

Department of Finance 2025 Budget Presentation

September 16, 2024

Introduction – Finance

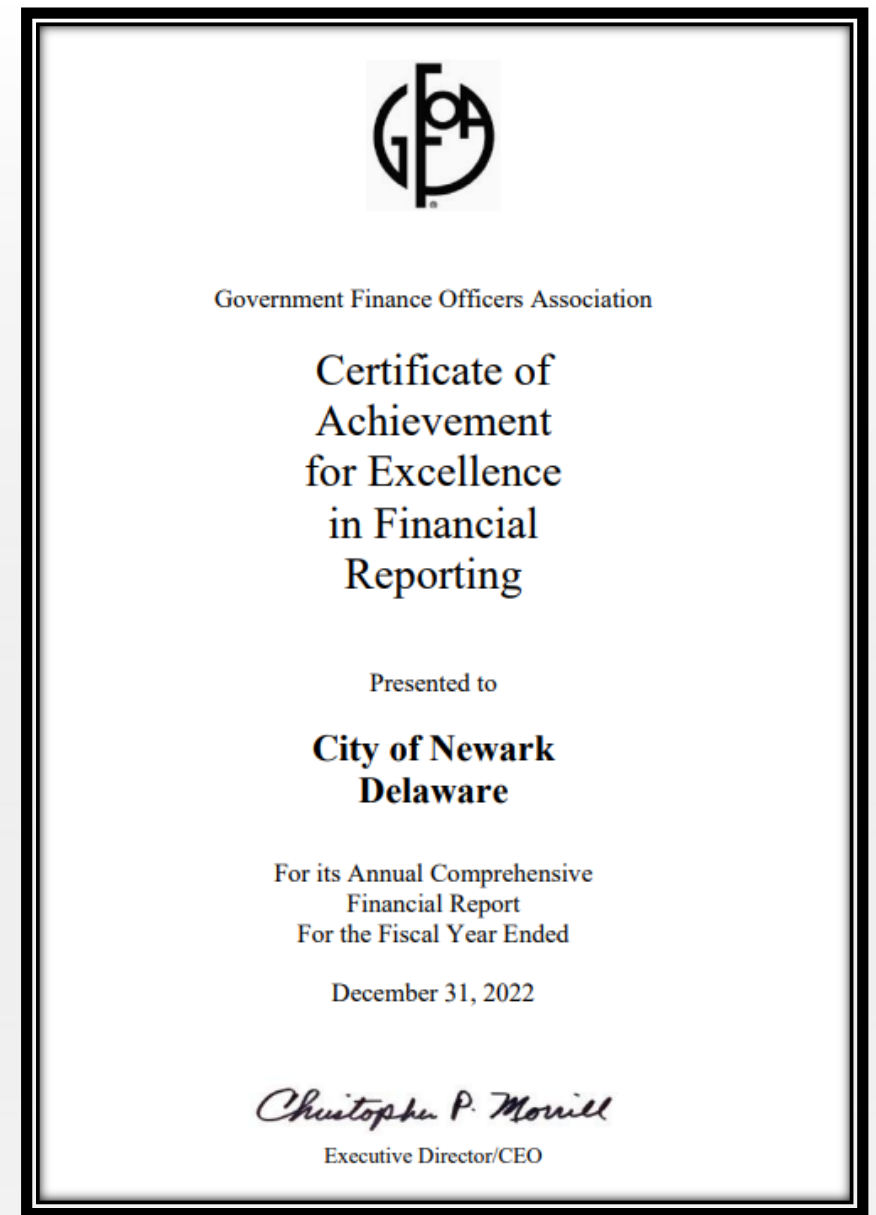
- ▶ Director – David Del Grande
- ▶ Deputy Director – Jill Hollander
- ▶ IT Applications Manager – Daina Montgomery
- ▶ IT Infrastructure Manager – Donald Lynch
- ▶ Payments and Utility Billing Manager – Jennifer Prado

- ▶ Special Recognition to the Budget Team:
 - ▶ Trevor Miller
 - ▶ Jim Smith
 - ▶ Daina Montgomery
 - ▶ Donald Lynch
 - ▶ Department Directors



Accomplishments – Accounting

- ✓ Awarded the “Certificate of Achievement for Excellence in Financial Reporting” by the Government Officers Association (GFOA) for the 2022 Annual Comprehensive Financial Report.
- ✓ Received an unmodified audit opinion and no material weaknesses based on the audit of the City’s financial statements for the year ended December 31, 2023 by CliftonLarsonAllen LLP.
- ✓ Successfully implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Agreements, effective January 1, 2023.
- ✓ Completed RFP for Auditing Services (in progress).
- ✓ Hired and trained new Accountant (ongoing).



Accomplishments – IT Applications

- ✓ Worked with Tyler Technologies to implement credit card services fees for permits, licenses, taxes, and general billing.
- ✓ Replaced Harris Customer Connect, customer utility engagement portal, with their upgraded solution Harris SilverBlaze (Sept/Oct 2024).
- ✓ Implemented SSRS utility bill print, this project will allow for bill presentation to customers immediately vs waiting 24 hours. It will save time by eliminating unnecessary processes being performed by the utility billing technician (Dec 2024). SSRS is a reporting platform (SQL Server Reporting Services.)
- ✓ Hosted annual Tyler User Group Conference for Delaware clients.

Accomplishments – IT Infrastructure

- ✓ Upgraded our backup and recovery systems to a modern solution that includes immutability and isolation. Both are considered best practice.
- ✓ Representatives from the Cybersecurity & Infrastructure Security Agency (CISA) and Idaho National Laboratory (INL) completed a review of our architecture, design, and the configurations of our Supervisory Control and Data Acquisition (SCADA) environment. This was a coordinated effort involving the Electric, IT, and Water teams to improve the overall cybersecurity posture and resiliency of these critical services.
- ✓ Worked with our federal partners from the Department of Homeland Security to complete a physical Security Assessment at First Entry (SAFE) on all electric substations.
- ✓ Completed penetration test and actively worked to mitigate the identified issues.
- ✓ Participated in the Delaware Technical Community College work-based learning program. This has allowed the City to hire interns during each semester at no cost while assisting these students with entry level workforce experience.
- ✓ Deployed 35 new surveillance cameras, 205 new workstations (75% of inventory), and upfitted over 24 police vehicles for take-home program.

Accomplishments – Payments/Utility Billing

WAYS OF DOING BUSINESS ARE CHANGING

PUB Activity	2017	2023	Difference	
Annual Calls	32,934	18,914	(14,020)	-42.6%
Calls Answered	27,949	18,236	(9,713)	-34.8%
Dropped Calls	4,985	678	(4,307)	-86.4%
Abandoned Rate	15.1%	3.6%	-11.6%	-76.3%
Service Level	61.10%	93.34%	32.24%	52.8%
Peak Weekly Calls (Move-Out Period)	1,564	890	(674)	-43.1%
Average Hold Time during Move-Out (m/s)	6:33	3:00		
Average Annual Call Wait Times (m/s)	4:20	3:15		

CUSTOMERS HAVE GROWN TO RELY ON AUTOMATION

Utility Payment Type	2017		2023		Change from 2017	
	# of Transactions	% of Total	# of Transactions	% of Total	# of Transactions	% Change
Walk in Customer	47,365	24.9%	18,335	8.4%	(29,030)	-61.3%
Electronic Payment	71,457	37.6%	127,071	58.2%	55,614	77.8%
Customer pays through Bank	28,957	15.2%	25,442	11.7%	(3,515)	-12.1%
Pay by Phone	-	0.0%	12,466	5.7%	12,466	100.0%
Check mailed to Lockbox	42,181	22.2%	35,042	16.0%	(7,139)	-16.9%
Total	189,960	100.0%	218,356	100.0%	28,396	14.9%

- ✓ It has been a long-term goal to improve the customer's experience through education and technology, while making transactions secure.
- ✓ Addition of Pay-By-Phone option in 2018, and the push to encourage customers to not use cash and checks to pay their utility bills, resulted in positive customer service experiences with PUB.
- ✓ Electronic payments are more secure and immediate than paying by cash or check.
- ✓ Processed 4,760 move-in and move-out orders for utility services.
- ✓ Enrolled 5,524 electric customers in the Renewable Energy Program, representing 41% of the City's electric accounts.

Accomplishments – Budget



- ✓ Worked with staff, legislators and lobbyist to help secure over \$6 million in grant funding.
- ✓ Actively worked on union negotiations with all four labor groups over the past year.
- ✓ Actively managed the City's \$18.1 million from the American Rescue Plan Act.
- ✓ Continued to work on preserving the financial health of the City to meet our short-term and long-term needs and requirements.
- ✓ Worked with directors to help find the resources needed to fund departmental budgetary shortfalls as they occurred during the year due to supply-chain constraints and inflationary increases.
- ✓ Participated in six meetings with City Council from August 2024 to November 2024, to deliberate on the 2025 Recommended Approved Operating Budget and 2025 to 2029 Capital Improvement Program, providing a platform for discussion and education among Council members, residents and our business community, ultimately resulting in the approval of these important financial documents.

Goals

- ✓ Maintain national recognition for excellence in financial reporting from the Government Finance Officers Association for the City's 2024 Annual Comprehensive Financial Report.
- ✓ Support the City Manager with fiscal solutions to support the services and programs citizens expect and deserve through the development and implementation of a long-range plan to close the operating budget gap while maintaining or extending service delivery to the public.
- ✓ Prepare an annual operating budget and a five-year capital improvement program to meet Charter requirements deadline and communicate the City's financial plan, forecast the anticipated revenues and expenditures necessary to maintain adequate reserves for future improvements, coordinate the budget preparation process with departments to institute participatory budgeting techniques, and ensure that resource allocation decisions are implemented in the most effective and efficient manner.
- ✓ Maximize the usage of the Utility Billing software to improve utility information management, accurately capture utility consumption and revenue figures, record and account for income from utility sales, build reliable statistics for use in utility budgeting and forecasting, and provide responsive and courteous customer service in the pursuit of service excellence.
- ✓ Ensure a skilled, responsive, and innovative Finance and Information Technology team that keeps current with evolving business-critical technologies, while providing high quality customer service.
- ✓ Continue to make improvements to our cybersecurity posture to help reduce risk for our organization.
- ✓ Continue to keep all applications up to date and make efficiency recommendations to end users.

2024 – 2029 Information Technology Strategic Plan

VISION: To empower the City of Newark with a secure, resilient, and innovative IT infrastructure that supports the City's mission and enhances public service delivery.

PRIORITIES:

- ✓ Critical Services
- ✓ Cybersecurity
- ✓ Infrastructure Modernization

GUIDING PRINCIPLES:

- ✓ Collaboration
- ✓ Accountability
- ✓ Integrity
- ✓ Customer-Centric
- ✓ Risk Management

2024 – 2029 Information Technology Strategic Plan

FOUR PILLARS

Delivery of Services:

- ✓ Improve ability to forecast the needs of our customers.
- ✓ Deploy scalable services that meet the current and emerging needs of our customers.
- ✓ Streamline operations and improve transparency to enhance service management.
- ✓ Improve communication with key stakeholders.
- ✓ Utilize automation to enable the IT team to focus on higher value work.

2024 – 2029 Information Technology Strategic Plan

FOUR PILLARS

Cybersecurity Enhancement:

- ✓ Implement enterprise IT Policy, Standards, and Governance.
- ✓ Fully integrate cybersecurity risk management.
- ✓ Develop a Citywide resiliency and security plan for critical applications for all levels of government.
- ✓ Implement and optimize cybersecurity tools acquired through federal funding & third-party partnerships.
- ✓ Invest in a modern authentication service to support the City's current and future needs.

2024 – 2029 Information Technology Strategic Plan

FOUR PILLARS

IT Workforce:

- ✓ Attract, develop, and retain a skilled and diverse workforce.
- ✓ Invest in people through increased training and education opportunities.
- ✓ Establish a culture of empowerment and collaborative thinking.
- ✓ Create a succession strategy for IT staff to ensure continuity of service across the enterprise.

2024 – 2029 Information Technology Strategic Plan

FOUR PILLARS

Advance Enterprise IT Services:

- ✓ Make strategic decisions about our portfolio based on the needs of the business.
- ✓ Support the redesign of business processes, invest in new technology systems that support business processes, and reduce the complexity of the current application portfolio.
- ✓ Modernize City Infrastructure to broadly include cloud and on-demand models and supporting capabilities.
- ✓ Provide high speed network connectivity to remote facilities.
- ✓ Promote Business Intelligence.

Finance Budget Overview

* as amended ** as proposed

FINANCE DEPARTMENT								
DEPARTMENT SUMMARY:	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 *BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
GROSS: Accounting/PUB	1,999,653	1,992,836	1,994,547	2,211,071	2,337,032	2,486,556	6.4%	149,524
GROSS: Information Technology (IT)	1,594,077	1,617,978	1,586,217	1,875,881	2,178,578	2,585,563	18.7%	406,985
Self-Insurance	106,734	170,028	15,281	25,464	145,000	145,000	0.0%	-
Post Employment Benefits (OPEB)	638,975	674,002	767,681	894,632	767,000	932,000	21.5%	165,000
Total Finance Department:	\$ 4,339,439	\$ 4,454,844	\$ 4,363,726	\$ 5,007,048	\$ 5,427,610	\$ 6,149,119	13.3%	\$ 721,509

- ✓ Finance budget includes the City's Self-Insurance and Post Employment Benefits (OPEB) accounts.
 - ✓ Self-Insurance covers unanticipated expenses related to accidents too small to be covered through insurance.
 - ✓ Other post-employment benefits (OPEB) are health benefits, other than pension distributions, that eligible employees may begin to receive from the City once they retire.
- ✓ Finance and IT budgets are up a combined 12.3% or \$556K, exclusive of Self-Insurance and OPEB

Finance Budget Overview – By Object Level

* as amended ** as proposed

FINANCE DEPARTMENT								
SUMMARY (BY OBJECT LEVEL):	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 *BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
EXPENDITURES								
Personnel Services	3,398,357	3,410,874	3,457,445	3,919,423	3,988,363	4,537,633	13.8%	549,270
Materials and Supplies	59,319	73,043	48,314	35,026	68,617	64,869	-5.5%	(3,748)
Contractual Services	741,151	853,029	717,923	766,671	1,097,953	1,144,627	4.3%	46,674
Equipment Depreciation	136,991	101,271	125,719	257,096	227,977	357,290	56.7%	129,313
Other Expenditures	3,621	16,627	14,325	28,832	44,700	44,700	0.0%	-
Subtotal	4,339,439	4,454,844	4,363,726	5,007,048	5,427,610	6,149,119	13.3%	721,509
Accounting/PUB Inter-Dept. Charges	(1,687,056)	(1,667,237)	(1,663,188)	(1,853,972)	(1,948,450)	(1,988,967)	2.1%	(40,517)
Information Technology (IT) Inter-Dept. Charges	(1,594,077)	(1,617,978)	(1,586,217)	(1,875,881)	(2,178,578)	(2,585,563)	18.7%	(406,985)
Net Total Operating Expenditures	\$ 1,058,306	\$ 1,169,629	\$ 1,114,321	\$ 1,277,195	\$ 1,300,582	\$ 1,574,589	21.1%	\$ 274,007

Finance Budget Overview – Estimated Revenue

* as amended ** as proposed

FINANCE DEPARTMENT								
REVENUE SUMMARY:	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 *BUDGET	2025 ** BUDGET	% FROM 2024 BUDGET	\$ FROM 2024 BUDGET
GENERAL FUND								
Tax Revenue	9,699,072	11,110,691	14,910,044	11,514,306	12,018,125	12,412,500	3.3%	394,375
Intergovernmental Revenue	3,238,835	1,137,113	1,345,346	1,193,369	1,254,328	1,105,406	-11.9%	(148,922)
Other Revenue	269,583	312,918	693,382	1,900,894	1,862,200	1,542,200	-17.2%	(320,000)
CAPITAL PROJECTS FUND								
Other Revenue	69,427	68,006	94,241	581,545	60,000	400,000	566.7%	340,000
SELF-INSURANCE FUND								
Other Revenue	18,391	18,991	11,414	10,704	10,000	8,000	-20.0%	(2,000)
Fees for Service	106,733	170,027	15,281	25,464	-	-	0.0%	-
Total Operating Revenue	\$ 13,402,041	\$ 12,817,746	\$ 17,069,708	\$ 15,226,282	\$ 15,204,653	\$ 15,468,106	1.7%	\$ 263,453
Net Variance between Operating Expenditures and Revenue:	\$ 12,343,735	\$ 11,648,117	\$ 15,955,387	\$ 13,949,087	\$ 13,904,071	\$ 13,893,517		

**Please note, capital expenditures are not included in the above variance.

General Budget Overview (Changes from 2024)

Operating Budget Changes (+\$721,509; 13.3%)

- ✓ Personnel Services (+\$549,270)
 - ✓ +\$165,000: [Citywide OPEB - Retiree health insurance costs]
 - ✓ +\$224,000: [Contractually obligated wage progression]
 - ✓ +\$96,000: [Increased cost of pension and 401A program for Finance/IT staff]
 - ✓ +35,000: [Healthcare increase for Finance/IT staff]
- ✓ Materials/Supplies (-\$3,748)
 - ✓ 2025 decrease is largely related to one-time purchases that were needed for new hires in 2024.
 - ✓ -\$2,598 decrease to [7130: Tools, Field Supplies, Small Equipment] for items that were needed in 2024 for new positions.
 - ✓ -\$1,500 decrease to [7180: Billing & Collection Supplies] in 2025.

General Budget Overview (Changes from 2024)

Operating Budget Changes (+\$721,509; 13.3%)

- ✓ Contractual Services (+\$46,674)

Finance

- ✓ -\$15,000 decrease to [8040: Merchant Fees and Discounts] allocations estimated for 2025.
- ✓ -\$28,152 decrease to [8131: IT Contractual] or Finance's share of Software Expenses.
- ✓ -\$10,000 decrease to [8550: Misc. Contracted Services] to fall more in line with the past trends.

Information Technology

- ✓ +\$91,136 increase to [8136: Subscription Services (Software or SAAS)] largely related to new security tools and testing in 2025.

- ✓ Depreciation Expense (+\$129,313)

- ✓ Share of Finance/IT's equipment and software

Finance Budget Overview – Capital Improvements

					FUNDING SUMMARY						
					2025	2026	2027	2028	2029	Total 5 Year	
New Funding:					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
*Prior Authorized Balance:					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2025-2029 Funding:					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
*Prior Authorized Balance includes 2024 carryover funding only.											
PROJECT NUMBER	PROJECT NAME	*	2024 BUDGET AS AMENDED	-----2025-----		2025	2026	2027	2028	2029	TOTAL
				RESERVES AND OTHER FUNDING	CURRENT FUNDING						
FEQSF	Equipment Replacement Program	B	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Projects Fund - Finance Department			<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PLANNED FINANCING SOURCES											
	GROSS CAPITAL IMPROVEMENTS		\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LESS: USE OF RESERVES		-	-	-	-	-	-	-	-	-
	VEHICLE & EQUIPMENT REPLACEMENT		(12,369)	-	-	-	-	-	-	-	-
	GRANTS		(22,631)	-	-	-	-	-	-	-	-
	BOND ISSUES		-	-	-	-	-	-	-	-	-
	AMERICAN RESCUE PLAN ACT		-	-	-	-	-	-	-	-	-
	OTHER FINANCING SOURCES		-	-	-	-	-	-	-	-	-
	NET CAPITAL IMPROVEMENTS		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FUNDING SUMMARY

	2025	2026	2027	2028	2029	Total 5 Year
New Funding:	\$ 60,000	\$ 301,500	\$ 50,000	\$ 50,000	\$ 50,000	\$ 511,500
*Prior Authorized Balance:	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
2025-2029 Funding:	\$ 110,000	\$ 301,500	\$ 50,000	\$ 50,000	\$ 50,000	\$ 561,500

*Prior Authorized Balance includes 2024 carryover funding only.

PROJECT NUMBER	PROJECT NAME	*	2024 BUDGET AS AMENDED	-----2025-----		2025	2026	2027	2028	2029	TOTAL
				RESERVES AND OTHER FUNDING	CURRENT FUNDING						
I2504	Email - .gov	B	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
I2505	Time and Attendance	B	-	-	-	-	70,000	-	-	-	70,000
I2401	Exchange Migration	B	60,000	-	-	-	-	-	-	-	-
I2402	SSRS Utility Bill Print	B	27,630	-	-	-	-	-	-	-	-
I2403	Compass Service Order Automation	B	-	-	-	-	61,500	-	-	-	61,500
I2404	Next-Generation Firewall Upgrade	B	162,000	-	-	-	-	-	-	-	-
I2405	Cybersecurity Improvements	B	-	-	30,000	30,000	40,000	-	-	-	70,000
I2301	Surveillance Camera Upgrade and Refresh	B	40,000	50,000	30,000	80,000	85,000	50,000	50,000	50,000	315,000
I1801	Citywide Fiber (Phase II)	B	140,000	-	-	-	-	-	-	-	-
Total Capital Projects Fund - Information Technology Division			\$ 429,630	\$ 50,000	\$ 60,000	\$ 110,000	\$ 301,500	\$ 50,000	\$ 50,000	\$ 50,000	\$ 561,500
PLANNED FINANCING SOURCES											
GROSS CAPITAL IMPROVEMENTS			\$ 429,630	\$ 50,000	\$ 60,000	\$ 110,000	\$ 301,500	\$ 50,000	\$ 50,000	\$ 50,000	\$ 561,500
LESS: USE OF RESERVES			(95,777)	(50,000)	-	(50,000)	-	-	-	-	(50,000)
VEHICLE & EQUIPMENT REPLACEMENT			-	-	-	-	-	-	-	-	-
GRANTS			(162,000)	-	-	-	(115,000)	-	-	-	(115,000)
BOND ISSUES			-	-	-	-	-	-	-	-	-
AMERICAN RESCUE PLAN ACT			(171,853)	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES			-	-	-	-	-	-	-	-	-
NET CAPITAL IMPROVEMENTS			\$ -	\$ -	\$ 60,000	\$ 60,000	\$ 186,500	\$ 50,000	\$ 50,000	\$ 50,000	\$ 396,500

IT Budget Overview – Capital Improvements 20

General Budget Overview (Changes from 2024)

Capital Improvement Program Changes and Updates

- ▶ +\$30,000 (I2301: Surveillance Camera Upgrade and Refresh program.
- ▶ +\$45,000 (I2504: Email - .gov): **Year 2026 project.** Migrate City of Newark email address to @newarkde.gov. *No impact in 2025.*
- ▶ +\$70,000 (I2505: Time and Attendance): **Year 2026 project.** The Time & Attendance program provides enterprise workforce management with automation, increased productivity, reduction in errors, and simplified scheduling. *No impact in 2025.*
- ▶ +\$61,500 (I2403: Compass Service Order Automation): **Year 2026 project.** This project will remove the need to manually enter electric meter information and perform disconnect and reconnect functions. Efficiency project. *No impact in 2025.*
- ▶ +\$30,000 (I2405: Cybersecurity Improvements): Years 2025-2026 project. Recommended cybersecurity upgrades. Additional SCADA improvements.

Questions