



Financial Workshop

2018 Budget Overview

Budget Process – Next Steps

TITLE	DATE	COMMENTS
Department Budget Hearing	Monday, July 31, 2017	Council Direction to be given for Information Technology & Legislation
Department Budget Hearing	Wednesday, August 16, 2017	Council Direction to be given for Parks, Planning & Development
Department Budget Hearing	Monday, August 21, 2017	Council Direction to be given for PWWR
Department Budget Hearing	Monday, September 11, 2017	Council Direction to be given for Alderman's Court, Electric and Finance
Department Budget Hearing	Wednesday, September 13, 2017	Council Direction to be given for Police & Administration, Information Technology Follow-Up from 7/31 Budget Hearing
Financial Workshop #1	Monday, October 2, 2017	Budget Overview - 1st Monday
Planning Commission Approval of CIP	Wednesday, October 11, 2017	
Budget Hearing #1	Monday, November 6, 2017	1st Monday
Budget Hearing #2	Monday, November 20, 2017	3rd Monday (if needed)
Adoption of Budget	Monday, December 4, 2017	1st Monday (if needed)



Electric Utility

- Wholesale cost of power expected to remain flat, or decline slightly in 2017.
- Together with possible 2017 over-collection, should still result in rebate through RSA on 2018 electric bills.
- Performance capacity & transmission costs are driving up rates. Offset by falling natural gas prices which fuel the Beasley Plants. The Beasley Plants barely ran this summer, resulting in less income for the City.
- No anticipated electric rate change for 2018.
- Still outstanding is Council's approval of the Energy Efficiency Program.
- Overdue for a rate study.
 - Did not follow recommendation of the last rate study related to customer charges.

Sewer Utility

- New Castle County sewer treatment costs will remain stable through July 2018. The \$10 million cost to repair the Christiana Force Main would be shared by Newark sewer customers (bonded by NCC so one year impact will not be incurred).
- Internal O&M costs related to collection and transmission are increasing.
- Current flow rate is \$6.84 per 1,000 gallons. \$3.78 of this amount is directly related to City operations, the remaining \$3.06 is passed through to the County for treatment costs. The composite flow rate (which includes flow, BOD and SS) for residential users remains unchanged.
- Current sewer revenue is falling 3.5% short of budgeted expectations in 2017.
- Customer Service charge recommendation from water/sewer rate study forthcoming.

Water Utility

- Water sales continue to fall.
 - Out of town sales are up 3.7% from 2016.
 - In-town sales are down 3.8% from 2016.
 - 78% of our customers are within the City limits.
- Water revenue is down 6.5% in 2017 due to decreased consumption and wetter than usual conditions.
- Customer Service charge recommendation from water/sewer rate study forthcoming.

Stormwater Utility

- Staff anxiously awaits Council's approval of the stormwater utility.
- The 2018 Recommended Budget includes a Stormwater Utility fee which will be added to the monthly utility bills for all properties within the City limits.
- New stormwater fee will add \$1.3 million to the City's utility revenue to fund existing stormwater initiatives.

Parking Fund

- On Peak/Off Peak PILOT study is anticipated to commence during the 4th quarter of 2017.
- Parking meter revenue may be impacted due to the Main Street resurfacing in 2018.
- Additional parking rate changes are being considered by the Parking Subcommittee.

General Fund

- Need to be mindful of the growing reliance on transfers from the utility funds.
 - The utilities are in need of retaining these funds to maintain their infrastructure.
 - Magnified due to inadequate cost recovery within the electric, water and sewer funds.
- 2% Tax Increase recommended, but not in the 2018 Recommended Budget.
 - Helps offset cost increases.
 - Provides some relief to reliance on utility transfers.
 - Keeps up with inflation (August CPI was 1.7%).
- Importance of public utility business model and striking a balance between use and overuse.
- Transfer to the general fund from the utilities in 2018 will be \$14 million.

	2017 BUDGET AS AMENDED	BUDGET 2018	\$ FROM 2017 BUDGET	% FROM 2017 BUDGET
Revenue				
Utility Sales	\$70,684,625	\$69,391,524	(\$1,293,101)	-1.8%
Property and Realty Taxes	\$8,655,185	\$8,695,000	39,815	0.5%
Fees for Service	\$7,340,381	\$6,984,365	(356,016)	-4.9%
Intergovernmental Revenue	\$1,353,221	\$1,390,843	\$37,622	2.8%
Other Revenue	\$888,569	\$933,130	44,561	5.0%
Total Operating Revenue	\$88,921,981	\$87,394,862	(1,527,119)	-1.7%
Expenditures				
Personnel Services	\$30,738,672	\$32,091,041	\$1,352,369	4.4%
Utility Purchases	\$39,027,138	\$38,266,885	(\$760,253)	-1.9%
Materials and Supplies	\$2,272,493	\$2,304,248	\$31,755	1.4%
Contractual Services	\$7,351,025	\$7,434,892	\$83,867	1.1%
Equipment Depreciation	\$1,390,082	\$1,745,300	\$355,218	25.6%
Other Expenses	\$534,544	\$722,922	\$188,378	35.2%
Total Operating Expenses	\$81,313,954	\$82,565,288	1,251,334	1.5%
Capital Improvements				
Gross Capital Improvements	\$11,144,546	\$13,300,913	\$2,156,367	19.3%
Less: Use of Reserves	(\$4,722,228)	(\$68,000)	4,654,228	-98.6%
Equipment Replacement	(\$1,172,318)	(\$856,889)	\$315,429	-26.9%
Grants	(\$945,000)	(\$2,358,721)	(1,413,721)	149.6%
Bond Issues	\$0	(\$8,258,700)	(\$8,258,700)	n/a
Other Sources	(\$150,000)	(\$225,000)	(75,000)	50.0%
Net Capital Improvements	\$4,155,000	\$1,533,603	(\$2,621,397)	-63.1%
Debt Service	\$2,616,161	\$2,665,707	\$49,546	1.9%
Net Current Surplus	836,866	630,264	(\$206,602)	-24.7%

City of Newark 2018 Revenue Budget

Revenue Concerns

Non-utility revenue is generally flat/declining.

- Some bright spots
 - Modest property assessment growth in 2017
 - Real Estate Transfer Tax was not affected by the State budget
 - Business License project has resulted in an increase in annual revenue
 - Private development on the STAR Campus will help the tax base.
- Areas of Concern
 - Real Estate Transfer Tax – volatile, and always at risk
 - Permit activity – there are no current large projects estimated to come on line in 2018.
 - Cash reserves and current revenue can no longer support both the Operating and Capital budgets.

Revenue Concerns – Cont'd

Utility revenue

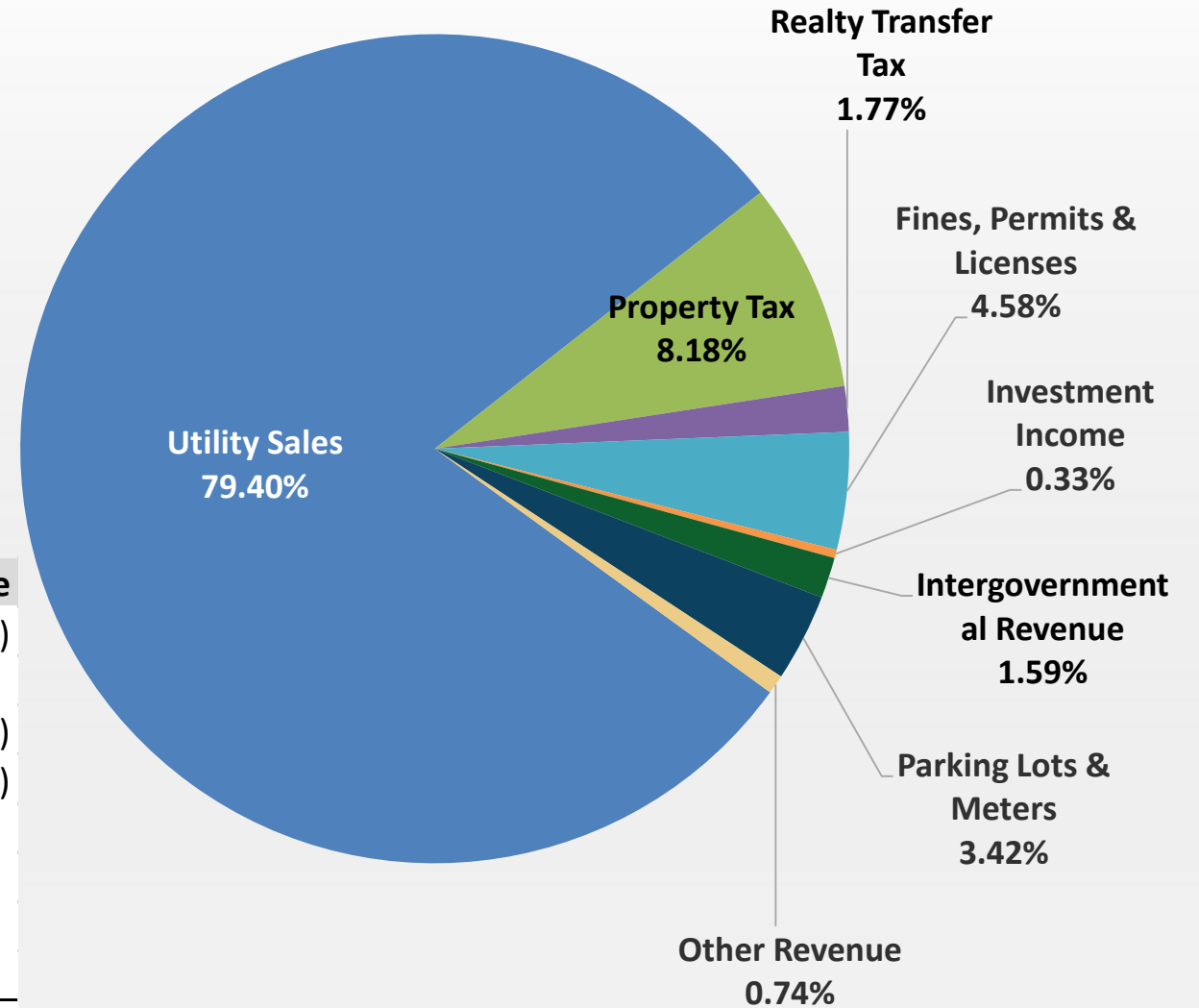
- Areas of Concern
 - Revenue is solely dependent on variables outside of the City's control:
 - Weather
 - Conservation
 - Growing renewable energy customers still require the City to provide services when needed, but the City loses the ability to recover costs since electric rates are based on consumption.
- Cash reserves and current revenue can no longer support both the Operating and Capital budgets.

Revenue Concerns – Cont'd

Rising expense costs are outpacing the increase in revenue:

- Equipment Costs – Commercial vehicles have greater emission requirements than in the past.
- Infrastructure Costs
- O&M Requirements
- Personnel Costs
 - Wages
 - Health Care
 - Retirement (pension, OPEB, 401 match)

2018 Revenue By Type



Source of Revenue	2017	2018	Change	\$ Difference
Utility Sales	79.5%	79.4%	-0.1%	(\$1,293,101)
Property Tax	7.9%	8.2%	0.2%	\$89,815
Realty Transfer Tax	1.8%	1.8%	0.0%	(\$50,000)
Fines, Permits & Licenses	5.0%	4.6%	-0.4%	(\$425,681)
Investment Income	0.3%	0.3%	0.0%	\$17,665
Intergovernmental Revenue	1.5%	1.6%	0.1%	\$37,622
Parking Lots & Meters	3.3%	3.4%	0.1%	\$69,665
Other Revenue	0.7%	0.7%	0.0%	\$26,896
	100.0%	100.0%	0.0%	(\$1,527,119)

2017 Estimated vs. 2018 Budgeted Revenue

Revenue	2016 Actual	2017 Budgeted	2017 Estimated	2018 Recommended	Difference	% Diff
Electric	\$52,906,964	\$53,232,239	\$52,163,239	\$51,916,068	(\$247,171)	-0.5%
Water	\$9,355,106	\$10,060,500	\$9,410,500	\$9,267,471	(\$143,029)	-1.5%
Sewer	\$7,173,769	\$7,391,886	\$7,141,886	\$6,892,385	(\$249,501)	-3.5%
Stormwater	\$0	\$0	\$0	\$1,315,600	\$1,315,600	
Utility Contributions	\$69,435,839	\$70,684,625	\$68,715,625	\$69,391,524	\$675,899	1.0%
Property Tax	\$6,746,223	\$7,055,185	\$7,138,641	\$7,145,000	\$6,359	0.1%
Realty Transfer Tax	\$1,430,654	\$1,600,000	\$1,800,000	\$1,550,000	(\$250,000)	-13.9%
Fines, Permits & Licenses	\$4,033,985	\$4,424,881	\$4,387,103	\$3,999,200	(\$387,903)	-8.8%
Investment Income	\$340,179	\$266,600	\$299,006	\$284,265	(\$14,741)	-4.9%
Intergovernmental Revenue	\$1,774,658	\$1,353,221	\$1,390,221	\$1,390,843	\$622	0.0%
Parking Lots & Meters	\$2,742,577	\$2,915,500	\$2,971,857	\$2,985,165	\$13,308	0.4%
Other Revenue	\$826,568	\$621,969	\$790,336	\$648,865	(\$141,471)	-17.9%
Non-Utility Contributions:	\$17,894,844	\$18,237,356	\$18,777,164	\$18,003,338	(\$773,826)	-4.1%
Total	\$87,330,683	\$88,921,981	\$87,492,789	\$87,394,862	(\$97,927)	-0.1%

2017 Budget vs. 2018 Recommended Budgeted Revenue

Revenue	2016 Actual	2017 Budgeted	2017 Estimated	2018 Recommended	Difference	% Diff
Electric	\$52,906,964	\$53,232,239	\$52,163,239	\$51,916,068	(\$1,316,171)	-2.5%
Water	\$9,355,106	\$10,060,500	\$9,410,500	\$9,267,471	(\$793,029)	-7.9%
Sewer	\$7,173,769	\$7,391,886	\$7,141,886	\$6,892,385	(\$499,501)	-6.8%
Stormwater	\$0	\$0	\$0	\$1,315,600	\$1,315,600	
Utility Contributions	\$69,435,839	\$70,684,625	\$68,715,625	\$69,391,524	(\$1,293,101)	-1.8%
Property Tax	\$6,746,223	\$7,055,185	\$7,138,641	\$7,145,000	\$89,815	1.3%
Realty Transfer Tax	\$1,430,654	\$1,600,000	\$1,800,000	\$1,550,000	(\$50,000)	-3.1%
Fines, Permits & Licenses	\$4,033,985	\$4,424,881	\$4,387,103	\$3,999,200	(\$425,681)	-9.6%
Investment Income	\$340,179	\$266,600	\$299,006	\$284,265	\$17,665	6.6%
Intergovernmental Revenue	\$1,774,658	\$1,353,221	\$1,390,221	\$1,390,843	\$37,622	2.8%
Parking Lots & Meters	\$2,742,577	\$2,915,500	\$2,971,857	\$2,985,165	\$69,665	2.4%
Other Revenue	\$826,568	\$621,969	\$790,336	\$648,865	\$26,896	4.3%
Non-Utility Contributions:	\$17,894,844	\$18,237,356	\$18,777,164	\$18,003,338	(\$234,018)	-1.3%
Total	\$87,330,683	\$88,921,981	\$87,492,789	\$87,394,862	(\$1,527,119)	-1.7%

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Investment Income	\$340,179	\$266,600	\$284,265	\$17,665	6.6%
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Other Revenue	\$826,568	\$621,969	\$648,865	\$26,896	4.3%
Total	\$87,330,683	\$88,921,981	\$87,394,862	(\$1,527,119)	-1.7%

Rate/Property Tax Reflected in Current 2018 Budget:

- Electric Rate – No Change/Annual RSA Adjustment (\$1 monthly fee recommended for Aetna Volunteer Fire Company)
- Sewer Rate – No Change (\$1 monthly service charge recommended)
- Water Rate – No Change (\$1 monthly service charge recommended)
- Property Tax – No Change (2% increase recommended to keep with inflation)

City of Newark 2018 Expenditure Budget

	2017 BUDGET AS AMENDED	BUDGET 2018	\$ FROM 2017 BUDGET	% FROM 2017 BUDGET
Expenditures				
Personnel Services	\$30,738,672	\$32,091,041	\$1,352,369	4.4%
Utility Purchases	\$39,027,138	\$38,266,885	(\$760,253)	-1.9%
Materials and Supplies	\$2,272,493	\$2,304,248	\$31,755	1.4%
Contractual Services	\$7,351,025	\$7,434,892	\$83,867	1.1%
Equipment Depreciation	\$1,390,082	\$1,745,300	\$355,218	25.6%
Other Expenses	\$534,544	\$722,922	\$188,378	35.2%
Total Operating Expenses	\$81,313,954	\$82,565,288	1,251,334	1.5%

- ▶ Personnel Expenses increased by \$1.3 million (4.4%)
- ▶ Utility Purchases are down \$760K (-1.9%)
- ▶ Non-Personnel/Utility Operating Expenses up \$659K (5.7%)
 - Materials & Supplies increased \$32,000 (1.4%)
 - Contractual Services increased \$84,000 (1.1%)
 - Equipment Depreciation Expense \$355,000 (26%)
 - Other Expenses increased by \$188,000 (35%)

Total operating expenses are up 1.5%, or \$1.25 million compared to 2017

Personnel Expenses – Operating Budget By Type

	2017		2018		Difference	% Change
Wages	\$ 20,418,997	\$ 20,674,397	\$ 255,400	1.3%		
OPEB	\$ 400,000	\$ 800,000	\$ 400,000	100.0%		
Pension	\$ 3,020,650	\$ 3,500,000	\$ 479,350	15.9%		
Health	\$ 3,990,644	\$ 4,127,698	\$ 137,054	3.4%		
Other	\$ 2,908,381	\$ 2,988,946	\$ 80,565	2.8%		
Total Personnel Expenses	\$ 30,738,672	\$ 32,091,041	\$ 1,352,369	4.4%		

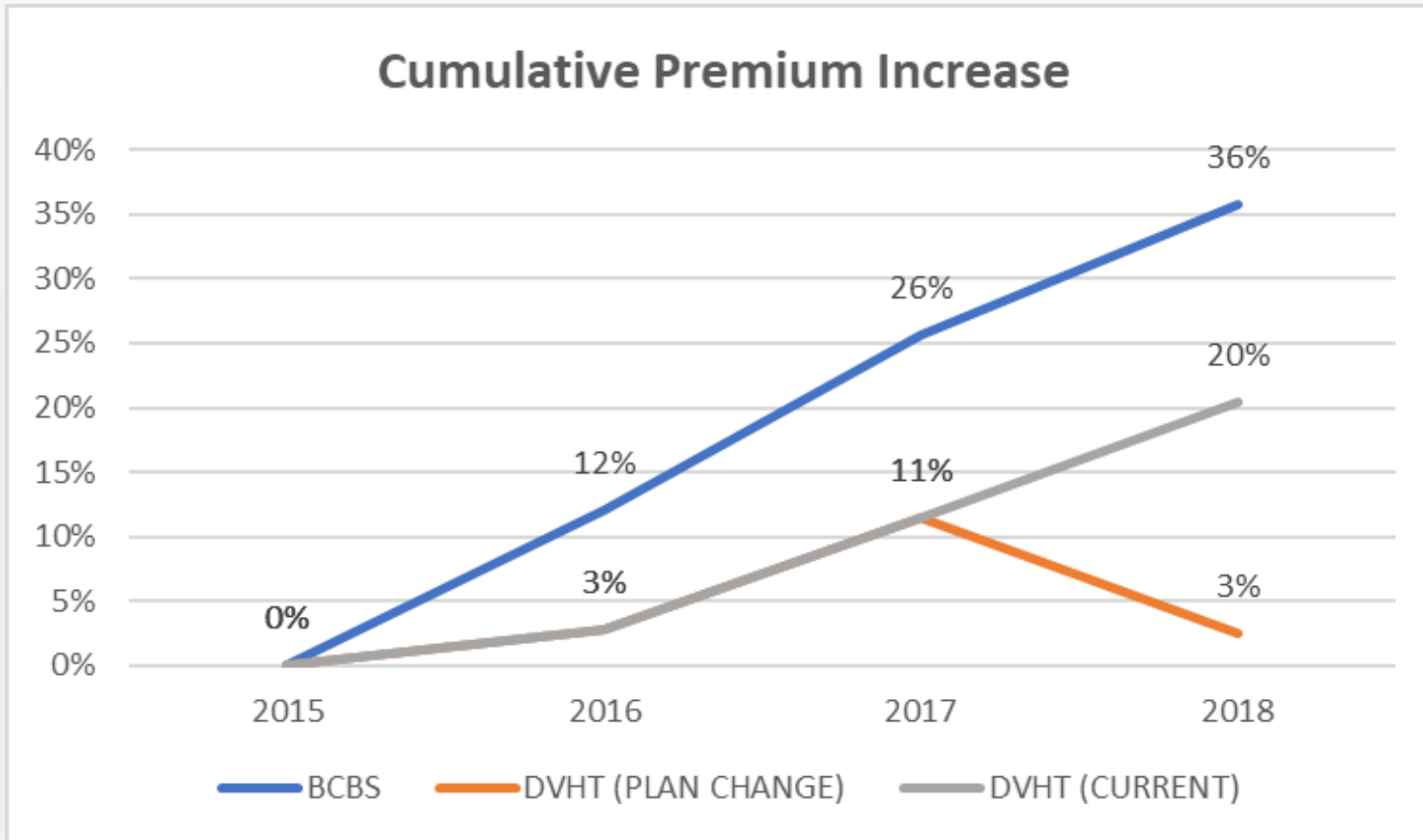
Highlights of the Personnel Expenses Line for 2018:

- No new positions. Includes funding for tentative labor agreement with the FOP, and wage progression only per union contracts.
- \$479,350 - Increase in the Annual Derived Contribution per the actuarial study performed by Milliman. The City's pension contribution increases from \$3 million to \$3.5 million in 2018.
- \$400,000 – Increase funding to the City's OPEB liability. Would increase the contribution from \$400,000 to \$800,000 as recommended by the City's actuary.

Personnel Expenses

- Labor Groups:
 - FOP - tentative agreement reached (budget includes COLA)
 - CWA currently in negotiations for 2018+ (budget does not assume a COLA)
 - AFSCME contract ends 12/31/2018.
 - Management - does not include a COLA adjustment in the 2018 budget.

Personnel Expenses: DVHT Healthcare Advantage



- Chart represents the avoided cost savings generated by moving from Highmark Blue Cross (BCBS) to the Delaware Valley Health Trust (DVHT).
- The orange line reflects what the Benefit Committee is considering for a plan change in 2018.
- Gray line reflects the budgeted amount without any plan changes.

Personnel Expenses: DVHT Healthcare Advantage

- Additional benefits as DVHT members include:
 - On-site biometric screenings
 - Employee Health Fair with Flu vaccinations
 - Gym/Event (5K runs, triathlons, etc.) reimbursements
 - Biennial Wellness Grant (\$22,000 in 2017) to fund further initiatives and programs; 24 standing desk retrofits, 911 Center air purifier and the 2016 City water bottle holiday gift were purchased with these funds.
 - Rate Stabilization Fund (RSF) that grows with each year in Trust; current RSF value of \$7,028 after one year in Trust.
 - DVHT is committed to try to impact personal decisions and life-style choices to improve claims, which impact renewal costs

Expense Budget Overview – Capital Improvements

	2017 BUDGET AS AMENDED	BUDGET 2018	\$ FROM 2017 BUDGET	% FROM 2017 BUDGET
Capital Improvements				
Gross Capital Improvements	\$11,144,546	\$13,300,913	\$2,156,367	19.3%
Less: Use of Reserves	(\$4,722,228)	(\$68,000)	4,654,228	-98.6%
Equipment Replacement	(\$1,172,318)	(\$856,889)	\$315,429	-26.9%
Grants	(\$945,000)	(\$2,358,721)	(1,413,721)	149.6%
Bond Issues	\$0	(\$8,258,700)	(\$8,258,700)	n/a
Other Sources	(\$150,000)	(\$225,000)	(75,000)	50.0%
Net Capital Improvements	\$4,155,000	\$1,533,603	(\$2,621,397)	-63.1%

- The Gross CIP Budget increased \$2.1 million (19.3%) to \$13,300,913.
- Funding of the CIP consists of five sources.
- Net CIP Budget decreased by \$2.6 million (-63.1%) to \$1,533,603. **This represents the portion of the capital budget that is supported by current revenues (taxes, fees, etc.)**

Expense Budget Overview – Debt Service

	2017 BUDGET AS AMENDED	BUDGET 2018	\$ FROM 2017 BUDGET	% FROM 2017 BUDGET
Debt Service	\$2,616,161	\$2,665,707	\$49,546	1.9%

Debt	2018 Payment Ending Date
GOB Series 2011	\$1,464,100 09/14/2022
Energy Conservation Loan	68,438 07/01/2022
Smart Meters	1,046,189 09/01/2022 (ARRA/DNREC), 01/01/2028 (BOA)
Parking Fee Collection Equipment	37,725 10/15/2019
Fiber Lease	49,255 08/05/2027
Total:	\$2,665,707

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Debt Service	\$2,616,161	\$2,665,707	\$49,546	1.9%
Net Current Surplus	836,866	630,264	(\$206,602)	-24.7%

City of Newark FY2018 Capital Budget Recommendation

2018 CIP Requested:

Fund	2018	2019	2020	2021	2022	TOTAL
General	\$3,187,663	\$4,811,448	\$2,538,044	\$3,359,721	\$2,627,598	\$16,524,474
Electric	\$1,666,000	\$1,383,500	\$697,000	\$360,000	\$580,000	\$4,686,500
Water	\$3,662,500	\$2,033,000	\$2,203,000	\$3,749,000	\$1,224,000	\$12,871,500
Sewer	\$575,000	\$800,000	\$1,000,000	\$800,000	\$800,000	\$3,975,000
Stormwater	\$3,738,000	\$3,781,000	\$503,050	\$576,203	\$550,513	\$9,148,766
Maint Fund	\$330,000	\$364,000	\$45,000	\$0	\$0	\$739,000
Parking	\$141,750	\$0	\$0	\$105,000	\$0	\$246,750
Total:	\$13,300,913	\$13,172,948	\$6,986,094	\$8,949,924	\$5,782,111	\$48,191,990

2018 CIP Funding Sources:

Fund	2018 CIP	Bond/SRL	Equipment	Grants/Other	Capital Reserves	Current Resources
General	\$3,187,663	(\$263,950)	(\$468,889)	(\$2,226,221)		(\$228,603)
Electric	\$1,666,000	(\$381,000)	(\$340,000)	(\$120,000)		(\$825,000)
Water	\$3,662,500	(\$3,482,000)	\$0	(\$82,500)	(\$28,000)	(\$70,000)
Sewer	\$575,000	(\$575,000)				\$0
Stormwater	\$3,738,000	(\$3,250,000)	(\$18,000)	(\$50,000)	(\$40,000)	(\$380,000)
Maintenance Fund	\$330,000	(\$165,000)	(\$30,000)	(\$105,000)		(\$30,000)
Parking	\$141,750	(\$141,750)				\$0
TOTAL:	\$ 13,300,913	(\$8,258,700)	(\$856,889)	(\$2,583,721)	(\$68,000)	(\$1,533,603)

Capital Projects – Bond Financing

Project #	Department	Fund	Description	2018	2019	2020	2021	2022	Total CIP Reques	Bond Funding
E0503	Electric	Electric	SCADA & Automatic Switching	\$300,000	\$413,000	\$0	\$0	\$455,000	\$1,168,000	(\$300,000)
E1804	Electric	Electric	Spacer Cable Replacement	\$81,000	\$0	\$0	\$0	\$0	\$81,000	(\$81,000)
N1801	Fac Mgmt	Maint	NPD - Rear Concrete Deck and Stairs	\$50,000	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)
N1806	Fac Mgmt	Maint	FOC - Master Plan	\$100,000	\$175,000	\$0	\$0	\$0	\$275,000	(\$70,000)
I1603	Info Tech	General	Surveillance Camera Refresh	\$32,500	\$32,500	\$32,500	\$32,500	\$0	\$130,000	(\$32,500)
I1807	Info Tech	General	Building Security Upgrades (SWF, Water Plant, Reservoir)	\$50,000	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)
V1702	Parking	Parking	Additional Parking Meters	\$14,010	\$0	\$0	\$0	\$0	\$14,010	(\$14,010)
V1801	Parking	Parking	Parking Lot Surface Maintenance	\$127,740	\$0	\$0	\$105,000	\$0	\$232,740	(\$127,740)
K0908	Parks	General	Children's Play Equipment	\$20,000	\$60,000	\$40,000	\$40,000	\$0	\$160,000	(\$16,450)
K1301	Parks	General	Hard Surface Facility Improvements	\$50,000	\$640,000	\$175,000	\$250,000	\$130,000	\$1,245,000	(\$50,000)
K1303	Parks	General	Facilities Accessibility	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000	(\$20,000)
M1401	PWWR	Maint	Truck Lift Systems Improvements	\$45,000	\$0	\$0	\$0	\$0	\$45,000	(\$45,000)
S0904	PWWR	Sewer	Sanitary Sewer Study & Repairs	\$500,000	\$800,000	\$1,000,000	\$800,000	\$800,000	\$3,900,000	(\$500,000)
S1602	PWWR	Sewer	Sewer SCADA	\$75,000	\$0	\$0	\$0	\$0	\$75,000	(\$75,000)
Q1802	PWWR	Stormwater	Rodney Regional Stormwater Park	\$3,300,000	\$3,250,000	\$0	\$0	\$0	\$6,550,000	(\$3,250,000)
W0002	PWWR	Water	CWTP Alternative Disinfection Equipment	\$757,000	\$0	\$0	\$0	\$0	\$757,000	(\$757,000)
W1402	PWWR	Water	South Well Field Air Stripper Replacement/Storage Tank Config.	\$1,475,000	\$0	\$0	\$0	\$0	\$1,475,000	(\$1,475,000)
W8605	PWWR	Water	Water Tank Maintenance	\$700,000	\$500,000	\$700,000	\$350,000	\$0	\$2,250,000	(\$700,000)
W9302	PWWR	Water	SCADA System	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$550,000	(\$200,000)
W9308	PWWR	Water	Water Main Renovation Program	\$350,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000	\$3,850,000	(\$350,000)
H1802	PWWR	General	ADA Handicap Ramp Transition Plan	\$120,000	\$133,150	\$136,395	\$139,736	\$143,178	\$672,459	(\$95,000)
Total				\$8,367,250	\$7,223,650	\$2,653,895	\$2,787,236	\$2,598,178	\$23,630,209	(\$8,258,700)

Capital Projects – Priority 1 Projects

Project #	Department	Fund	Description	Justification	2018	2019	2020	2021	2022	Total CIP Reque
E1502	* Electric	Electric	Star Campus underground distribution	D - Efficiency/Other	\$120,000	\$120,000	\$120,000	\$0	\$0	\$360,000
E1801	Electric	Electric	New Lines and Services	D - Efficiency/Other	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$625,000
EEQSF	* Electric	Electric	Vehicle Replacement Program	D - Efficiency/Other	\$340,000	\$400,500	\$302,000	\$0	\$0	\$1,042,500
K0908	* Parks	General	Children's Play Equipment	C - Community Health	\$20,000	\$60,000	\$40,000	\$40,000	\$0	\$160,000
K1203	Parks	General	Old Paper Mill Park Improvements	C - Community Health	\$0	\$100,000	\$0	\$600,000	\$600,000	\$1,300,000
K1301	* Parks	General	Hard Surface Facility Improvements	B - Public Safety	\$50,000	\$640,000	\$175,000	\$250,000	\$130,000	\$1,245,000
K1601	* Parks	General	Bicycle/Pedestrian Bridge-Curtis Mill/Kershaw	B - Public Safety	\$800,000	\$750,000	\$0	\$0	\$0	\$1,550,000
KEQSF	* Parks	General	Vehicle Replacement Program	D - Efficiency/Other	\$62,000	\$0	\$0	\$0	\$0	\$62,000
C1401	* Police	General	Ballistic Vests	B - Public Safety	\$3,000	\$13,390	\$11,671	\$33,883	\$14,638	\$76,582
C1601	* Police	General	Taser X26P Replacement	B - Public Safety	\$20,389	\$21,408	\$22,478	\$23,602	\$24,782	\$112,659
CEQSF	* Police	General	Vehicle Replacement Program	B - Public Safety	\$184,000	\$395,000	\$30,000	\$0	\$0	\$609,000
REQSF	PWWR	General	Vehicle Replacement Program	D - Efficiency/Other	\$0	\$220,000	\$0	\$300,000	\$0	\$520,000
TEQSF	PWWR	General	Vehicle Replacement Program	D - Efficiency/Other	\$0	\$66,000	\$0	\$0	\$0	\$66,000
MEQSF	PWWR	Maintenance Fund	Vehicle Replacement Program	D - Efficiency/Other	\$0	\$40,000	\$0	\$0	\$0	\$40,000
S0904	* PWWR	Sewer	Sanitary Sewer Study & Repairs	D - Efficiency/Other		\$800,000	\$1,000,000	\$800,000	\$800,000	\$3,900,000
S1602	* PWWR	Sewer	Sewer SCADA	D - Efficiency/Other	\$75,000	\$0	\$0	\$0	\$0	\$75,000
Q0101	PWWR	Stormwater (Water)	NPDES Phase II Stormwater Quality	C - Community Health		\$40,000	\$40,000	\$40,000	\$40,000	\$160,000
Q1301	PWWR	Stormwater (Water)	Storm Drainage Improvements	B - Public Safety	\$420,000	\$491,000	\$463,050	\$536,203	\$510,513	\$2,420,766
Q1802	* PWWR	Stormwater (Water)	Rodney Regional Stormwater Park	D - Efficiency/Other	\$3,300,000	\$3,250,000	\$0	\$0	\$0	\$6,550,000
W0002	* PWWR	Water	CWTP Alternative Disinfection Equipment	B - Public Safety	\$757,000	\$0	\$0	\$0	\$0	\$757,000
W0503	* PWWR	Water	Well Restoration	A - Return on Investment (Overall Savings)	\$28,000	\$28,000	\$58,000	\$29,000	\$29,000	\$172,000
W1601	* PWWR	Water	Backup Generation at Remote Facilities	D - Efficiency/Other	\$82,500	\$70,000	\$0	\$0	\$0	\$152,500
W9308	* PWWR	Water	Water Main Renovation Program	D - Efficiency/Other	\$350,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000	\$3,850,000
H1801	* PWWR	General	Annual Street Program	D - Efficiency/Other	\$641,671	\$1,600,000	\$1,625,000	\$1,650,000	\$1,675,000	\$7,191,671
H1802	* PWWR	General	ADA Handicap Ramp Transition Plan	B - Public Safety	\$120,000	\$133,150	\$136,395	\$139,736	\$143,178	\$672,459
Total					\$7,998,560	\$10,363,448	\$4,648,594	\$5,567,424	\$5,092,111	\$33,670,137

*Includes grant/other/bond funding.

Capital Projects – Priority 2 Projects

Project #	Department	Fund	Description	Justification	2018	2019	2020	2021	2022	Total CIP Reque
E1804	* Electric	Electric	Spacer Cable Replacement	D - Efficiency/Other	\$81,000	\$0	\$0	\$0	\$0	\$81,000
N1801	* Fac Mgmt	Maintenance Fund	NPD - Rear Concrete Deck and Stairs	C - Community Health	\$50,000	\$0	\$0	\$0	\$0	\$50,000
I1806	Information Technology	General	Police Car Retrofit	B - Public Safety	\$120,000	\$0	\$0	\$0	\$0	\$120,000
V1801	* Parking	Parking	Parking Lot Surface Maintenance	B - Public Safety		\$0	\$0	\$105,000	\$0	\$232,740
K1303	* Parks	General	Facilities Accessibility	C - Community Health	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
K1305	Parks	General	Pomeroy Trail Connection	C - Community Health	\$0	\$120,000	\$0	\$0	\$0	\$120,000
K1605	* Parks	General	Redd Park Trail Improvements	C - Community Health	\$32,000	\$30,000	\$0	\$0	\$0	\$62,000
K1704	Parks	General	Picnic Shelter- Lumbrook Park	C - Community Health	\$0	\$0	\$45,000	\$0	\$0	\$45,000
C1801	Police	General	Motorola Vehicle Radio Upgrade	B - Public Safety	\$108,603	\$0	\$0	\$0	\$0	\$108,603
QEVSF	* PWWR	Stormwater (Water)	Vehicle Replacement Program	D - Efficiency/Other	\$18,000	\$0	\$0	\$0	\$0	\$18,000
W1303	* PWWR	Water	Water System Master Plan	D - Efficiency/Other	\$50,000	\$0	\$0	\$0	\$0	\$50,000
W1402	* PWWR	Water	South Well Field Air Stripper Replacement/Storage Tank Config.	D - Efficiency/Other	\$1,475,000	\$0	\$0	\$0	\$0	\$1,475,000
W1701	PWWR	Water	Valve Inspection, Exercising, and Rehabilitation	D - Efficiency/Other	\$0	\$165,000	\$125,000	\$125,000	\$125,000	\$540,000
W1702	PWWR	Water	Source Water Protection	D - Efficiency/Other	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000
W1703	PWWR	Water	Laird Tract Well Field Treatment	D - Efficiency/Other	\$0	\$0	\$225,000	\$1,925,000	\$0	\$2,150,000
W8605	* PWWR	Water	Water Tank Maintenance	D - Efficiency/Other	\$700,000	\$500,000	\$700,000	\$350,000	\$0	\$2,250,000
W9302	* PWWR	Water	SCADA System	D - Efficiency/Other	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$550,000
H1503	* PWWR	General	Newark Transportation Plan Implementation	B - Public Safety	\$704,000	\$20,000	\$20,000	\$20,000	\$20,000	\$784,000
HEVSF	* PWWR	General	Vehicle Replacement Program	D - Efficiency/Other	\$190,000	\$175,000	\$0	\$0	\$0	\$365,000
Total					\$3,896,343	\$1,250,000	\$1,205,000	\$2,615,000	\$235,000	\$9,201,343

*Includes grant/other/bond funding.

Capital Projects – Priority 3 Projects

Project #	Department	Fund	Description	Justification	2018	2019	2020	2021	2022	Total CIP Reque
E1602	Electric	Electric	Circuit Breaker Replacement	<i>D - Efficiency/Other</i>	\$0	\$65,000	\$0	\$0	\$0	\$65,000
N1802	Fac Mgmt	Maintenance Fund	MUN/NPD - HVAC Design and Longevity Assessment	<i>C - Community Health</i>	\$0	\$0	\$20,000	\$0	\$0	\$20,000
N1803	Fac Mgmt	Maintenance Fund	MUN/NPD - Exterior Paint/Powerwash	<i>C - Community Health</i>	\$0	\$33,000	\$0	\$0	\$0	\$33,000
I1601	Information Technology	General	Virtual Environment Host Replacement	<i>D - Efficiency/Other</i>	\$0	\$0	\$75,000	\$0	\$0	\$75,000
I1603	*	General	Surveillance Camera Refresh	<i>B - Public Safety</i>	\$32,500	\$32,500	\$32,500	\$32,500	\$0	\$130,000
I1606	Information Technology	General	Disaster Recovery and Planning	<i>B - Public Safety</i>	\$0	\$0	\$75,000	\$0	\$0	\$75,000
I1703	Information Technology	General	Recreation Management Software	<i>D - Efficiency/Other</i>	\$0	\$80,000	\$0	\$0	\$0	\$80,000
K1202	Parks	General	Kershaw Park Improvements	<i>C - Community Health</i>	\$0	\$0	\$0	\$200,000	\$0	\$200,000
K1501	Parks	General	Iron Glen Park Master Plan	<i>C - Community Health</i>	\$0	\$0	\$0	\$50,000	\$0	\$50,000
K1502	*	Parks	Fitness Stations	<i>C - Community Health</i>	\$20,000	\$0	\$0	\$0	\$0	\$20,000
C1802	*	Police	Police Office Chair Replacement Project	<i>D - Efficiency/Other</i>	\$9,500	\$0	\$0	\$0	\$0	\$9,500
W1503	PWWR	Water	Academy Street Interconnection Station	<i>D - Efficiency/Other</i>	\$0	\$50,000	\$500,000	\$0	\$0	\$550,000
W1602	PWWR	Water	Roseville Park Pressure District	<i>B - Public Safety</i>	\$0	\$0	\$25,000	\$250,000	\$0	\$275,000
Total					\$62,000	\$260,500	\$727,500	\$532,500	\$0	\$1,582,500

*Includes grant/other/bond funding.

Capital Projects – Priority 4/5 Projects

Project #	Department	Fund	Description	Justification	2018	2019	2020	2021	2022	Total CIP Reque
E1805	Electric	Electric	Line Extension UD Farm	<i>D - Efficiency/Other</i>	\$0	\$170,000	\$0	\$0	\$0	\$170,000
E1806	Electric	Electric	Christianstead Underground Primary Cable Addition	<i>D - Efficiency/Other</i>	\$0	\$50,000	\$0	\$0	\$0	\$50,000
E1807	Electric	Electric	Relay replacement and SCADA additions Kershaw Substation	<i>D - Efficiency/Other</i>	\$0	\$40,000	\$0	\$0	\$0	\$40,000
E1808	Electric	Electric	Aerial Line voltage upgrade North College Ave	<i>D - Efficiency/Other</i>	\$0	\$0	\$50,000	\$0	\$0	\$50,000
E1809	Electric	Electric	Line Extension Christina Parkway and Park Drive	<i>D - Efficiency/Other</i>	\$0	\$0	\$100,000	\$0	\$0	\$100,000
E1810	Electric	Electric	Lightning arrestor replacement	<i>D - Efficiency/Other</i>	\$0	\$0	\$0	\$235,000	\$0	\$235,000
N1603	* Fac Mgmt	Maintenance Fund	GWCC - HVAC System Upgrades	<i>D - Efficiency/Other</i>	\$105,000	\$0	\$0	\$0	\$0	\$105,000
N1702	Fac Mgmt	Maintenance Fund	MUN - Council Chamber Renovations	<i>C - Community Health</i>	\$0	\$0	\$25,000	\$0	\$0	\$25,000
N1805	Fac Mgmt	Maintenance Fund	MUN - Lower Level Bathroom	<i>C - Community Health</i>	\$0	\$30,000	\$0	\$0	\$0	\$30,000
N1806	* Fac Mgmt	Maintenance Fund	FOC - Master Plan	<i>D - Efficiency/Other</i>	\$100,000	\$175,000	\$0	\$0	\$0	\$275,000
N1808	Fac Mgmt	Maintenance Fund	FOC - Buildings 1 & 2 Security Improvements	<i>B - Public Safety</i>	\$0	\$31,000	\$0	\$0	\$0	\$31,000
N1809	Fac Mgmt	Maintenance Fund	TRN - New Windows	<i>C - Community Health</i>	\$0	\$55,000	\$0	\$0	\$0	\$55,000
NEQSF	* Fac Mgmt	Maintenance Fund	Vehicle Replacement Program	<i>D - Efficiency/Other</i>	\$30,000	\$0	\$0	\$0	\$0	\$30,000
I1801	Information Technology	General	Citywide Fiber Phase II	<i>B - Public Safety</i>	\$0	\$140,000	\$0	\$0	\$0	\$140,000
I1802	Information Technology	General	Smart City Real-Time Parking Map	<i>C - Community Health</i>	\$0	\$80,000	\$0	\$0	\$0	\$80,000
I1803	Information Technology	General	Wifi in Parks Phase I	<i>C - Community Health</i>	\$0	\$35,000	\$0	\$0	\$0	\$35,000
I1804	Information Technology	General	Harris Automation Platform	<i>D - Efficiency/Other</i>	\$0	\$0	\$150,000	\$0	\$0	\$150,000
I1805	Information Technology	General	Utility Billing Infrastructure Assessment	<i>D - Efficiency/Other</i>	\$0	\$80,000	\$80,000	\$0	\$0	\$160,000
I1807	* Information Technology	General	Building Security Upgrades (SWF, Water Plant, Reservoir)	<i>B - Public Safety</i>	\$50,000	\$0	\$0	\$0	\$0	\$50,000
Total					\$285,000	\$886,000	\$405,000	\$235,000	\$0	\$1,811,000

*Includes grant/other/bond funding.

Capital Projects

Q&A / Feedback

- Project Specific Questions
- Direction on Prioritization

To Be Considered???

- Customer Charges for Utilities (electric, water, sewer)
- Tax Increase for 2018? Do we break out Refuse from the tax bill?
- Aetna subvention
- Credit Card Fees/Paper Billing
- Peak/Off-Peak Parking Rates
- Bond Financing on Some Capital Projects
- City Lobbyist Suggestions?
- UniCity?
- University Assistance

To Be Considered - Customer charge for Utilities

- The City of Newark has fixed costs associated with its electric, water and sewer infrastructure.
- The old methodology of rate setting has been consumption-based.
- Technology, the conservation of resources and education has led to lower consumption by those we serve, resulting in the inability to properly recover the revenues necessary to meet our expenses.
- Infrastructure needs to be there regardless of usage levels- alternative energy users still rely on the City's grid.
- Staff recommends initiating a monthly customer service charge of \$1 for all sewer accounts and \$1 for all water accounts.
- \$1 for each utility would generate over \$217,000 annually.

To Be Considered – Tax Rate Increase?

- The median assessed value of a residential property in Newark is \$66,500
 - Current tax rate is \$.7737 per \$100 (assessed value from 1983).
 - The median tax bill is \$514.
 - Services for Parks, Police, Refuse, Planning and Code Enforcement far exceed the median tax bill.

To Be Considered – Tax Rate Increase?

- Approximately one out of five residents are paying less for property taxes than what it costs to provide refuse services alone.
 - Private waste haulers charge approximately \$300 per year.
 - Cost for Newark refuse service in 2018 is \$315 per household.
 - The \$199 difference provides funding for Police, Parks and the remaining general fund services.
- Do we move Refuse off the tax bill and onto the monthly utility bill?
 - Offsetting reduction to tax rate

To Be Considered - Aetna Subvention

- The Aetna Volunteer Fire Company provides critical support to all who live, work and play in Newark.
- The cost to provide public safety services increase steadily year over year.
- Subvention for 2018 was increased from \$70,000 to \$74,000 after the Departmental Budget Hearings.
- It is recommended that a \$1 monthly flat fee be assessed to all electric customers to support the fire company. It is estimated that this additional source of revenue would generate an additional \$150,000 in annual revenue.
- Total financial support to Aetna would total \$224,000.
 - Budget would need to be adjusted if Council approves the \$1 fee.

To Be Considered - Credit Card Fees/Paper Billing

- Council has expressed desire to begin charging customers who use credit cards a fee to help recoup the fees paid by the City.
- Staff is committed to working on this project in an effort to help curb expenses as more customers begin to use credit cards for their City obligations.
 - Utility billing
 - Tax payments
 - Large customer utility transactions
- Staff is also committed to encourage the City's account holders to utilize ACH as a means to reduce costs.
- Staff is also working on plans to reduce the amount of paper bills mailed each month.

To Be Considered – Peak/Off-Peak Parking Rates

- Move (now) to a PILOT of Peak/Off-Peak Parking Rates in Lots 1, 3,4 and 6.
- The Parking Committee prefers Lot 6 to be the same rates, even though it is metered.
 - Lot 6 will require code change. Those rates will be:
 - \$1/hr Off-Peak standard rate.
 - \$2/hr Peak rate, 9am – 5pm, Mon-Fri; August 15 – June 15.
- Increase On-Street meter rates in the Central Business District \$0.25 (to \$1.50/hr).
 - Central Business District area is north of Delaware Ave, West of Chapel Street.
- Revenue impact to be determined.

To Be Considered - City Lobbyist Direction Suggestions

Lobbyist:

- *Three options to consider:*
 - Exclusive lobbyist (current): \$\$\$
 - Non-exclusive lobbyist: \$\$
 - In-house legislative review with issue-specific lobbying support (time/material): \$

To Be Considered – UniCity Bus Program

- Should the City discontinue the UniCity bus program?
 - Costs to run the program are not covered by the funding from the State
 - High expense, low ridership.

To Be Considered - Bond Financing on Some Capital Projects

- The City has maximized its ability to utilize the “pay-as-you-go” method of funding capital projects.
- It has come to the point where Newark’s capital program will need to be frozen until we are able to use either secure bond financing and/or the state’s revolving loan program to provide fiscal relief to funding it’s long-term projects.
- Responsible planning, coupled with the proper use of debt service will ensure that the City is meeting its fiduciary responsibilities.
- Helps ensure that those who receive City services are paying for them.
- Would provide relief on the annual revenue requirements for the City.

To Be Considered – University Assistance

- Staff will continue dialogue with the University on all projects that directly impact both the City and UD.
- Areas of assistance that would have minimal impact on the University that would help the City include:
 - The University's use of credit cards on utility payments.
 - Discuss the university incorporating a fee for all students each semester to help address their impact on City services.
 - Venue service fee (\$1-\$2) that would help minimize the costs the City incurs for police services provided for UD events.

Council Direction

- Staff would like to be advised if Council would like to go to the bond market in 2018 to begin funding some CIP projects.
- Tax Rate increase of 2%? Would provide an additional \$66,500 in revenue in 2018, and \$133,000 beyond.
- Is there support to begin introducing a customer service charge to water and sewer bills (above and beyond the Black and Veatch revenue-neutral proposal).
 - \$1 for sewer and \$1 for water each month? Every dollar would generate approximately \$120,000 for water, and \$97,000 for sewer.
- Is there support to add a fee on electric bills for the Aetna Volunteer Fire Company?
 - \$1 fee would generate \$150,000
- UniCity?
- Other?
- Credit Card fees?

Budget Process – Next Thirty Days

10/04/2017	Draft Version of CIP for Budget Central
10/11/2017	Draft CIP Presented to the Planning Commission
10/16/2017	Deadline to advertise budget summary
10/30/2017	Final Version of CIP & Operating Budgets for Council
11/06/2017	Budget Hearing



THANK YOU!