




**CITY OF NEWARK
DELAWARE**

December 8, 2016

TO: Mayor and Council
FROM: Carol S. Houck 
SUBJECT: 2017 Budget Revisions

In preparation for the Council meeting of December 12, we provide the attached detail with options to maintain or reduce the originally recommended budget assumptions and its associated tax and water or sewer increases. In addition, in order to move forward, Mayor and Council will be required to provide direction on the following:

- Support for the creation of a stormwater utility which includes \$200,000 for implementation and utility development costs in 2017 and fee collection to begin in 2018. Staff asks that Council refer to the Black and Veatch presentation of December 5th, (<http://cityofnewarkde.us/DocumentCenter/View/7260>) which provided for:
 - a 2% water rate increase in 2017
 - \$900,000 from sewer reserves to water in 2017 with payback of 25% (\$225,000) in the following 4 years.
 - A one-time transfer from sewer to stormwater of \$110,000 to cover the 2018 collection lag at start up
 - Economic means grant funding of \$25,000 a year to provide assistance to customers having difficulty (through Catholic Charities beginning in 2018).
- Support for a pause in doubling parking rates in association with our recommendation to engage the parking committee to evaluate system wide increases and dynamic rates. Additionally, with the understanding that we will move forward with the parking committee and staff recommended elimination of half hour increments effective January 1, 2017 in our parking lots.
- Set the tax rate based on the options attached.

2017 Budget Revisions

December 12, 2016

Presented to City Council on October 3rd Budget Workshop

Overall Tax increase of 4.5%, Sewer Revenue Increase of 3%, and a Water Revenue Increase of 4.5% as placeholders until BV Rate Study was finalized.

- Included Seven new FTE's
- Included New Revenue Sources:
 - Fee Adjustments
 - Parking Lot Fees
- Emergency Services Fee
- Court Fee Adjustment

Budget Hearing #1

Presented to City Council on November 21

Overall Tax Increase of 9.0%, due to personnel expenses resulting from contract ratification after October 3rd workshop

Sewer revenue increase of 0% (as recommended by Staff)

Water revenue increase of 8% (as recommended by Staff)

- **Included New Revenue Sources:**

- Fee Adjustments (\$200,000)
- Parking Lot Fees (\$100,000), eliminates thirty minute increments
- Emergency Services Fee (\$200,000)
- Court Fee Adjustment (\$45,000) *approved Bill 16-27*

Budget Hearing #2

Presented to City Council on December 5

9% Property Tax proposed was reduced to 6.94%

New revenue sources were maintained

Reduced new FTE's from Seven to Six

Expenses were reduced

(reductions highlighted on the next slide)

DEPARTMENT	REDUCTION	INCREASE	OP/CIP	DESCRIPTION	Tax Rate Impact
POLICE					
	\$ (34,448)		OP EX	Records Technician (new position) - Salary - 3/4 of year - delete position	
	\$ (24,612)		OP EX	Records Technician (new position) - Benefits - 3/4 of year - delete position	
	\$ (59,060)			Total Records Technician	-0.89%
PWWR					
	\$ (27,941)		OP EX	Reduce PWWR Engineer by 50% in OP EX since it is funded via the CIP - Salary	
	\$ (14,812)		OP EX	Reduce PWWR Engineer by 50% in OP EX since it is funded via the CIP - Benefits	
	\$ (42,753)			Total PWWR Engineer	-0.64%
FINANCE					
		\$ 37,261	OP EX	Finance Analyst (add 3/4 of a year) - salary \$49,682 annual	
		\$ 25,148	OP EX	Finance Analyst (add 3/4 of a year) - benefits \$33,349 annual	
		\$ 62,409		Total Finance Analyst	0.94%
LEGISLATION					
	\$ (3,000)		OP EX	Overtime	-0.05%
	\$ (10,000)		OP EX	reduce conferences by \$10,000	-0.15%
	\$ (40,000)		OP EX	Remove Lobbyist (leave \$13,200 for DLLG)	-0.60%
	\$ (300,000)		OP EX	Reduce City Solicitor/Deputy (reduced to \$75,000)	-4.50%
		\$ 225,000	OP EX	FT Solicitor and Asst Prosecutor	3.38%
	\$ (353,000)	\$ 225,000			
ADMINISTRATION					
	\$ (5,000)		OP EX	Reduce overtime from \$10,000 to \$5,000	-0.08%
	\$ (10,000)		OP EX	Reduce Admin Contingency from \$20,000 to \$10,000	-0.15%
		\$ 45,000	CIP	N1702 - move additional Council entrance from 2018 to 2017	0.68%
TOTAL ALL	\$ (469,813)	\$ 332,409			
Net Change	\$ (137,404)				-2.06%

LIST OF ADJUSTMENTS PROVIDED TO COUNCIL ON DECEMBER 5

Budget Hearing #3

Presented to City Council on December 12

In addition to Budget Hearing #2 reductions:

- ✓ Further Property Tax reduction of 2.44% to 4.5% (reduced from 6.94% - see next page)
- ✓ No Sewer fee increase for 2017 (as recommended by BV)
- ✓ Water rate increase of 2% for 2017 (assumes stormwater utility in 2018), was 8% (as recommended by BV)
- ✓ Included New Revenue Sources:
 - ✓ Fee Adjustments (\$200,000)
 - ✓ Parking Lot Fees (\$100,000), eliminates thirty minute increments
 - ✓ Emergency Services Fee (\$100,000) – reduced from .5% to .25%
 - ✓ Court Fee Adjustment (\$45,000) *approved Bill 16-27*

Additional Revisions from December 5th Budget Hearing

Reduces tax increase to 4.5%

Description	General fund	Tax Rate Impact
Reduce OPEB Contribution \$62K	\$ (45,012)	-0.68%
N1702 - Move Council door back to 2018	\$ (45,000)	-0.68%
Add back overtime to Legislation (fund at \$5,000)	\$ 1,000	0.02%
Automated Metering System maintenance (move to Electric from IT)	\$ (40,500)	-0.61%
Reduce Dell warranty expense (warranty built into product)	\$ (5,000)	-0.08%
Reduce Code Enforcement HVAC monitoring software (was estimated)	\$ (3,200)	-0.05%
Reduce Legal/Consulting Services from \$350K to \$325K	\$ (25,000)	-0.38%
Reduce Emergency Services Fee to .25% from .50%	\$ 100,000	1.50%
Add General Fund Surplus	\$ (100,000)	-1.50%
	\$ (162,712)	-2.44%

Budget Hearing #3 - December 12th

Tax increase of 4.5% (with Revenue Enhancements)

Water Rate increase of 2%

No Sewer or Electric Rate change

Stormwater Utility in 2018