.32
1 1/2"	\$ 58.57	\$ 61.30	\$ 2.73	\$ 32.76
2"	\$ 75.30	\$ 78.81	\$ 3.51	\$ 42.12
3"	\$ 184.06	\$ 192.64	\$ 8.58	\$ 102.96
4"	\$ 334.67	\$ 350.26	\$ 15.59	\$ 187.08
6"	\$ 753.01	\$ 788.10	\$ 35.09	\$ 421.08
8"	\$ 1,171.35	\$ 1,225.93	\$ 54.58	\$ 654.96

Outside City				
Meter Size	2023 Approved	2024 Proposed	Monthly Difference	Difference
5/8"	\$ 11.30	\$ 11.83	\$ 0.53	\$ 6.36
3/4"	\$ 15.81	\$ 16.55	\$ 0.74	\$ 8.88
1"	\$ 24.84	\$ 26.00	\$ 1.16	\$ 13.92
1 1/2"	\$ 79.07	\$ 82.75	\$ 3.68	\$ 44.16
2"	\$ 101.65	\$ 106.39	\$ 4.74	\$ 56.88
3"	\$ 248.50	\$ 260.08	\$ 11.58	\$ 138.96
4"	\$ 451.81	\$ 472.86	\$ 21.05	\$ 252.60
6"	\$ 1,016.57	\$ 1,063.94	\$ 47.37	\$ 568.44
8"	\$ 1,581.33	\$ 1,655.01	\$ 73.68	\$ 884.16

# Revenue – Sewer Adjustment

## CONSUMPTION CHARGE

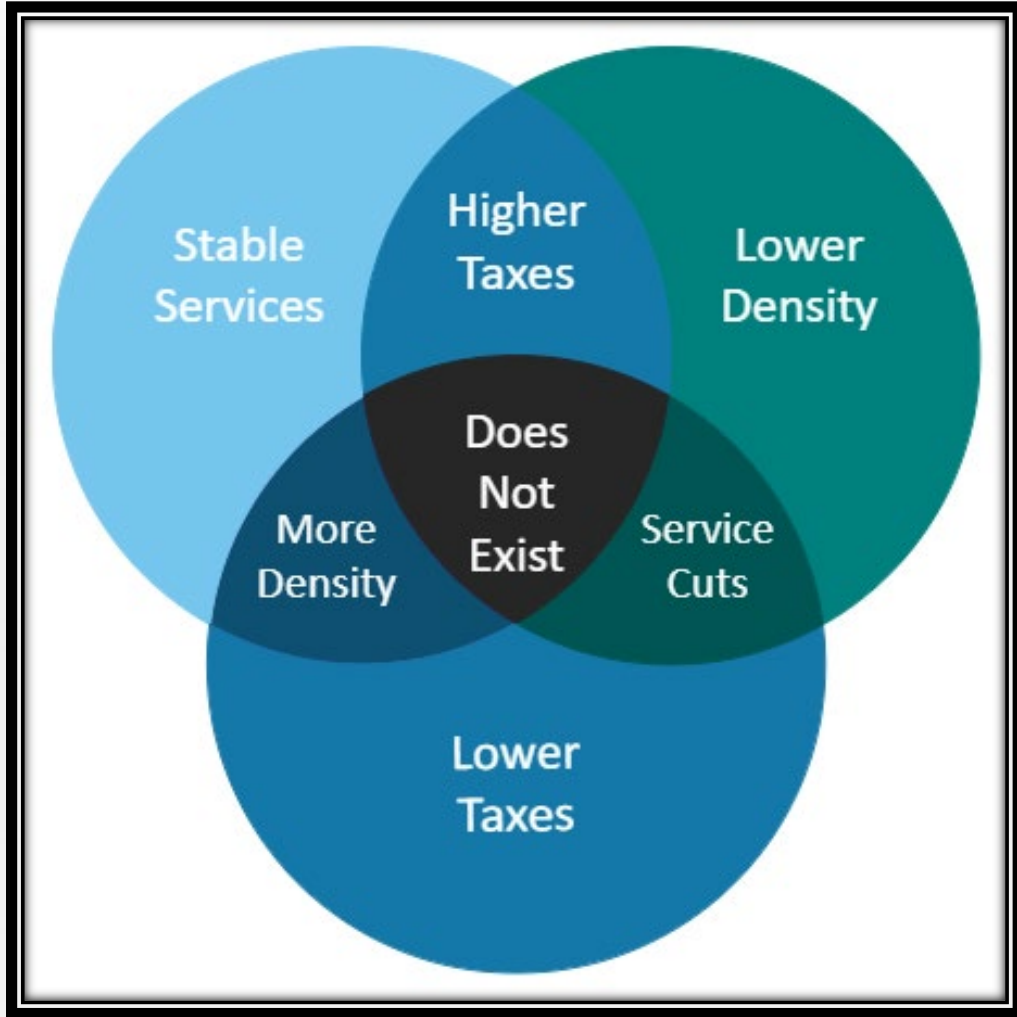
Gallons	2023	2024 Proposed	Difference	% Difference
No Consumption	\$ 7.83	\$ 7.83	\$ -	0.0%
3,174	\$ 33.95	\$ 34.80	\$ 0.85	2.5%
3,667	\$ 38.00	\$ 38.99	\$ 0.99	2.6%
5,000	\$ 48.97	\$ 50.32	\$ 1.35	2.8%
10,000	\$ 90.11	\$ 92.81	\$ 2.70	3.0%

- No change in customer charge
- 3.9% Volumetric increase to cover operating expense increases
- Will result in an average sewer rate adjustment of 2.6%
  - \$.99 average impact per household per month
  - Impact can be mitigated by water conservation

## SEWER CUSTOMER CHARGE

In City					
Meter Size	Current	2024 Proposed	Monthly Difference	Annual Difference	
5/8"	\$ 7.83	\$ 7.83	\$ -	\$ -	
3/4"	\$ 10.96	\$ 10.96	\$ -	\$ -	
1"	\$ 17.22	\$ 17.22	\$ -	\$ -	
1 1/2"	\$ 54.80	\$ 54.80	\$ -	\$ -	
2"	\$ 70.45	\$ 70.45	\$ -	\$ -	
3"	\$ 172.22	\$ 172.22	\$ -	\$ -	
4"	\$ 313.13	\$ 313.13	\$ -	\$ -	
6"	\$ 704.55	\$ 704.55	\$ -	\$ -	
8"	\$ 1,095.97	\$ 1,095.97	\$ -	\$ -	
Outside City					
Meter Size	Current	2024 Proposed	Monthly Difference	Annual Difference	
5/8"	\$ 10.57	\$ 10.57	\$ -	\$ -	
3/4"	\$ 14.80	\$ 14.80	\$ -	\$ -	
1"	\$ 23.25	\$ 23.25	\$ -	\$ -	
1 1/2"	\$ 73.98	\$ 73.98	\$ -	\$ -	
2"	\$ 95.11	\$ 95.11	\$ -	\$ -	
3"	\$ 232.50	\$ 232.50	\$ -	\$ -	
4"	\$ 422.73	\$ 422.73	\$ -	\$ -	
6"	\$ 951.14	\$ 951.14	\$ -	\$ -	
8"	\$ 1,479.55	\$ 1,479.55	\$ -	\$ -	

# 2024 CITY OF NEWARK SERVICE LEVELS VS TAX RATES



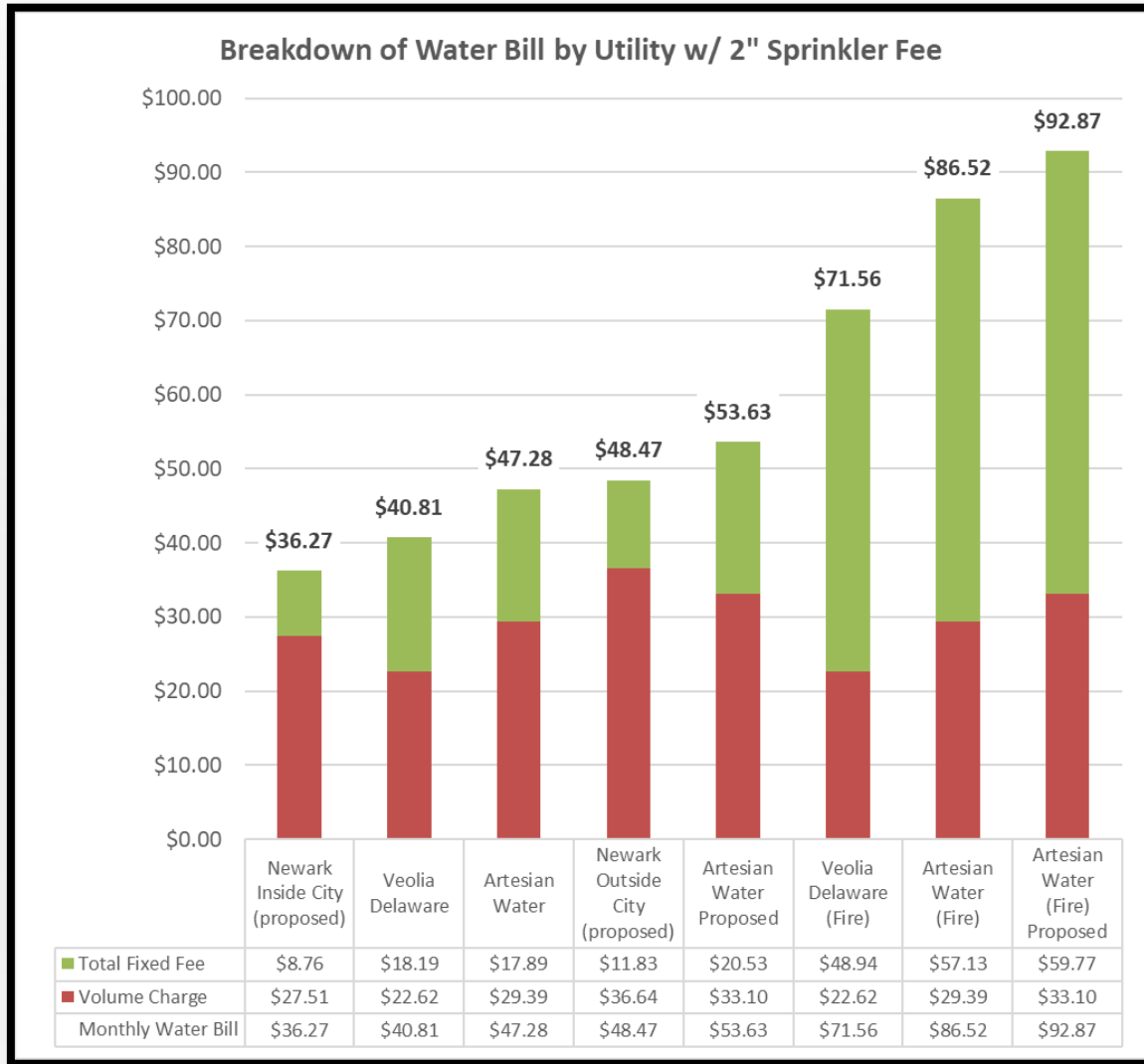
- Inflation, wage pressure, unfunded mandates driving costs
- Newark has few opportunities for new revenue without an amendment to Charter
- Redevelopment activity is consistent but not sufficient to keep up with increasing costs by itself
- Community feedback is supportive of existing service levels
- Inadequate funding will reduce service stability, erode community support, and hurt economic activity
- Utility rates and tax rates comparable with peers for services provided

# Water Utility Comparisons (Based on 3,667 gallons/month)

Utility	Monthly Water Bill	Consumption	Customer Charge	Fire Protection Fee	Total Fixed Fees	% Fixed
Newark Inside City (Proposed)	\$36.27	\$27.51	\$8.76	\$0.00	\$8.76	24%
Wilmington Inside City	\$34.01	\$11.77	\$22.24	\$0.00	\$22.24	65%
Veolia Delaware	\$40.81	\$22.62	\$15.49	\$2.70	\$18.19	45%
Artesian Water	\$47.28	\$29.39	\$13.74	\$4.15	\$17.89	38%
Newark Outside City (Proposed)	\$48.47	\$36.64	\$11.83	\$0.00	\$11.83	24%
Artesian Water Proposed	\$53.63	\$33.10	\$15.51	\$5.02	\$20.53	38%
Tidewater Utilities	\$48.22	\$26.65	\$17.11	\$4.46	\$21.57	45%
New Castle MSC	\$55.19	\$40.34	\$14.85	\$0.00	\$14.85	27%
Wilmington Outside City	\$54.05	\$20.23	\$33.82	\$0.00	\$33.82	63%
Average Excluding Newark:	<b>\$47.60</b>	<b>\$26.30</b>	<b>\$18.97</b>	<b>\$2.33</b>	<b>\$21.30</b>	<b>45%</b>

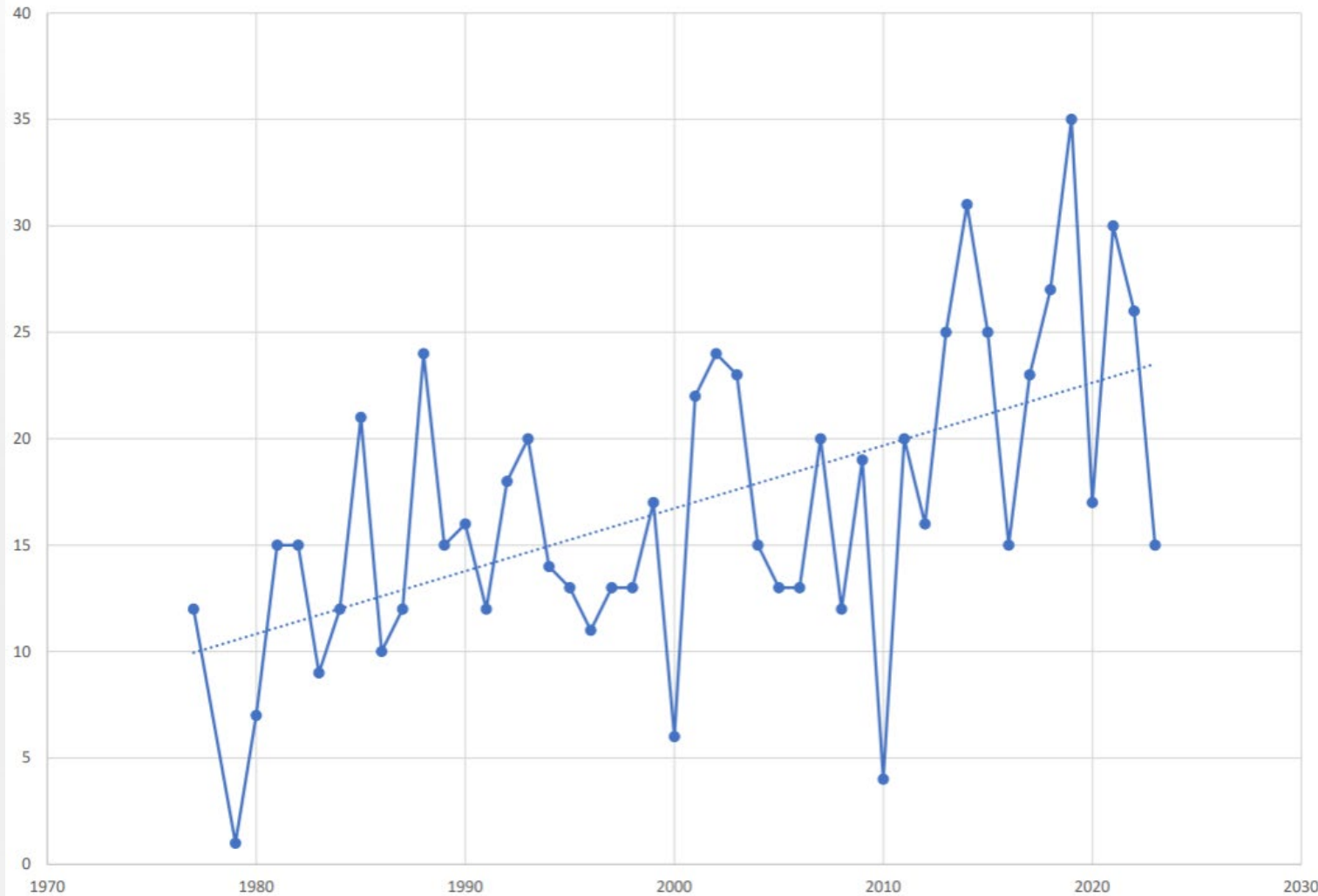
- The October 2023 water rate comparison listed Newark’s in-city water rates as the second lowest northern NCC
- 2023 average monthly residential bill for Veolia/Artesian is \$44, average for all but Newark is \$47.60
- The \$44 per month average rate is 21% higher than the City’s in-City rate
- 24% of the City’s bill is based on a fixed rate, which is lower than all other utilities
- Artesian Water’s currently proposed rate structure is provided for reference
  - If approved, City rate will be 30% below Artesian/Veolia average.

# Water Utility Comparisons (Based on 3,667 gallons/month)



- Chart represents the water utilities surrounding Newark using proposed 2023 rates for Newark
- Both Artesian and Veolia also have a fixed charge added to accounts that have fire sprinkler systems (Newark does not)
  - Columns designated (Fire) reflect what residents would pay monthly if their fire sprinklered home was inside Veolia or Artesian’s territory
- Newark customers are more able to control their bill by modifying their usage
  - 76% of bill is based on consumption

# Water Main Breaks per Year 1977 to 2023



- Council requested an updated version of this chart during PWWR Departmental presentation
- Rate of breaks has decreased slightly but limited data so far
- Large ARPA funded project for 2023-2024

# Revenue – Tax Adjustment

7.5% Tax Adjustment					
Percentile	Assessment	Current Tax Bill	Proposed Tax Bill (7.5%)	Difference	% of Current Bill to Refuse
<i>Tax Rate:</i>		\$ 0.9815	\$ 1.0551	\$ 0.07361	
25th	\$ 49,000	\$ 480.94	\$ 517.01	\$ 36.07	68%
50th (median)	\$ 67,100	\$ 658.59	\$ 707.98	\$ 49.39	49%
75th	\$ 88,100	\$ 864.70	\$ 929.55	\$ 64.85	38%

**7.5% tax increase adds \$335,625 in revenue in 2024, and \$671,250 in 2025+**

- Median tax bill in 2023 was \$659, would increase \$49.39 with proposed adjustment
- Almost 800 parcels pay \$350 or less in property taxes
  - 570 of those receive Refuse service
- Residential taxes are used for:
  - Police Services
  - Refuse Service - Cost to provide refuse service is now ~\$350 per household.
    - Private refuse collection cost over \$425 annually (with less services)
  - Street Maintenance, leaf collection, snow plowing
  - Parks and recreation
  - Helps align tax revenue with future budgetary impacts (union contracts)

# Taxes and Utilities Impact on Average Resident

## AVERAGE RESIDENT

MONTHLY	CURRENT	PROPOSED	DIFFERENCE	% DIFF
Water (3,667 gallons)	\$34.76	\$36.26	\$1.50	4.3%
Sewer (3,667 gallons)	\$38.00	\$39.48	\$1.48	3.9%
Electric (winter -750 kWh)**	\$144.23	\$148.58	\$4.35	3.0%
Stormwater (Tier 2)	\$3.89	\$3.89	\$0.00	0.0%
Taxes (\$67,100 AV median)*	\$54.88	\$59.00	\$4.12	7.5%
<b>TOTAL</b>	<b>\$275.76</b>	<b>\$287.21</b>	<b>\$11.45</b>	<b>4.2%</b>

\*Assumes 4% cost to purchase power increase from DEMEC (via RSA)

\*\*Revised from \$68,800 to \$67,100

ANNUAL	CURRENT	PROPOSED	DIFFERENCE	% DIFF
Water	\$417.12	\$435.12	\$18.00	4.3%
Sewer	\$456.00	\$473.78	\$17.78	3.9%
Electric (winter -750 kWh)**	\$1,730.76	\$1,782.98	\$52.22	3.0%
Stormwater (Tier 2)	\$46.68	\$46.68	\$0.00	0.0%
Taxes (\$67,100 AV median)*	\$658.59	\$707.97	\$49.39	7.5%
<b>TOTAL</b>	<b>\$3,309.15</b>	<b>\$3,446.54</b>	<b>\$137.39</b>	<b>4.2%</b>

\*Assumes 4% cost to purchase power increase from DEMEC (via RSA)

\*\*Revised from \$68,800 to \$67,100

- Average resident will see an estimated 4.2% increase across the board for all City services in 2024 (2.6% without electric TBD)
- No change in current levels of services
- No change to Stormwater
- Overall impact is below the August cost-of-living index of 3.9%
- Electric is an estimate and dependent on wholesale pricing



# Taxes and Utilities Impact on Average Resident – Change from 9/25

## AVERAGE RESIDENT

MONTHLY	25-Sep	6-Nov	DIFFERENCE	% DIFF
Water (3,667 gallons)	\$36.26	\$36.26	\$0.00	0.0%
Sewer (3,667 gallons)	\$39.48	\$39.48	\$0.00	0.0%
Electric (winter -750 kWh)*	\$148.58	\$148.58	\$0.00	0.0%
Stormwater (Tier 2)	\$3.89	\$3.89	\$0.00	0.0%
Taxes (\$67,100 AV median)**	\$60.37	\$59.00	-\$1.37	-2.3%
<b>TOTAL</b>	<b>\$288.58</b>	<b>\$287.21</b>	<b>-\$1.37</b>	<b>-0.5%</b>

\*Assumes 1.8% cost to purchase power increase from DEMEC (via RSA)

\*\*Revised from \$68,800 to \$67,100

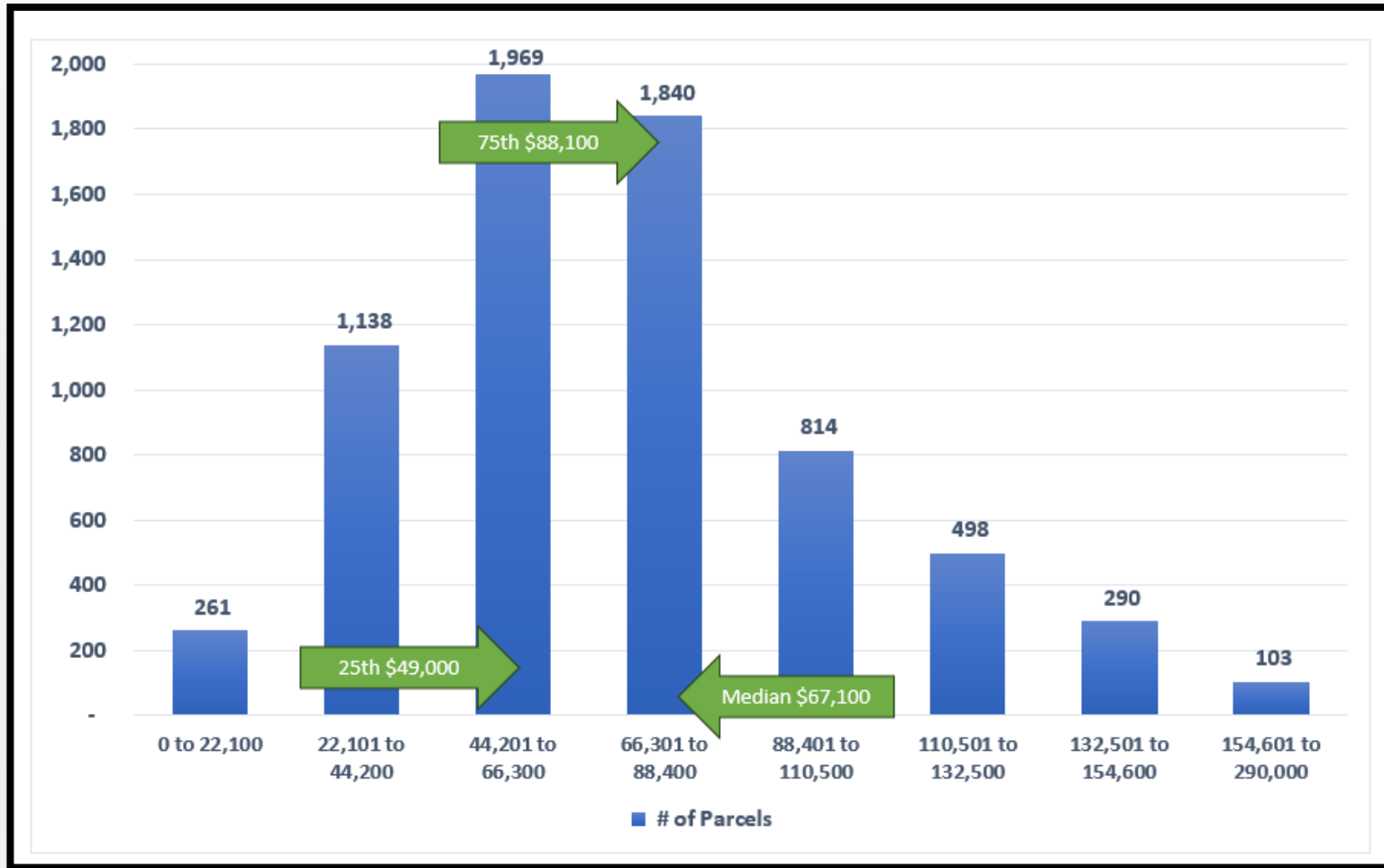
ANNUAL	25-Sep	6-Nov	DIFFERENCE	% DIFF
Water	\$435.12	\$435.12	\$0.00	0.0%
Sewer	\$473.76	\$473.78	\$0.02	0.0%
Electric (winter -750 kWh)*	\$1,782.96	\$1,782.98	\$0.02	0.0%
Stormwater (Tier 2)	\$46.68	\$46.68	\$0.00	0.0%
Taxes (\$67,100 AV median)**	\$724.45	\$707.97	-\$16.47	-2.3%
<b>TOTAL</b>	<b>\$3,462.97</b>	<b>\$3,446.54</b>	<b>-\$16.43</b>	<b>-0.5%</b>

\*Assumes 1.8% cost to purchase power increase from DEMEC (via RSA)

\*\*Revised from \$68,800 to \$67,100

- Proposed tax rate adjustment of 10% was reduced to 7.5%
- Reduced average City cost of services by \$16.43 to the average resident
- No other change
- Electric rate still pending DEMEC Board approval (eta December 2023)

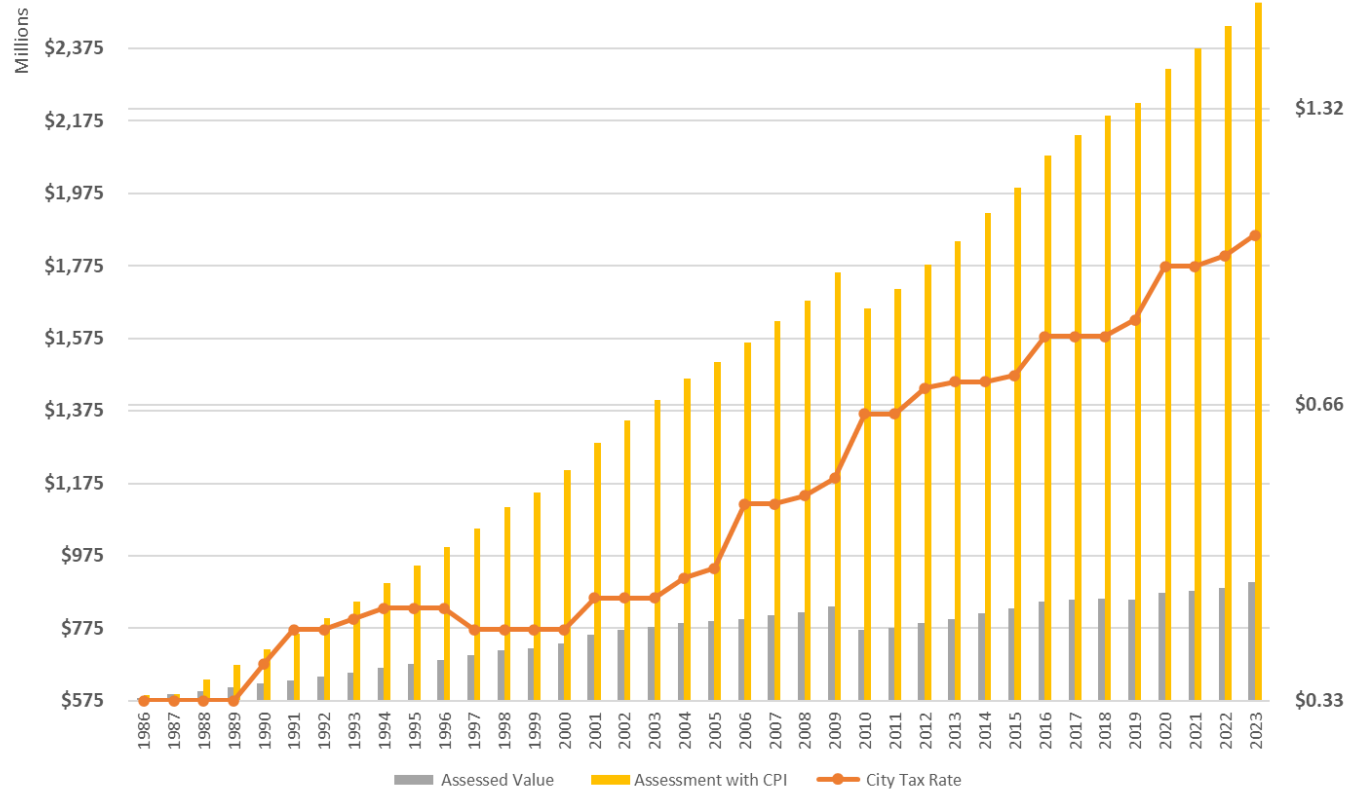
# Revenue – Tax Adjustment by Residential Group



- 98.5% of residential properties have a property assessment of less than \$154,600
- Median Assessment is \$67,100
- Property values are approximately 4.3 times higher than assessed value

# Taxable Property Assessments vs. Tax Rate w/Inflation

City of Newark  
Assessed Taxable Valuation  
Compared to Inflation and the Tax Rate  
1986 - 2023



- Tax rate in 1986 (first year after reassessment) was \$0.33
  - Adjusted for inflation, that would be equal to \$1.78 in 2023
- Adjusting the City's taxable assessment based on inflation, 1986's valuation would be equivalent to \$2.5 billion
  - Increase of 181%
- Table on left shows City's current assessed value in green, estimated assessed value adjusted for inflation in orange, compared to tax rate history over this period
- 1985 tax rate (last year before current assessment) was \$1.13

# Property Taxes

Utility transfers to the Governmental Funds continue into 2024 totaling \$19.8M.

TO	TRANSFER IN
General Fund	\$ 15,769,322
Debt Service Fund	1,375,863
Capital Fund	1,623,200
Self-Insurance Fund	135,000
OPEB	767,000
Internal Services Fund	117,490
<b>Total Transfer to Governmental Funds</b>	<b>\$ 19,787,875</b>

- \$19.8M = Transfer amount is equal to 30,045 homes added to the tax base without increasing the footprint or increasing the services of the City.
- There are only 8,100 taxable parcels in the City for comparison purposes
- Equal to a 242% tax increase (\$3.3567 per \$100 of AV), would be offset by lower utility rates (electric, water, sewer, parking)
- Enterprise transfers have decreased \$530K from the 2023 Approved Operating Budget (2.6%) driven by parking

# City of Newark 2024 Capital Budget Recommendation

# 2024 CIP Requested/Funding Sources:

	2023 BUDGET AS AMENDED	2024		PROPOSED BUDGETS					TOTAL PROPOSED AMOUNTS
		RESERVES AND OTHER FUNDING	CURRENT FUNDING	2024	2025	2026	2027	2028	
ELECTRIC FUND	\$ 15,826,338	\$ 10,661,306	\$ 1,271,974	\$ 11,933,280	\$ 9,825,000	\$ 575,000	\$ 1,323,000	\$ 2,750,000	\$ 26,406,280
WATER FUND	8,302,500	9,904,814	-	9,904,814	26,705,000	4,800,000	3,190,000	3,725,000	48,324,814
SEWER FUND	1,136,000	2,136,000	-	2,136,000	1,625,000	1,050,000	1,000,000	1,000,000	6,811,000
STORMWATER FUND	1,080,834	989,057	-	989,057	1,275,000	1,175,000	1,685,000	1,125,000	6,249,057
PUBLIC WORKS DEPARTMENT - CAPITAL PROJECT FUND DIVISIONS	2,601,243	1,601,207	1,155,000	2,756,207	2,650,000	2,735,000	2,835,000	2,870,000	13,846,207
POLICE DEPARTMENT - CAPITAL PROJECT FUND	167,732	270,589	53,200	323,789	169,426	376,927	418,437	48,492	1,337,071
PARKS AND RECREATION DEPARTMENT - CAPITAL PROJECT FUND	1,122,762	1,823,900	475,000	2,298,900	494,632	698,468	535,000	360,000	4,387,000
PARKING FUND	262,792	200,000	97,858	297,858	22,858	82,858	324,858	222,858	951,290
FINANCE DEPARTMENT - CAPITAL PROJECT FUND	-	35,000	-	35,000	-	-	-	-	35,000
INFORMATION TECHNOLOGY DIVISION - CAPITAL PROJECT FUND	1,019,817	267,630	-	267,630	101,500	85,000	40,000	40,000	534,130
MAINTENANCE FUND	3,440,640	791,430	117,490	908,920	300,000	2,070,000	-	50,000	3,328,920
OTHER DEPARTMENTS/DIVISIONS	854,898	131,626	-	131,626	50,000	50,000	50,000	50,000	331,626
<b>GROSS CAPITAL IMPROVEMENTS</b>	<b>\$ 35,815,556</b>	<b>\$ 28,812,559</b>	<b>\$ 3,170,522</b>	<b>\$ 31,983,081</b>	<b>\$ 43,218,416</b>	<b>\$ 13,698,253</b>	<b>\$ 11,401,295</b>	<b>\$ 12,241,350</b>	<b>\$ 112,542,395</b>
<b>PLANNED FINANCING SOURCES</b>									
GROSS CAPITAL IMPROVEMENTS	\$ 35,815,556	\$ 28,812,559	\$ 3,170,522	\$ 31,983,081	\$ 43,218,416	\$ 13,698,253	\$ 11,401,295	\$ 12,241,350	\$ 112,542,395
LESS: USE OF RESERVES	(1,505,435)	(3,284,516)	-	(3,284,516)	(1,532)	-	(250,000)	(200,000)	(3,736,048)
VEHICLE & EQUIPMENT REPLACEMENT	(385,105)	(100,984)	-	(100,984)	(1,006,014)	(684,775)	(1,190,973)	(837,687)	(3,820,433)
GRANTS	(6,476,331)	(4,816,794)	-	(4,816,794)	(716,483)	(2,614,883)	(540,883)	(540,883)	(9,229,926)
BOND ISSUES	(256,000)	-	-	-	-	-	-	-	-
STATE REVOLVING LOANS	(2,310,000)	(6,977,032)	-	(6,977,032)	(26,720,000)	(6,440,000)	(5,000,000)	(5,000,000)	(50,137,032)
AMERICAN RESCUE PLAN ACT	(7,282,040)	(5,111,899)	-	(5,111,899)	-	-	-	-	(5,111,899)
OTHER FINANCING SOURCES	(13,495,416)	(8,521,334)	-	(8,521,334)	(8,910,000)	(210,000)	(210,000)	(210,000)	(18,061,334)
<b>NET CAPITAL IMPROVEMENTS</b>	<b>\$ 4,105,229</b>	<b>\$ -</b>	<b>\$ 3,170,522</b>	<b>\$ 3,170,522</b>	<b>\$ 5,864,387</b>	<b>\$ 3,748,595</b>	<b>\$ 4,209,439</b>	<b>\$ 5,452,780</b>	<b>\$ 22,445,723</b>

# Council Action

- Approve 2024 Budget (Operating and Capital Improvement Program)
- Rate/Fee changes require an ordinance and will be included in forthcoming legislation:
  - Sewer/Water Volumetric and Customer Charge Adjustments
  - Parking Rate adjustments
  - Rental Permit and other Fee adjustments
- Tax Rate: Change to \$1.0551 per \$100 of assessed value (7.5% increase)
- K2401 – Trail Phone Upgrade (\$400,000 – asking for grant funding). Estimate includes materials only. Labor TBD.
- Lobbyist Direction
  - Potential Charter Amendments
    - Student Fee
    - Rental Gross Receipts Tax
    - Events Tax

# Conclusion / Questions

