

FY2025 Budget Overview

August 19, 2024

TIMELINE

Date	Title	Notes
Monday, August 19, 2024	Budget Overview	Council Direction given for: Overview
Monday, August 26, 2024	Department Budget Hearing #1	Council Direction given for: Parks and Recreation, Electric, Administration
Monday, September 9, 2024	Department Budget Hearing #2	Council Direction given for: Legislative, Alderman Court, PWWR
Monday, September 16, 2024	Department Budget Hearing #3	Council Direction given for: Finance, Police, Planning
Monday, October 7, 2024	Financial Workshop	
Tuesday, October 15, 2024	Planning Commission Review of CIP	
Monday, November 4, 2024	Budget Hearing #1	
Monday, November 18, 2024	Budget Hearing #2 (if needed)	
Monday, November 25, 2024	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 2025 budget process
- The financial information to be presented over the next month are included in this budget overview
- Final budget draft will be provided at the Financial Workshop on October 7

BUDGET CENTRAL

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Budget Central



Welcome to the primary resource center for the 2025 budget process of the City of Newark. We've created this hub to serve our Mayor, Council, staff, and the esteemed residents of Newark, providing an easily accessible and comprehensive collection of relevant budget data.

For a historical perspective, links to Budget Central information from past years are conveniently located on the left side of the page.

We deeply value your ongoing participation and interest in the city's budget process. Should you have any queries or suggestions, please don't hesitate to contact the City directly at (302) 366-7000. Our dedicated team is here to assist you.

- Budget Central is the repository for all budget documents
- All presentations and handouts will be available in digital form on www.newarkde.gov/budget

2024 TO DO LIST UPDATE

- Impact Fees/Capital Recovery Charges:
 - Fire protection fee (0.5% of building permit value < \$1MM) – collected \$249,570 as of August 12th
 - Water, Sewer and Electric - Consultant completed study. Bringing back to Council by October
- Electric rate study - Completed. Bringing back to Council by end of the year
- Development fees – Project will be handled in house between Planning and PWWR
- Credit Card Fees – Implemented for taxes, permits, and parks/recreation programs. UD now paying by check
- PILOT – Received \$2M in PILOT funding in 2024, increase of \$1.55M from 2023
 - PILOT statewide committee developed
- Emergency Management Consultant RFP – Issued and closes on August 27
- FY2025 State Bond Bill - \$1.5 million through the Community Redevelopment Fund (CRF)

2024 BUDGET – REVENUE OVERVIEW

- **REVENUE BUDGET OF \$114.9 MILLION**
 - \$3.3 million more than the 2023 Approved Operating Budget (\$111.6 million)
 - April YTD activity compared to the 2024 Approved Operating Budget. Key indicators:
 - Utilities: (overperforming by \$285,500/+0.3%) due to weather
 - Tax Revenue: property taxes, transfer tax, lodging, franchise fees (overperforming by \$32,600/0.3%)
 - Permits: (underperforming by -\$281,000/8.8%)
 - Parking (meeting budget expectations)
 - Interest earnings: (overperforming by \$591,000/29.6%)
 - Through April 2024, overall revenue expectations are \$638,000 above the Approved Operating Budget

2024 BUDGET – EXPENSE OVERVIEW

- **EXPENSE BUDGET OF \$114.9 MILLION**

- \$3.3 million more than the 2023 Approved Operating Budget (\$111.6 million)
- April YTD activity compared to the 2024 Approved Operating Budget are \$1.2 million below expectations (positive variance):
 - Utility purchases:
 - Electric purchases under budget by \$158K
 - Sewer purchases over budget by \$175,000
 - Personnel Services are \$773,000 under budget
 - Debt Service is \$730,000 under budget
 - Materials/Supplies, Contractual Services, Debt Service, Other are \$176,000 under budget

Factoring in both revenue and expenditure performance through April, the City is a collective \$2.6 million ahead of budgetary expectations (subject to change as the year progresses). Balance will decline as union negotiations are completed.

CONSTRUCTION PROJECTS – UD/STAR CAMPUS

- **University of Delaware**

- Building X/McKinley Lab Replacement – Construction underway due for completion in October
- East Campus Utility – Construction underway
- Softball Field Renovation – Construction underway
- Laird Campus Christiana Towers Site Demolition – Lines and Grades review (demolition not scheduled)
- UD Ice Arena Refrigeration – Lines and Grades Review

- **STAR Campus**

- Project Blackhawk – Construction underway
- FinTech Building Fit-Out – Construction underway
- 502 South College Avenue, BPG Apartments – Lines and Grades review

CONSTRUCTION PROJECTS – COMPLETED/UNDER CONSTRUCTION

- The Grove (fka College Square) – Construction underway, building permits issued for all buildings
- Mill at White Clay/(600/643 Creekview) – Construction underway
- Briarcreek North – Construction underway
- 262 South College Avenue, Chabad House – Construction underway
- 268 East Main Street – Temporary Certificates of Occupancy issued (SuperOne/The Nest)
- 302 Markus Court – Construction underway (Sandy Brae Industrial Park)
- 320 Markus Court – Construction in final stages (Sandy Brae Industrial Park)
- 132-136 East Main Street – Construction underway (Danneman Project)
- Newark Charter High School addition – C/O process underway
- Fountainview renovations – Construction underway; inspections being scheduled for Certificates of Occupancy
- 1 North Twin Lakes Drive – Building permits issued
- 10-16 Benny Street – Certificates of Occupancy issued

CONSTRUCTION PROJECTS – IN REVIEW PROCESS (ACTIVE)

► CIP/Lines and Grades/Permit review

- 62 North Chapel Street
- 65 South Chapel Street
- 532 Old Barksdale Road
- 1119 South College Avenue
- 1115 South College Avenue
- 1365 Marrows Road
- Newark Free Library
- George Read Village
- 25 North Chapel Street
- 30 South Chapel Street
- 125 Sandy Drive

► Subdivision review

- 339, 341 and 349 East Main Street
- 1105 Elkton Road
- 55 Benny Street
- 515 Capitol Trail
- 141 East Main Street
- 1110 South College Avenue
- 1050 South College Avenue
- 55 and 67 West Cleveland Avenue and 46, 52 and 54 Church Street
- 711 Barksdale Road
- 136 and 160 South Main Street
- 124 East Main Street
- 73 West Delaware Avenue
- 87 South Chapel Street
- 261 and 263 South Chapel Street
- 118, 120, 126 and 129 Lovett Avenue

2024/2025 CHALLENGES

- Supplies/Equipment
 - Inflation year-over-year has been steady, but prices remain high
 - Consumer Price Index was 3.6% for June, has ranged between 3.1% and 4.1% over last 12 months
 - Fuel prices for fleet are down 10% compared to June 2023, offset by take-home program for police
 - Cost of critical utility infrastructure materials are still extremely high, long lead times – no change
 - Utilities continue to seek out critical components from each other due to supply issues
 - Vehicle availability has improved, but cost and lead times have not declined
 - City's cost increases for materials have been consistently higher than CPI
- Information Technology (Cyber security, infrastructure, software, cameras, fiber, body cameras)
 - Some IT needs are being met with grant funding from State, Federal sources – will have to carry expenses in the future
 - Body cameras/tasers/dash cameras are an annual expense paid by the City (new contract \$3.9 million/ten years)
- Water utility PFAS regulatory compliance costs

2024/2025 CHALLENGES – CONT'D

- Personnel

- Employee retention is primary focus
 - Implemented “stay” interviews
 - Competitive wages and benefits, healthy work environment
 - FOP - Contract extended through June 30, 2025
 - AFSCME 3919 - Three-year agreement finalized (electric, mechanics, water plant operators), added back pension plan
 - CWA – Contract expired December 31, 2023, still in negotiations
 - AFSCME 1670 - Beginning negotiations (contract expires December 31)
- New Positions (3.5) requested in 2025 to address gaps, balance workload, and maintain existing levels of service in PWWR and Police (speed cameras)
- Cost of employee health care has increased annually
 - City’s actual renewal experience has been far less than the State

YEAR	NEW HIRES
2019	98
2020	39
2021	82
2022	125
2023	117
2024 (8/7)	72

2024/2025 CHALLENGES – CONT'D

■ Utilities (through April 2024)

- 2024 utility volume fell within 1% of 2023 (Table 1)
- Revenue is up compared to 2023 due to rate/customer charge adjustments (Table 1)
- 2024 utility volume overall is down except for sewer (mild winter) compared to budget (Table 2)
- 2024 utility revenue has exceeded budget expectations in water and sewer, not electric (Table 2)
- **Electric**
 - New substations: \$37 million estimated cost – Still in planning and design phase
 - Indian River Reliability Must Run (RMR) – Ending earlier than planned

TABLE 1. 2023YTD versus 2024YTD

REVENUE	2023 YTD	2024 YTD	Revenue Change From 2023YTD	% Difference
Electric (gross)	\$17,652,307	\$18,481,559	↑ \$829,252	4.7%
Water	\$3,060,959	\$3,250,766	↑ \$189,807	6.2%
Sewer	\$2,756,396	\$2,770,050	↑ \$13,654	0.5%
Gross Utility Revenue	\$23,469,662	\$24,502,375	↑ \$1,032,713	4.4%
VOLUME	2023 YTD	2024 YTD	Change from	% Difference
Electric (kWh)	125,833,615	127,118,852	↑ 1,285,237	1.0%
Water (1,000 gallons)	301,897	300,225	↓ (1,672)	-0.6%
Sewer (1,000 gallons)	261,113	264,415	↑ 3,302	1.3%

TABLE 2. 2024YTD versus 2024 BUDGET

REVENUE	2024 BUDGET	2024 YTD	Revenue Change From 2023YTD	% Difference
Electric (gross)	\$19,780,103	\$18,481,559	↓ -\$1,298,544	-6.6%
Water	\$3,177,150	\$3,250,766	↑ \$73,616	2.3%
Sewer	\$2,732,000	\$2,770,050	↑ \$38,050	1.4%
Gross Utility Revenue	\$25,689,253	\$24,502,375	↓ -\$1,186,878	-4.6%
VOLUME	2024 BUDGET	2024 YTD	Volumetric Change from 2023YTD	% Difference
Electric (kWh)	131,076,986	127,118,852	↓ (3,958,134)	-3.0%
Water (1,000 gallons)	303,134	300,225	↓ (2,909)	-1.0%
Sewer (1,000 gallons)	256,195	264,415	↑ 8,220	3.2%

2024/2025 CHALLENGES – CONT'D

- **Utilities (through April 2024)**
 - **Sewer** – Rising cost to treat sewage through New Castle County (est. \$850,000 annual increase)
 - **Water** – PFAS regulatory compliance cost
 - Ongoing operating cost of new PFAS treatment at South Well Field of roughly \$300,000/year (will have a better estimate end of 2024)
 - Capital costs covered with ARPA and SRL principal forgiveness
 - New regulations will also require treatment at Curtis WTP
 - Anticipated capital cost of \$25,000,000 and annual operating expense of roughly \$1,800,000 (\$1.2M debt service/\$600K operating)
 - Combined debt service and operating expense may exceed \$2,100,000 per year (a 21% rate increase)

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2024/2025 CHALLENGES – CONT'D

- Parking activity – largely meeting 2024 projections, but has not recovered to pre-pandemic levels due to changes in consumer behavior, new parking rates, DART Connect, and commercial vacancies on Main Street
 - Anticipate losing some off-street parking inventory due to development activity
 - Redevelopment of 134 East Main will reduce Lot 4 by 19 spaces permanently and construction has reduced traffic in the lot
 - Hyatt Place reduced Lot 3 by 80 spaces and private parking garage provides additional competition
 - Redevelopment of 141 East Main will eliminate Lot 7 (72 spaces)
- Projected Property tax growth: 3.7% in 2025 – derived from 7.5% property tax increase in 2024
 - Assessment growth is generally 0.5% or less annually – depending on new construction
 - Reassessment – New assessment figures expected March 2025
 - City will adjust tax rate to be revenue-neutral based on approved budget
- Increasing cost of borrowing – Federal Fund Rate is 5.33%, highest since 2007

2025 Budget is based on Departmental submissions:

- Table to right displays budget at summary level
- Standard part in annual budget process
- Next slides will go through each section individually

	* as amended	* as amended	** as proposed		
	2023	2024	2025	% FROM	\$ FROM
	* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
Revenue/Other Funding Sources					
Utility Sales	\$ 84,031,975	\$ 85,132,051	\$ 92,645,350	8.8%	\$ 7,513,299
Real Estate and Other Taxes	11,208,500	12,018,125	12,412,500	3.3%	394,375
Fees for Service	12,841,063	12,975,824	12,932,456	-0.3%	(43,368)
Intergovernmental Revenue	2,303,736	2,041,777	1,952,105	-4.4%	(89,672)
Other Revenue	1,120,600	2,661,381	2,750,100	3.3%	88,719
Appropriation of Prior Year Reserves	60,000	34,670	-	-100.0%	(34,670)
Total Operating Revenue	\$ 111,565,874	\$ 114,863,828	\$ 122,692,511	6.8%	\$ 7,828,683
Expenditures					
Personnel Services	\$ 39,480,061	\$ 41,434,426	\$ 44,748,505	8.0%	\$ 3,314,079
Utility Purchases	44,417,788	44,678,500	50,533,363	13.1%	5,854,863
Materials and Supplies	3,069,587	3,040,423	3,090,848	1.7%	50,425
Contractual Services	12,716,460	13,525,172	14,456,919	6.9%	931,747
Equipment Depreciation	1,925,340	2,110,952	2,109,580	-0.1%	(1,372)
Debt Service	4,472,652	4,939,941	4,810,198	-2.6%	(129,743)
Other Expenses	1,358,983	1,533,653	1,565,475	2.1%	31,822
Total Operating Expenses	\$ 107,440,871	\$ 111,263,067	\$ 121,314,888	9.0%	\$ 10,051,821
Capital Improvements					
Gross Capital Improvements	\$ 35,482,886	\$ 31,983,081	\$ 30,762,080	-3.8%	\$ (1,221,001)
Less: Use of Reserves	(1,435,435)	(3,284,516)	(2,165,764)	-34.1%	1,118,752
Equipment Replacement	(385,105)	(100,984)	(987,255)	877.6%	(886,271)
Grants	(5,926,331)	(4,816,794)	(1,302,194)	-73.0%	3,514,600
Bond Issues	(606,000)	-	-	0.0%	-
State Revolving Loans	(2,310,000)	(6,977,032)	(7,938,609)	13.8%	(961,577)
American Rescue Plan Act	(7,219,370)	(5,111,899)	-	-100.0%	5,111,899
Other Sources	(13,495,416)	(8,521,334)	(13,597,414)	59.6%	(5,076,080)
Net Capital Improvements	\$ 4,105,229	\$ 3,170,522	\$ 4,770,844	50.5%	\$ 1,600,322
Net Current Surplus/(Deficit)	\$ 19,774	\$ 430,239	\$ (3,393,221)	-888.7%	\$ (3,823,460)
TOTAL EXPENDITURES AND SURPLUS	\$ 111,565,874	\$ 114,863,828	\$ 122,692,511	6.8%	\$ 7,828,683

BUDGET OVERVIEW

REVENUE OVERVIEW

	* as amended	* as amended	** as proposed		
REVENUE	2023 * BUDGET	2024 * BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
Utility Sales	\$ 84,031,975	\$ 85,132,051	\$ 92,645,350	8.8%	\$ 7,513,299
Real Estate and Other Taxes	11,208,500	12,018,125	12,412,500	3.3%	394,375
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Intergovernmental Revenue	2,303,736	2,041,777	1,952,105	-4.4%	(89,672)
Other Revenue	1,120,600	2,661,381	2,750,100	3.3%	88,719
Appropriation of Prior Year Reserves	60,000	34,670	-	-100.0%	(34,670)
Total Operating Revenue	\$ 111,565,874	\$ 114,863,828	\$ 122,692,511	6.8%	\$ 7,828,683

Total Operating revenue is estimated to be \$7.8 million (6.8%) more than the 2024 Budget (detail contained on following slides)

REVENUE OVERVIEW – CONT'D

* as amended	* as amended	** as proposed		
2023	2024	2025	% FROM	\$ FROM
* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
\$ 84,031,975	\$ 85,132,051	\$ 92,645,350	8.8%	\$ 7,513,299

- **Utility Sales (\$7.5M)**
 - Electric: \$69.3M (+\$6.7M, 10.77% change)
 - Assumes DEMEC wholesale increase 6%. UD wholesale change of 26% on 6/1/25 (volumetric sales)
 - Water: \$10.1M (-\$100K, -1%)
 - Sewer: \$9.5M (+\$852K, +9.9%)
 - Stormwater: \$2.5M (no change)
 - Revenue is based on current activity
 - Sewer increase due to New Castle County contract (pending approval)
 - Customer charges have reduced the reliance on volumetric sales
 - Continue to adjust customer charges to account for new debt service

REVENUE OVERVIEW – CONT'D

* as amended	* as amended	** as proposed		
2023	2024	2025	% FROM	\$ FROM
* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
\$ 11,208,500	\$ 12,018,125	\$ 12,412,500	3.3%	\$ 394,375

■ Taxes (\$394K):

- Lodging tax: \$770K (increase of \$55,000)
 - Rodeway through March 2025, Red Roof Inn through December 2025
- Real Estate Transfer Tax: \$1.65M (no change)
 - Small number of large property transactions over \$1 million are assumed
- Property Tax: \$9.625M (+\$339K, +3.7%)
- Franchise Tax: \$300K (no change)
 - Fees received from Comcast and Verizon directly linked to sales activity

Reassessment Projection (2025+)

AN EXAMPLE WHAT THE CITY'S NEW TAX RATE WOULD LOOK LIKE POST-REASSESSMENT

- City's taxable assessment as of July 1, 2024, was \$913,453,860
- Tax rate is \$1.0551 per \$100 of assessed value
- Open-record sales indicated that properties sold 4.3 times their assessed value on average between 2021-2023
- There were outliers.
 - Assuming this were to hold true after the County reassessment:

Total City of Newark Taxable Assessment			
	Assessment	Tax Rate	City Revenue
Current Tax Rate Method	\$913,453,860	\$1.0551	\$9,637,852
Revised Tax Rate Method	\$3,927,851,598	\$0.2454	\$9,637,852
Change from Current:	\$3,014,397,738	-\$0.8097	\$0

Sample Home				
Percentile	Current Assessed Value	New Assessed Value	Current Tax Bill	New Tax Bill
25th	\$53,000	\$227,900	\$559.20	\$559.20
50th (median)	\$68,800	\$295,840	\$725.91	\$725.91
75th	\$89,800	\$386,140	\$947.48	\$947.48

- City will adjust the tax rate downward by the same amount the assessed value was increased by the County
- No overall change, but some properties could pay more or less, depending on if their home grew in value greater than others
- Council will need to pass legislation after the 2025 budget is passed to reset the tax rate**

REVENUE OVERVIEW – CONT'D

* as amended	* as amended	** as proposed		
2023	2024	2025	% FROM	\$ FROM
* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
\$ 12,841,063	\$ 12,975,824	\$ 12,932,456	-0.3%	\$ (43,368)

■ Fees for Service (-\$43K):

- Alderman Court: \$2M (-\$80K, -3.8%)
- Parks and Recreation: \$868K (+\$73K, 9.1%) *\$50K cash-in-lieu of trees*
- Parking: \$3.36M (-\$4K)
- Permits and Licenses: \$2.9M (-\$36.5K, 1.1% decrease)
- Internal Services: \$3.3M (+\$6,350, +0.2%)
- Estimates are conservatively projected for 2025, based on current trends, no fee changes included

REVENUE OVERVIEW – CONT'D

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REVENUE	2023 * BUDGET	2024 * BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
Intergovernmental Revenue	\$ 2,303,736	\$ 2,041,777	\$ 1,952,105	-4.4%	\$ (89,672)
Other Revenue	1,120,600	2,661,381	2,750,100	3.3%	88,719
Appropriation of Prior year Reserves	60,000	34,670	-	-100.0%	(34,670)

- **Intergovernmental Revenue (-\$90K):**

- Estimated UD Subvention: \$640,406 (offset by \$18,653 decrease to electric customer charge per ESA terms)
- Includes \$450K in PILOT funds from the State – assumes City will need to work with task force for permanent solution
- School Resource Officer: \$210,000 (Christina School District – pending approval)

- **Other Revenue (\$89K):**

- Includes Interest Income, Miscellaneous Revenue and Reimbursable Overtime
 - Change due to interest income projections

OPERATING EXPENDITURE OVERVIEW

	* as amended	* as amended	** as proposed		
OPERATING EXPENSES	2023 * BUDGET	2024 * BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
Personnel Services	\$ 39,480,061	\$ 41,434,426	\$ 44,748,505	8.0%	\$ 3,314,079
Utility Purchases	44,417,788	44,678,500	50,533,363	13.1%	5,854,863
Materials and Supplies	3,069,587	3,040,423	3,090,848	1.7%	50,425
Contractual Services	12,716,460	13,525,172	14,456,919	6.9%	931,747
Equipment Depreciation	1,925,340	2,110,952	2,109,580	-0.1%	(1,372)
Debt Service	4,472,652	4,939,941	4,810,198	-2.6%	(129,743)
Other Expenses	1,358,983	1,533,653	1,565,475	2.1%	31,822
TOTAL OPERATING EXPENDITURES	\$ 107,440,871	\$ 111,263,067	\$ 121,314,888	9.0%	\$ 10,051,821

\$95.3M (78.6%) of 2025 Budget is comprised of personnel costs and utility purchases

- Personnel costs (Payroll, retirement plans, OPEB, healthcare): \$44.7M/36.9%
- Utility expenses (Electric – DEMEC/Sewer – New Castle County): \$50.5M/41.7%

Total Operating expenses are estimated to be \$10.1M (9%) over 2024
(detail contained on following slides)

OPERATING EXPENDITURE OVERVIEW - PERSONNEL SERVICES

* as amended	* as amended	** as proposed		
2023	2024	2025	% FROM	\$ FROM
* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
\$ 39,480,061	\$ 41,434,426	\$ 44,748,505	8.0%	\$ 3,314,079

■ Personnel Services:

- \$250,000: 3.5 new positions requested to be explained during departmental hearings
- \$653,800: health insurance premiums (increase assumption of 11%) – including new positions
- \$567,170: other benefits (+8.6%)
- \$1,100,000: Cost of contractually obligated COLAs CWA, FOP and AFSCME. Management COLA will be approved by Council within the budget. AFSCME 1670 and CWA TBD.
- \$480,000: Pension contribution (\$4.4M) and Defined Contribution Plan for non-pensioned employees (\$791K)
- \$1,000,000 OPEB contribution – no change from 2024
- \$165,000: Retiree Health Insurance (\$930K)
- \$104,000: Delaware Paid Leave Plan – new item per State

OPERATING EXPENDITURE OVERVIEW - UTILITY PURCHASES

- **Utility Purchases increase of \$5.8M due to:**

- Electric: \$44.3M (+\$5.0M):
 - Timing of commercial projects are resulting in lower purchase projections
 - Sale of Fraunhauser to UD, Courtyard Apartments move to ESA
 - UD usage has increased more than non-UD usage
 - New projects will help as they come online
 - Wholesale power pricing in 2024 estimated to increase at least 6% (2025 DEMEC estimate as of August 13, 2024)
 - UD rate is expected to increase 26% June 2025
- Sewer: \$6.25M (\$850,000 increase from 2024)
 - Purchases from New Castle County assume no rate change on July 1, 2025
 - Increase is based on current sewer volume activity only
 - Assumes new sewer contract with New Castle County

* as amended	* as amended	** as proposed		
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* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
\$ 44,417,788	\$ 44,678,500	\$ 50,533,363	13.1%	\$ 5,854,863

OPERATING EXPENDITURE OVERVIEW - OTHER

Materials/Supplies (+\$50K)

- \$30K increase for stormwater maintenance
- \$44K: Line/Station Maintenance (water/electric)
- \$44K: water meters
- \$10K: mailroom postage
- \$10K: treatment plant chemicals
- \$44K reduction for one-time purchases in 2024, other reductions across departments

	* as amended	* as amended	** as proposed		
OTHER OPERATING EXPENSES	2023 * BUDGET	2024 * BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
Materials and Supplies	\$ 3,069,587	\$ 3,040,423	\$ 3,090,848	1.7%	\$ 50,425
Contractual Services	12,716,460	13,525,172	14,456,919	6.9%	931,747
Equipment Depreciation	1,925,340	2,110,952	2,109,580	-0.1%	(1,372)
Debt Service	4,472,652	4,939,941	4,810,198	-2.6%	(129,743)
Other Expenses	1,358,983	1,533,653	1,565,475	2.1%	31,822
	\$ 23,543,022	\$ 25,150,141	\$ 26,033,020	3.51%	\$ 882,879

Other Expenses (+\$31K):

- \$11.1K increase to Aetna subvention for utilities
- \$28.8K increase for recruitment/retention expenses
- \$75K for The Newark Partnership, \$100K CAC, \$350K for Aetna (includes permit fees) - no changes
- \$4.4K increase in training and continuing education
- \$19.4K reduction in bad debt expenses
- \$7.0K increase in Stormwater Fees

OPERATING EXPENDITURE OVERVIEW - OTHER

Contractual Services (\$931K)

- \$480K: IT Contractual (budget of \$1.6M) 41% increase due to Axon and EPL
- \$161K: Insurance Premiums (\$1,353,300, 13.5% increase)
- -\$301K: Merchant/bank Fees (\$1,080,715)
- \$173K: Workers' Compensation Insurance (\$873K – 25% increase)

	* as amended	* as amended	** as proposed		
OTHER OPERATING EXPENSES	2023 * BUDGET	2024 * BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
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	\$ 23,543,022	\$ 25,150,141	\$ 26,033,020	3.51%	\$ 882,879

Equipment Depreciation (no change):

- Funds the City's equipment replacement program for equipment that is not leased

OPERATING EXPENDITURE OVERVIEW - DEBT SERVICE

- 2025 Debt Service decreases \$130K when compared to 2024.
- Leasing of equipment/vehicles vs. purchasing smooths budget impact.

DEBT	ENDING DATE	* as amended 2024 * BUDGET	** as proposed 2025 ** BUDGET	\$ FROM 2024 BUDGET	COMMENTS
Smart Meters	1/1/2028	703,350	703,350	-	Bank of America
Fiber Lease	8/5/2027	49,255	49,255	-	
Office Equipment		50,477	50,477	-	Canon Copier Leases
IT Lease		50,000	50,000	-	
ESCO	8/12/2040	512,188	514,617	2,429	2.345%, 20 year term, offset by other revenue, energy savings.
2022 Prior Vehicle/Equipment Leases		303,523	115,419	(188,104)	
2023 Master Vehicle/Equipment Leases		511,441	241,362	(270,079)	BOA (First Draw): 25 Vehicles
2024 Master Vehicle/Equipment Leases		185,093	402,971	217,878	
2025 Master Vehicle/Equipment Leases		-	179,733	179,733	1 payment (522, 305, 714, 746, 934, 939, 1531); 2 payments (918, 924, 935, 977, 980-984)
New Substation (\$12M/\$28M)	8/7/1905	730,000	730,000	-	Acquisition of materials to construct second substation. Thirty year obligation.
Total:		\$ 3,095,327	\$ 3,037,184	\$ (58,143)	

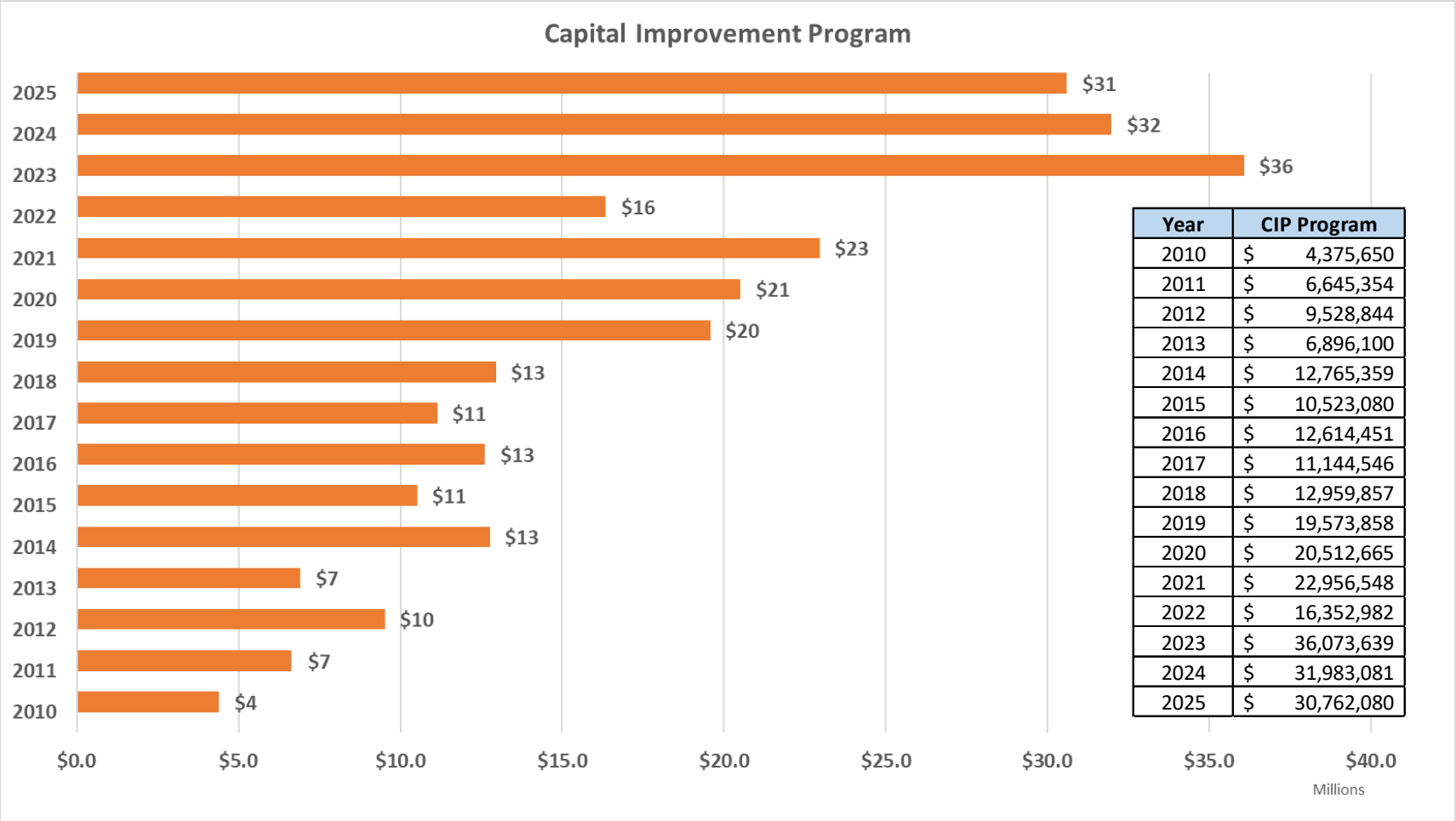
ESTIMATED DEBT FROM REFERENDUM	ENDING DATE	* as amended 2024 * BUDGET	** as proposed 2025 ** BUDGET	\$ FROM 2024 BUDGET	COMMENTS
Rodney Stormwater Park		613,275	613,275	-	Project completed 2021.
Sanitary Sewer Repairs		289,254	220,828	(68,426)	Phase 1 - \$1.3mm completed in 2021. Phase 2 underway.
Emerging Contaminants WTP Upgrades		31,000	10,000	(21,000)	Payback starting in late 2024. Loan forgiveness up to \$1,600,000. Potential to have \$0 balance for payback even with generator change order. Change order pending and lead time may push to late 2025, but likely to remain under forgiveness umbrella. Cut to \$10,000 on the chance that we go over forgiveness amount and stick with the loan.
Air Stripper Replacement - South Well Field		277,160	277,160	-	\$4mm completed in 2021, project complete. P&I on all \$4mm for 2022.
Water Tank Maintenance		50,000	50,000	-	Roughly \$1mm project to be complete in 2024. Total spend will be around \$1.5mm. Debt forgiveness of \$674,112 at the end of the project. Total project loan is for \$2,250,000.
Water SCADA System		63,000	86,101	23,101	Budget P&I for \$550,000 in 2024 - project complete.
Laird Tract Well Field Restoration		40,000	70,000	30,000	P&I for half of 2025. Full year approx \$140,000
Water Main Replacement Program		203,525	176,566	(26,959)	Phase 1 and 2 completed.
General Fund Projects		277,400	269,084	(8,316)	2018 Referendum General Fund Projects.
Referendum Payments Total:		\$ 1,844,614	\$ 1,773,014	\$ (71,600)	
Budgeted Debt Service:		\$ 4,939,941	\$ 4,810,198	\$ (129,743)	

OPERATING EXPENDITURE OVERVIEW - CAPITAL IMPROVEMENTS

	* as amended	* as amended	** as proposed		
	2023	2024	2025	% FROM	\$ FROM
CAPITAL IMPROVEMENTS	* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
Gross Capital Improvements	\$ 35,482,886	\$ 31,983,081	\$ 30,762,080	-3.8%	\$ (1,221,001)
Less: Use of Reserves	(1,435,435)	(3,284,516)	(2,165,764)	-34.1%	1,118,752
Equipment Replacement	(385,105)	(100,984)	(987,255)	877.6%	(886,271)
Grants	(5,926,331)	(4,816,794)	(1,302,194)	-73.0%	3,514,600
Bond Issues	(606,000)	-	-	0.0%	-
State Revolving Loans	(2,310,000)	(6,977,032)	(7,938,609)	13.8%	(961,577)
American Rescue Plan Act	(7,219,370)	(5,111,899)	-	-100.0%	5,111,899
Other Sources	(13,495,416)	(8,521,334)	(13,597,414)	59.6%	(5,076,080)
Net Capital Improvements	\$ 4,105,229	\$ 3,170,522	\$ 4,770,844	50.5%	\$ 1,600,322

- The Gross CIP Budget decreased \$1.2 million to \$30.8 million.
- Net CIP Budget increased by \$1.6 million. This represents the portion of the capital budget that would need to be supported by current revenues (taxes, fees, etc.)
- Use of reserves (including equipment) increased \$232K (\$1.18M - \$886K) compared to 2024.
- \$13.6 Million budget under “Other Sources” is comprised of a \$13.4M loan through DEMEC to fund the Substation project.

2010 TO 2025 CIP HISTORY



- Overall trend in capital spending continues
- Addresses historic deferred maintenance of infrastructure, especially in utilities
- Meets new requirements for drinking water

2025 TOP TEN NOTABLE PROJECTS (2025-2029 CIP)

- E2002 - New Substation: \$37,000,000 [\$37,785,200 Project Total with \$20,785,200 approved in 2024, \$20,000,000 C/O to 2025]
- W2401 - Curtis Water Treatment Plant - PFAS Removal: \$25,000,000 [\$25M Project Total with \$1M approved in 2024, \$1M carryover to 2025]
- H2501 - Annual Street Program: \$11,280,336
- W9308 - Water Main Replacement Program: \$8,400,000
- S0904 - Sanitary Sewer Study and Repairs: \$5,150,000 [\$6,211,000 Project Total with \$1,061,000 expected to be spent in 2024]
- W2302 - New Elevated Water Storage Tank: \$5,000,000
- W2304 - Lead Water Service Line (LSL) Assessment and Remediation: \$1,826,000 [\$2.62M Project Total with \$800K expected to be spent in 2024]
- Q1301 - Storm Drainage Improvements: \$3,140,584 [\$3.1M Project Total with \$588K approved in 2024, \$588K carryover to 2025]
- N2303 - Field Operations Complex Wash Basin: \$2,300,000
- Q2201 - Outfall and City Owned SWM Facility Repair: \$2,250,000 [\$2.4M Project Total with \$166K expected to be spent in 2024]

2025 BUDGET OVERVIEW

- Total revenues are up 6.8%
- Total operating expenditures are up 9%
- Assumes \$450K PILOT in 2025
- Assumes Sewer rate will be adjusted to reflect County increase
- Includes DEMEC increase and rate study increase for electric

	* as amended	* as amended	** as proposed		
	2023	2024	2025	% FROM	\$ FROM
BUDGET OVERVIEW	* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
Total Operating Revenue	\$ 111,565,874	\$ 114,863,828	\$ 122,692,511	6.8%	\$ 7,828,683
Operating Expenses	107,440,871	111,263,067	121,314,888	9.0%	10,051,821
Capital Improvements*	4,105,229	3,170,522	4,770,844	50.5%	1,600,322
Total Expenditures	\$ 111,546,100	\$ 114,433,589	\$ 126,085,732	10.2%	\$ 11,652,143
Total Surplus/(Shortfall)	\$ 19,774	\$ 430,239	\$ (3,393,221)		



The 2025 Budget as of today (before making cuts or revenue enhancements) is \$3.4 million short of funding.

For comparison purposes, the 2024 initial shortfall was \$6.2 million.

AMERICAN RESCUE PLAN ACT (ARPA) UPDATE

- City received \$18.1M in ARPA funds in two tranches
 - Funds must be expended or encumbered by December 31, 2024
 - Encumbered funds must be expended by December 31, 2026
- As of July 31, \$12.7M has been expended or encumbered
 - \$2.3M for 15 completed projects
 - \$10.1M for 24 active projects
- List to be provided

2025 Budget is based on Departmental submissions:

- Table to right displays budget at summary level
- Standard part of annual budget process
- Budget shortfall is \$3.4 million
 - Assumes PILOT of \$450K in 2025

	* as amended	* as amended	** as proposed		
	2023	2024	2025	% FROM	\$ FROM
	* BUDGET	* BUDGET	** BUDGET	2024 BUDGET	2024 BUDGET
Revenue/Other Funding Sources					
Utility Sales	\$ 84,031,975	\$ 85,132,051	\$ 92,645,350	8.8%	\$ 7,513,299
Real Estate and Other Taxes	11,208,500	12,018,125	12,412,500	3.3%	394,375
Fees for Service	12,841,063	12,975,824	12,932,456	-0.3%	(43,368)
Intergovernmental Revenue	2,303,736	2,041,777	1,952,105	-4.4%	(89,672)
Other Revenue	1,120,600	2,661,381	2,750,100	3.3%	88,719
Appropriation of Prior Year Reserves	60,000	34,670	-	-100.0%	(34,670)
Total Operating Revenue	\$ 111,565,874	\$ 114,863,828	\$ 122,692,511	6.8%	\$ 7,828,683
Expenditures					
Personnel Services	\$ 39,480,061	\$ 41,434,426	\$ 44,748,505	8.0%	\$ 3,314,079
Utility Purchases	44,417,788	44,678,500	50,533,363	13.1%	5,854,863
Materials and Supplies	3,069,587	3,040,423	3,090,848	1.7%	50,425
Contractual Services	12,716,460	13,525,172	14,456,919	6.9%	931,747
Equipment Depreciation	1,925,340	2,110,952	2,109,580	-0.1%	(1,372)
Debt Service	4,472,652	4,939,941	4,810,198	-2.6%	(129,743)
Other Expenses	1,358,983	1,533,653	1,565,475	2.1%	31,822
Total Operating Expenses	\$ 107,440,871	\$ 111,263,067	\$ 121,314,888	9.0%	\$ 10,051,821
Capital Improvements					
Gross Capital Improvements	\$ 35,482,886	\$ 31,983,081	\$ 30,762,080	-3.8%	\$ (1,221,001)
Less: Use of Reserves	(1,435,435)	(3,284,516)	(2,165,764)	-34.1%	1,118,752
Equipment Replacement	(385,105)	(100,984)	(987,255)	877.6%	(886,271)
Grants	(5,926,331)	(4,816,794)	(1,302,194)	-73.0%	3,514,600
Bond Issues	(606,000)	-	-	0.0%	-
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Other Sources	(13,495,416)	(8,521,334)	(13,597,414)	59.6%	(5,076,080)
Net Capital Improvements	\$ 4,105,229	\$ 3,170,522	\$ 4,770,844	50.5%	\$ 1,600,322
Net Current Surplus/(Deficit)	\$ 19,774	\$ 430,239	\$ (3,393,221)	-888.7%	\$ (3,823,460)
TOTAL EXPENDITURES AND SURPLUS	\$ 111,565,874	\$ 114,863,828	\$ 122,692,511	6.8%	\$ 7,828,683

SUMMARY

- Staff is working towards solutions to bridge the projected revenue shortfall for 2025.
- Some revenue and expenditure projections will change as we move closer to the Financial Workshop.
- Recommendations will be presented to Council at the Financial Workshop on October 7th.
- During the departmental presentations there will be opportunities to ask more details about specific issues (August 26, September 9, and September 16).