

# 2018 Budget Hearing #2

December 4, 2017

Revised Slide #18 (12/4/2017)

## Budget Timeline

April 2017	Staff Budget Training and Initial CIP Work
May 2017	Draft CIP to Council
July to September	Department Budget Hearings
10/06/2017	Financial Workshop
10/11/2017	CIP Presentation and Approval from Planning Commission
10/20/2017	Final Version of CIP to Council
10/30/2017	Operating Budget to Council
11/06/2017	Budget Hearing #1
11/20/2017	Budget Hearing #2 (cancelled)
12/04/2017	Budget Adoption

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# 2018 Budget Overview

	11/6/2017	12/4/2017	Difference
<b>Revenue</b>	<b>\$87,394,862</b>	<b>\$87,404,822</b>	<b>\$9,960</b>
Expenditures	\$82,511,383	\$82,380,489	(\$130,894)
Net Capital Improvements	\$1,395,000	\$1,482,211	\$87,211
Debt Service	\$2,665,707	\$2,665,707	\$0
Current Surplus	\$822,772	\$876,415	\$53,643
<b>Total Expenditures and Surplus</b>	<b>\$87,394,862</b>	<b>\$87,404,822</b>	<b>\$9,960</b>

Tax Rate	No Rate increase proposed
Electric Rate	No change from 2017
Sewer Fee	No change from 2017, <del>customer service charge?</del>
Water Rate	No change from 2017, <del>customer service charge?</del>
Stormwater Fee	New fee beginning in 2018

Revisit in 2018

Revisit in 2018

## Revenues



	ACTUAL 2016	2017 BUDGET AS AMENDED	11/6 BUDGET 2018	12/4 BUDGET 2018	\$ FROM 2017 BUDGET	% FROM 2017 BUDGET
<b>Revenue</b>						
Utility Sales	\$69,435,839	\$70,684,625	\$69,391,524	\$69,391,524	(\$1,293,101)	-1.8%
Property and Realty Taxes	\$8,176,877	\$8,655,185	\$8,695,000	\$8,695,000	39,815	0.5%
Fees for Service	\$6,776,562	\$7,340,381	\$6,984,365	\$6,984,365	(356,016)	-4.9%
Intergovernmental Revenue	\$1,774,658	\$1,353,221	\$1,390,843	\$1,390,843	\$37,622	2.8%
Other Revenue	\$1,166,747	\$888,569	\$933,130	\$943,090	54,521	6.1%
<b>Total Operating Revenue</b>	<b>\$87,330,683</b>	<b>\$88,921,981</b>	<b>\$87,394,862</b>	<b>\$87,404,822</b>	<b>(1,517,159)</b>	<b>-1.7%</b>

## OP EX



<b>Expenditures</b>						
Personnel Services	\$28,923,301	\$30,738,672	\$32,091,109	\$31,941,215	\$1,202,543	3.9%
Utility Purchases	\$39,750,885	\$39,027,138	\$38,266,885	\$38,266,885	(\$760,253)	-1.9%
Materials and Supplies	\$1,878,221	\$2,272,493	\$2,304,248	\$2,304,248	\$31,755	1.4%
Contractual Services	\$6,398,871	\$7,351,025	\$7,434,892	\$7,453,892	\$102,867	1.4%
Equipment Depreciation	\$1,297,402	\$1,390,082	\$1,745,300	\$1,745,300	\$355,218	25.6%
Other Expenses	\$399,328	\$534,544	\$668,949	\$668,949	\$134,405	25.1%
<b>Total Operating Expenses</b>	<b>\$78,648,008</b>	<b>\$81,313,954</b>	<b>\$82,511,383</b>	<b>\$82,380,489</b>	<b>1,066,535</b>	<b>1.3%</b>

## CIP



<b>Capital Improvements</b>						
Gross Capital Improvements	\$11,525,667	\$11,144,546	\$14,715,403	\$13,058,807	\$1,914,261	17.2%
Less: Use of Reserves	(\$4,609,575)	(\$4,722,228)	(\$1,931,500)	(\$1,978,173)	\$2,744,055	-58.1%
Equipment Replacement	(\$1,759,720)	(\$1,172,318)	(\$1,017,492)	(\$1,002,492)	\$169,826	-14.5%
Grants	(\$805,263)	(\$945,000)	(\$1,504,721)	(\$1,564,241)	(\$619,241)	65.5%
Bond Issues	\$0	\$0	(\$937,690)	(\$937,690)	(\$937,690)	n/a
SRL	\$0	\$0	(\$6,850,000)	(\$5,015,000)	(\$5,015,000)	n/a
Other Sources	(\$642,599)	(\$150,000)	(\$1,079,000)	(\$1,079,000)	(\$929,000)	619.3%
<b>Net Capital Improvements</b>	<b>\$3,708,510</b>	<b>\$4,155,000</b>	<b>\$1,395,000</b>	<b>\$1,482,211</b>	<b>(\$2,672,789)</b>	<b>-64.3%</b>

## Debt Service



Debt Service	\$2,598,488	\$2,616,161	\$2,665,707	\$2,665,707	\$49,546	1.9%
Net Current Surplus	\$2,375,677	\$836,866	\$822,772	\$876,415	\$39,549	4.7%
<b>TOTAL EXPENDITURES AND SURPLUS</b>	<b>\$87,330,683</b>	<b>\$88,921,981</b>	<b>\$87,394,862</b>	<b>\$87,404,822</b>	<b>(1,517,159)</b>	<b>-1.7%</b>

# TOTAL BUDGET AT A GLANCE

## Expense Budget Overview – Operating Expenditures (OP EX)

	ACTUAL 2016	2017 BUDGET AS AMENDED	11/6 BUDGET 2018	12/4 BUDGET 2018	\$ FROM 2017 BUDGET	% FROM 2017 BUDGET
<b>Expenditures</b>						
Personnel Services	\$28,923,301	\$30,738,672	\$32,091,109	\$31,941,215	\$1,202,543	3.9%
Utility Purchases	\$39,750,885	\$39,027,138	\$38,266,885	\$38,266,885	(\$760,253)	-1.9%
Materials and Supplies	\$1,878,221	\$2,272,493	\$2,304,248	\$2,304,248	\$31,755	1.4%
Contractual Services	\$6,398,871	\$7,351,025	\$7,434,892	\$7,453,892	\$102,867	1.4%
Equipment Depreciation	\$1,297,402	\$1,390,082	\$1,745,300	\$1,745,300	\$355,218	25.6%
Other Expenses	\$399,328	\$534,544	\$668,949	\$668,949	\$134,405	25.1%
<b>Total Operating Expenses</b>	<b>\$78,648,008</b>	<b>\$81,313,954</b>	<b>\$82,511,383</b>	<b>\$82,380,489</b>	<b>1,066,535</b>	<b>1.3%</b>

- Personnel Expenses decreased by \$150,000 from the November 6<sup>th</sup> presentation due to a lower than expected health premium renewal.

**Total operating expenses are up 1.3%, or just under \$1.1 million compared to 2017**

- Contractual Services increased by \$19,000 due to:
  - **\$60,000 increase for Grant Writer**
  - **\$20,000 reduction for yard waste contractual**
  - **\$12,000 reduction for FreshDesk removal (new)**
  - **\$9,000 reduction for IT Contractual (new)**


# Personnel Expenses – Operating Budget By Type

	2017	11/6 BUDGET 2018	12/4 BUDGET 2018	DIFF FROM 2017 BUDGET	% CHANGE FROM 2017 BUDGET
Wages	\$20,418,997	\$20,674,465	\$20,674,465	\$255,468	1.3%
OPEB	\$400,000	\$800,000	\$800,000	\$400,000	100.0%
Pension	\$3,020,650	\$3,500,000	\$3,500,000	\$479,350	15.9%
Health	\$3,990,644	\$4,127,698	\$3,977,804	(\$12,840)	-0.3%
Other	\$2,908,381	\$2,988,946	\$2,988,946	\$80,565	2.8%
<b>Total Personnel Expenses</b>	<b>\$30,738,672</b>	<b>\$32,091,109</b>	<b>\$31,941,215</b>	<b>\$1,202,543</b>	<b>3.9%</b>

## Highlights of the Personnel Expenses Line for 2018:

- No new positions. Includes funding 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.

# Expense Budget Overview – Capital Improvements



	ACTUAL 2016	2017 BUDGET AS AMENDED	11/6 BUDGET 2018	12/4 BUDGET 2018	\$ FROM 2017 BUDGET	% FROM 2017 BUDGET
<b>Capital Improvements</b>						
Gross Capital Improvements	\$11,525,667	\$11,144,546	\$14,715,403	\$13,058,807	\$1,914,261	17.2%
Less: Use of Reserves	(\$4,609,575)	(\$4,722,228)	(\$1,931,500)	(\$1,978,173)	\$2,744,055	-58.1%
Equipment Replacement	(\$1,759,720)	(\$1,172,318)	(\$1,017,492)	(\$1,002,492)	\$169,826	-14.5%
Grants	(\$805,263)	(\$945,000)	(\$1,504,721)	(\$1,564,241)	(\$619,241)	65.5%
Bond Issues	\$0	\$0	(\$937,690)	(\$937,690)	(\$937,690)	n/a
SRL	\$0	\$0	(\$6,850,000)	(\$5,015,000)	(\$5,015,000)	n/a
Other Sources	(\$642,599)	(\$150,000)	(\$1,079,000)	(\$1,079,000)	(\$929,000)	619.3%
<b>Net Capital Improvements</b>	<b>\$3,708,510</b>	<b>\$4,155,000</b>	<b>\$1,395,000</b>	<b>\$1,482,211</b>	<b>(\$2,672,789)</b>	<b>-64.3%</b>

- The Gross CIP Budget increased \$1.9 million (17.2%) to \$13,058,807 when compared to 2017.
- Funding of the CIP consists of six sources, with reliance on the state revolving loan program and the bond market.
- Net CIP Budget decreased by \$2.7 million (-64.3%) to \$1,482,211. **This represents the portion of the capital budget that is supported by current revenues (taxes, fees, etc.)**

## 2018 CIP - Changes From November 6<sup>th</sup> Budget Hearing

	11/6 BUDGET 2018	12/4 BUDGET 2018	\$ FROM 11/6 BUDGET	% FROM 11/6 BUDGET
<b>Gross Capital Improvements</b>	<b>\$14,715,403</b>	<b>\$13,058,807</b>	<b>(\$1,656,596)</b>	<b>-11.3%</b>
Less: Use of Reserves	(\$1,931,500)	(\$1,978,173)	(\$46,673)	2.4%
Equipment Replacement	(\$1,017,492)	(\$1,002,492)	\$15,000	-1.5%
Grants	(\$1,504,721)	(\$1,564,241)	(\$59,520)	4.0%
Bond Issues	(\$937,690)	(\$937,690)	\$0	0.0%
SRL	(\$6,850,000)	(\$5,015,000)	\$1,835,000	-26.8%
Other Sources	(\$1,079,000)	(\$1,079,000)	\$0	0.0%
<b>Total Non-Current Resources:</b>	<b>(\$13,320,403)</b>	<b>(\$11,576,596)</b>	<b>\$1,743,807</b>	<b>-13.1%</b>
<b>Net Capital Improvements</b>	<b>\$1,395,000</b>	<b>\$1,482,211</b>	<b>\$87,211</b>	<b>6.3%</b>

- ▶ Table summarizes the budgetary changes in the 2018 CIP compared to what was presented on November 6<sup>th</sup>.
- ▶ The next slide presents the details of what has changed.



Project #	Description	2018	Funding Source	2019	Funding Source	2020	Funding Source	2021	Funding Source	2022	Funding Source	Total CIP Change	Comments
<b>CIP AS OF 11/6/2017:</b>		<b>\$14,715,403</b>		<b>\$12,996,323</b>		<b>\$7,441,094</b>		<b>\$9,533,924</b>		<b>\$6,090,111</b>		<b>\$50,776,855</b>	
A1601	Building Demolition	\$7,211	Current Resources									\$27,800	Rockmoss property abatement and demolition.
		\$20,589	Capital Reserves										
A1801	Government Access Channel Equipment	\$31,520	Other									\$31,520	Purchase of audio/visual equipment per Comcast Franchise Agreement.
K1305	Pomeroy Trail Connector	\$60,000	Current Resources	(\$60,000)	Current Resources							\$30,000	Council voted on 11/4/2017 to move scheduled project from 2019 to 2018. An additional \$30K of Grant Funding was also added to the project per CM direction.
		\$90,000	Grant	(\$60,000)	Grant								
K1601	Charles Emerson Bicycle/Pedestrian Bridge	(\$300,000)	Grant	\$400,000	Grant							\$0	Grant funding moved to 2019
				(\$100,000)	Current Resources								
K1705	Preston's Playground Utility Lines	\$78,000	Grant									\$124,084	Project was originally planned to be completed in 2017. Parks has since received 78k in Grants (on top of the \$46,084 in Reserves) to be utilized in 2018.
		\$46,084	Capital Reserves										
BEQSF	Planning & Development Equipment	(\$25,000)	Equipment Fund									(\$25,000)	Vehicle #839 originally in CIP for 2018 was purchased in 2017. Removed item from project.
HEQSF	PWWR - Water Equipment Replacement	\$10,000	Equipment Fund									\$10,000	Vehicle #531 originally scheduled for \$190K in 2018, has been increased to \$200K total.
W1702	PWWR - Source Water Protection	(\$20,000)	Capital Reserves									\$0	Department believed they would have \$20K left in Capital Reserves at the end of 2017. This money has now been spent in 2017. 2018 funding has been updated from Capital Reserves to Current Resources.
		\$20,000	Current Resources										
Q1802	Rodney Regional Stormwater Park	(\$1,835,000)	SRL	\$2,925,000	SRL	\$550,000	SRL					\$1,800,000	Received updated funding sources from CM on 11/17/2017. The sheet was updated to reflect the requested changes.
		\$160,000	Grant										
<b>TOTAL ADJUSTMENTS:</b>		<b>(\$1,656,596)</b>		<b>\$3,105,000</b>		<b>\$550,000</b>		<b>\$0</b>		<b>\$0</b>		<b>\$1,998,404</b>	
<b>REVISED CIP AS OF 12/4/2017:</b>		<b>\$13,058,807</b>		<b>\$16,101,323</b>		<b>\$7,991,094</b>		<b>\$9,533,924</b>		<b>\$6,090,111</b>		<b>\$52,775,259</b>	

# CIP - Changes From November 6<sup>th</sup> Budget Hearing

# CIP - Changes From November 6<sup>th</sup> Budget Hearing (no fiscal impact)

Project #	Previous Fund	Previous Department	Previous Division	Updated Fund	Updated Department	Project Title	Project Year	Project Amount	Funding Source	Comments
I1807	General	Administrative	IT	Water	PWWR	Building Security Upgrades	2018	\$50,000	Bond Issues	Realignment of Capital Projects
I1806	General	Administrative	IT	General	Police	Police Car Retrofit	2018	\$120,000	Current Resources	Realignment of Capital Projects
I1703	General	Administrative	IT	General	Parks	Recreation Management Software	2019	\$80,000	Current Resources	Realignment of Capital Projects

	PROPOSED BUDGETS					TOTAL
	2018	2019	2020	2021	2022	PROPOSED AMOUNTS
ELECTRIC FUND	\$1,706,500	\$1,383,500	\$697,000	\$360,000	\$580,000	\$4,727,000
WATER FUND	\$4,003,500	\$1,948,000	\$2,433,000	\$3,974,000	\$1,224,000	\$13,582,500
SEWER FUND	\$1,336,701	\$800,000	\$1,000,000	\$800,000	\$800,000	\$4,736,701
STORMWATER FUND	\$2,103,000	\$6,867,375	\$1,053,050	\$576,203	\$550,513	\$11,150,141
PUBLIC WORKS-GENERAL FUND	\$1,665,671	\$2,215,150	\$1,781,395	\$2,289,736	\$1,898,178	\$9,850,130
POLICE DEPARTMENT	\$445,492	\$479,798	\$64,149	\$153,485	\$89,420	\$1,232,344
PARKS & RECREATION DEPARTMENT	\$978,084	\$1,730,000	\$552,000	\$1,218,000	\$948,000	\$5,426,084
PARKING FUND	\$248,490	\$21,000	\$28,000	\$105,000	\$0	\$402,490
INFORMATION TECHNOLOGY DIVISION	\$32,500	\$172,500	\$332,500	\$32,500	\$0	\$570,000
PUBLIC WORKS-MAINTENANCE FUND	\$452,549	\$414,000	\$25,000	\$0	\$0	\$891,549
OTHER DEPARTMENTS	\$86,320	\$70,000	\$25,000	\$25,000	\$0	\$206,320
<b>TOTAL</b>	<b>\$13,058,807</b>	<b>\$16,101,323</b>	<b>\$7,991,094</b>	<b>\$9,533,924</b>	<b>\$6,090,111</b>	<b>\$52,775,259</b>
<b>FUNDING SOURCE</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
USE OF RESERVES	(\$1,978,173)	(\$45,000)	\$0	\$0	\$0	(\$2,023,173)
VEHICLE & EQUIPMENT REPLACEMENT	(\$1,002,492)	(\$1,899,673)	(\$791,149)	(\$761,485)	(\$239,420)	(\$4,694,219)
GRANTS	(\$1,564,241)	(\$1,216,671)	(\$666,671)	(\$566,671)	(\$516,671)	(\$4,530,925)
BOND ISSUES	(\$937,690)	(\$462,500)	(\$494,500)	(\$352,500)	(\$238,000)	(\$2,485,190)
STATE REVOLVING LOAN	(\$5,015,000)	(\$7,325,000)	(\$2,250,000)	(\$2,900,000)	(\$800,000)	(\$18,290,000)
OTHER FINANCING SOURCES	(\$1,079,000)	(\$570,000)	(\$270,000)	(\$150,000)	(\$150,000)	(\$2,219,000)
<b>TOTAL FINANCING SOURCES</b>	<b>(\$11,576,596)</b>	<b>(\$11,518,844)</b>	<b>(\$4,472,320)</b>	<b>(\$4,730,656)</b>	<b>(\$1,944,091)</b>	<b>(\$34,242,507)</b>
<b>NET CAPITAL IMPROVEMENTS</b>	<b>\$1,482,211</b>	<b>\$4,582,479</b>	<b>\$3,518,774</b>	<b>\$4,803,268</b>	<b>\$4,146,020</b>	<b>\$18,532,752</b>

## Capital Improvement Program Totals 2018-2022

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# Capital Projects – State Revolving Loan Original Submission

Project #	Fund	Description	2018	2019	2020	2021	2022	Total CIP Request	2018 Other	2019 Other	2020 Other	2021 Other	2022 Other	Bond Funding	Net City Resources
Q1802	Stormwater	Rodney Regional Stormwater Park	\$3,300,000	\$3,250,000	\$0	\$0	\$0	\$6,550,000	(\$3,250,000)	(\$3,250,000)				(6,500,000)	\$50,000
S0904	Sewer	Sanitary Sewer Study & Repairs	\$1,261,701	\$800,000	\$1,000,000	\$800,000	\$800,000	\$4,661,701	(\$500,000)	(\$800,000)	(\$1,000,000)	(\$800,000)	(\$800,000)	(3,900,000)	\$761,701
W1402	Water	South Well Field Air Stripper Replacement	\$1,700,000	\$0	\$0	\$0	\$0	\$1,700,000	(\$1,700,000)					(1,700,000)	\$0
W1703	Water	Laird Tract Well Field Treatment	\$0	\$0	\$225,000	\$1,925,000	\$0	\$2,150,000				(\$1,600,000)		(1,600,000)	\$550,000
W8605	Water	Water Tank Maintenance	\$700,000	\$350,000	\$700,000	\$500,000	\$0	\$2,250,000	(\$700,000)	(\$350,000)	(\$700,000)	(\$500,000)		(2,250,000)	\$0
W9302	Water	SCADA System	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$550,000	(\$200,000)					(200,000)	\$350,000
W9308	Water	Water Main Renovation Program	\$500,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000	\$4,000,000	(\$500,000)					(500,000)	\$3,500,000
<b>Total</b>			<b>\$7,661,701</b>	<b>\$5,600,000</b>	<b>\$2,475,000</b>	<b>\$4,275,000</b>	<b>\$1,850,000</b>	<b>\$21,861,701</b>	<b>(\$6,850,000)</b>	<b>(\$4,400,000)</b>	<b>(\$1,700,000)</b>	<b>(\$2,900,000)</b>	<b>(\$800,000)</b>	<b>(16,650,000)</b>	<b>\$5,211,701</b>

# Capital Projects – State Revolving Loan Revised Submission – IN CURRENT CIP

Project #	Fund	Description	2018	2019	2020	2021	2022	Total CIP Request	2018 Other	2019 Other	2020 Other	2021 Other	2022 Other	Total Other Funding	Net City Resources
Q1802	Stormwater	Rodney Regional Stormwater Park	\$1,625,000	\$6,175,000	\$550,000	\$0	\$0	\$8,350,000	(\$1,415,000)	(\$6,175,000)	(\$550,000)			(8,140,000)	\$210,000
S0904	Sewer	Sanitary Sewer Study and Repairs	\$1,261,701	\$800,000	\$1,000,000	\$800,000	\$800,000	\$4,661,701	(\$500,000)	(\$800,000)	(\$1,000,000)	(\$800,000)	(\$800,000)	(3,900,000)	\$761,701
W1402	Water	Air Stripper Replacement - South Well Field	\$1,700,000	\$0	\$0	\$0	\$0	\$1,700,000	(\$1,700,000)					(1,700,000)	\$0
W1703	Water	Laird Tract Well Field Restoration	\$0	\$0	\$225,000	\$1,925,000	\$0	\$2,150,000				(\$1,600,000)		(1,600,000)	\$550,000
W8605	Water	Water Tank Maintenance	\$700,000	\$350,000	\$700,000	\$500,000	\$0	\$2,250,000	(\$700,000)	(\$350,000)	(\$700,000)	(\$500,000)		(2,250,000)	\$0
W9302	Water	Water SCADA System	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$550,000	(\$200,000)					(200,000)	\$350,000
W9308	Water	Water Main Replacement Program	\$500,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000	\$4,000,000	(\$500,000)					(500,000)	\$3,500,000
<b>Total</b>			<b>\$5,986,701</b>	<b>\$8,525,000</b>	<b>\$3,025,000</b>	<b>\$4,275,000</b>	<b>\$1,850,000</b>	<b>\$23,661,701</b>	<b>(\$5,015,000)</b>	<b>(\$7,325,000)</b>	<b>(\$2,250,000)</b>	<b>(\$2,900,000)</b>	<b>(\$800,000)</b>	<b>(18,290,000)</b>	<b>\$5,371,701</b>

- Current CIP was updated to reflect the change in the total funds needed during 2018-2022 for the Rodney Regional Stormwater Park based off public comment period.
  - Increased from \$6,550,000 to \$8,350,000. To be funded by the State Revolving Loan Program (\$8,140,000) and grants (\$210,000).
  - Rodney Project is subject to an independent referendum.

# Capital Projects – State Revolving Loan

## Revised Submission – PLAN B (recommended)

Project #	Fund	Description	2018	2019	2020	2021	2022	Total CIP Request	2018 Other	2019 Other	2020 Other	2021 Other	2022 Other	Total Other Funding	Net City Resources
Q1802	Stormwater	Rodney Regional Stormwater Park	\$1,625,000	\$6,175,000	\$550,000	\$0	\$0	\$8,350,000	(\$1,415,000)	(\$6,175,000)	(\$550,000)			(8,140,000)	\$210,000
S0904	Sewer	Sanitary Sewer Study and Repairs	\$1,261,701	\$800,000	\$1,000,000	\$800,000	\$800,000	\$4,661,701	(\$500,000)	(\$800,000)	(\$1,000,000)	(\$800,000)	(\$800,000)	(3,900,000)	\$761,701
W1402	Water	Air Stripper Replacement - South Well Field	\$1,700,000	\$0	\$0	\$0	\$0	\$1,700,000	(\$1,700,000)					(1,700,000)	\$0
W1703	Water	Laird Tract Well Field Restoration	\$0	\$0	\$225,000	\$1,925,000	\$0	\$2,150,000			(\$75,000)	(\$1,925,000)		(2,000,000)	\$150,000
W8605	Water	Water Tank Maintenance	\$700,000	\$350,000	\$700,000	\$500,000	\$0	\$2,250,000	(\$700,000)	(\$350,000)	(\$700,000)	(\$500,000)		(2,250,000)	\$0
W9302	Water	Water SCADA System	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$550,000	(\$200,000)	(\$200,000)	(\$50,000)	(\$50,000)	(\$50,000)	(550,000)	\$0
W9308	Water	Water Main Replacement Program	\$500,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000	\$4,000,000	(\$500,000)	(\$1,000,000)	(\$500,000)	(\$1,000,000)	(\$1,000,000)	(4,000,000)	\$0
<b>Total</b>			<b>\$5,986,701</b>	<b>\$8,525,000</b>	<b>\$3,025,000</b>	<b>\$4,275,000</b>	<b>\$1,850,000</b>	<b>\$23,661,701</b>	<b>(\$5,015,000)</b>	<b>(\$8,525,000)</b>	<b>(\$2,875,000)</b>	<b>(\$4,275,000)</b>	<b>(\$1,850,000)</b>	<b>(22,540,000)</b>	<b>\$1,121,701</b>

Q1802 – SRL funding for the Rodney Regional Stormwater Park was adjusted to \$8,350,000 based on comments generated from the public meetings, and subject to a separate referendum.

Plan B provides a consistent funding source for water and sewer projects, and will not have to compete with operational needs for funding.

Delay of projects often results in increased costs to repair in future years.

Total SRL with Rodney = \$22,540,000 and without Rodney = \$14,400,000.

# Capital Projects – State Revolving Loan PLAN C – Cash Finance (Rodney Project Removed)

Project #	Fund	Description	2018	2019	2020	2021	2022	Total CIP Request	2018 Other	2019 Other	2020 Other	2021 Other	2022 Other	Customer Service Charge
S0904	Sewer	Sanitary Sewer Study and Repairs	\$1,261,701	\$800,000	\$1,000,000	\$800,000	\$800,000	\$4,661,701	(\$500,000)	(\$800,000)	(\$1,000,000)	(\$800,000)	(\$800,000)	(3,900,000)
W1402	Water	Air Stripper Replacement - South Well Field		\$1,700,000	\$0	\$0	\$0	\$1,700,000		(\$1,700,000)				(1,700,000)
W1703	Water	Laird Tract Well Field Restoration	\$0	\$0	\$225,000	\$1,925,000	\$0	\$2,150,000			(\$75,000)	(\$1,925,000)		(2,000,000)
W8605	Water	Water Tank Maintenance	\$700,000	\$350,000	\$700,000	\$500,000	\$0	\$2,250,000	(\$700,000)	(\$350,000)	(\$700,000)	(\$500,000)		(2,250,000)
W9302	Water	Water SCADA System	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$550,000	(\$200,000)	(\$200,000)	(\$50,000)	(\$50,000)	(\$50,000)	(550,000)
W9308	Water	Water Main Replacement Program	\$500,000	\$1,000,000	\$500,000	\$1,000,000	\$1,000,000	\$4,000,000	(\$500,000)	(\$1,000,000)	(\$500,000)	(\$1,000,000)	(\$1,000,000)	(4,000,000)
<b>Total</b>			<b>\$2,661,701</b>	<b>\$4,050,000</b>	<b>\$2,475,000</b>	<b>\$4,275,000</b>	<b>\$1,850,000</b>	<b>\$15,311,701</b>	<b>(\$1,900,000)</b>	<b>(\$4,050,000)</b>	<b>(\$2,325,000)</b>	<b>(\$4,275,000)</b>	<b>(\$1,850,000)</b>	<b>(14,400,000)</b>

CASH REQUIREMENT						
	2018	2019	2020	2021	2022	TOTAL
Sewer	\$500,000	\$800,000	\$1,000,000	\$800,000	\$800,000	\$3,900,000
Water	\$1,400,000	\$3,250,000	\$1,325,000	\$3,475,000	\$1,050,000	\$10,500,000
<b>Total</b>	<b>\$1,900,000</b>	<b>\$4,050,000</b>	<b>\$2,325,000</b>	<b>\$4,275,000</b>	<b>\$1,850,000</b>	<b>\$14,400,000</b>

MONTHLY CUSTOMER SERVICE CHARGE (ESTIMATED)						
	2018	2019	2020	2021	2022	AVERAGE
Sewer	\$5.15	\$8.25	\$10.31	\$8.25	\$8.25	\$8.00
Water	\$11.67	\$27.08	\$11.04	\$28.96	\$8.75	\$17.50

- An across-the-board allocation would result in a customer service charge of \$8 per month for sewer customers, and \$17.50 per month for all water customers.
- Annual rate would be smoothed out over the five year period.
- Customer charge can be set by meter size.

# Capital Projects – Bond Financing

## Original Submission

Project #	Department	Fund	Description	2018	2019	2020	2021	2022	Total CIP Request	2018 Other	2019 Other	2020 Other	2021 Other	2022 Other	Bond Funding	Net City Resources
E0503	Electric	Electric	SCADA & Automatic Switching	\$300,000	\$413,000	\$0	\$0	\$455,000	\$1,168,000	(\$300,000)					(300,000)	\$868,000
E1804	Electric	Electric	Spacer Cable Replacement	\$81,000	\$0	\$0	\$0	\$0	\$81,000	(\$81,000)					(81,000)	\$0
H1802	PWWR	General	ADA Handicap Ramp Transition Plan	\$120,000	\$133,150	\$136,395	\$139,736	\$143,178	\$672,459	(\$95,000)					(95,000)	\$577,459
I1603	Information Technology	General	Surveillance Camera Refresh	\$32,500	\$32,500	\$32,500	\$32,500	\$0	\$130,000	(\$32,500)	(\$32,500)	(\$32,500)	(\$32,500)		(130,000)	\$0
I1807	Information Technology	General	Building Security Upgrades (SWF, Water Plant, Reservoir)	\$50,000	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)					(50,000)	\$0
K0908	Parks	General	Children's Play Equipment	\$20,000	\$60,000	\$40,000	\$40,000	\$0	\$160,000	(\$16,450)	(\$60,000)	(\$40,000)	(\$40,000)	\$0	(156,450)	\$3,550
K1301	Parks	General	Hard Surface Facility Improvements	\$50,000	\$145,000	\$422,000	\$280,000	\$238,000	\$1,135,000	(\$50,000)	(\$145,000)	(\$422,000)	(\$280,000)	(\$238,000)	(1,135,000)	\$0
K1303	Parks	General	Facilities Accessibility	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000	(\$20,000)					(20,000)	\$80,000
M1401	PWWR	Maintenance Fund	Truck Lift Systems Improvements	\$124,549	\$0	\$0	\$0	\$0	\$124,549	(\$45,000)					(45,000)	\$79,549
N1801	Fac Mgmt	Maintenance Fund	NPD - Rear Concrete Deck and Stairs	\$50,000	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)					(50,000)	\$0
N1806	Fac Mgmt	Maintenance Fund	FOC - Master Plan	\$123,000	\$225,000	\$0	\$0	\$0	\$348,000	(\$70,000)	(\$225,000)				(295,000)	\$53,000
V1801	Parking	Parking	Parking Lot Surface Maintenance	\$127,740	\$0	\$0	\$105,000	\$0	\$232,740	(\$127,740)					(127,740)	\$105,000
<b>Total</b>				<b>\$1,098,789</b>	<b>\$1,028,650</b>	<b>\$650,895</b>	<b>\$617,236</b>	<b>\$856,178</b>	<b>\$4,251,748</b>	<b>(\$937,690)</b>	<b>(\$462,500)</b>	<b>(\$494,500)</b>	<b>(\$352,500)</b>	<b>(\$238,000)</b>	<b>(2,485,190)</b>	<b>\$1,766,558</b>



# Capital Projects – Bond Financing

## Revised Submission – PLAN B (recommended)

Project #	Department	Fund	Description	2018	2019	2020	2021	2022	Total CIP Request	2018 Other	2019 Other	2020 Other	2021 Other	2022 Other	Total Other Funding	Net City Resources
E0503	Electric	Electric	SCADA and Automatic Switching	\$300,000	\$413,000	\$0	\$0	\$455,000	\$1,168,000	(\$300,000)					(300,000)	\$868,000
E1804	Electric	Electric	Spacer Cable Replacement	\$81,000	\$0	\$0	\$0	\$0	\$81,000	(\$81,000)					(81,000)	\$0
H1802	PWWR	General	ADA Transition Plan	\$140,000	\$153,150	\$156,395	\$159,736	\$163,178	\$772,459	(\$140,000)	(\$153,150)	(\$156,395)	(\$159,736)	(\$163,178)	(772,459)	\$0
K1301	Parks	General	Hard Surface Facilities Improvements	\$50,000	\$145,000	\$422,000	\$280,000	\$238,000	\$1,135,000	(\$50,000)	(\$145,000)	(\$422,000)	(\$280,000)	(\$238,000)	(1,135,000)	\$0
M1401	PWWR	Maintenance Fund	Truck Lift Systems Improvements	\$124,549	\$0	\$0	\$0	\$0	\$124,549	(\$124,549)					(124,549)	\$0
N1801	Fac Mgmt	Maintenance Fund	NPD - Rear Concrete Deck and Stairs	\$50,000	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)					(50,000)	\$0
N1806	Fac Mgmt	Maintenance Fund	FOC - Master Plan	\$123,000	\$225,000	\$0	\$0	\$0	\$348,000	(\$70,000)	(\$225,000)				(295,000)	\$53,000
V1801	Parking	Parking	Parking Lot Surface Maintenance	\$127,740	\$0	\$0	\$105,000	\$0	\$232,740	(\$127,740)			(\$105,000)		(232,740)	\$0
<b>Total</b>				<b>\$996,289</b>	<b>\$936,150</b>	<b>\$578,395</b>	<b>\$544,736</b>	<b>\$856,178</b>	<b>\$3,911,748</b>	<b>(\$943,289)</b>	<b>(\$523,150)</b>	<b>(\$578,395)</b>	<b>(\$544,736)</b>	<b>(\$401,178)</b>	<b>(2,990,748)</b>	<b>\$921,000</b>

Revised projects to be bonded total \$3.9 million. Bond funding required \$3.0 million between 2018 and 2022.

# Capital Projects – Bond Financing

## PLAN C – Cash Finance

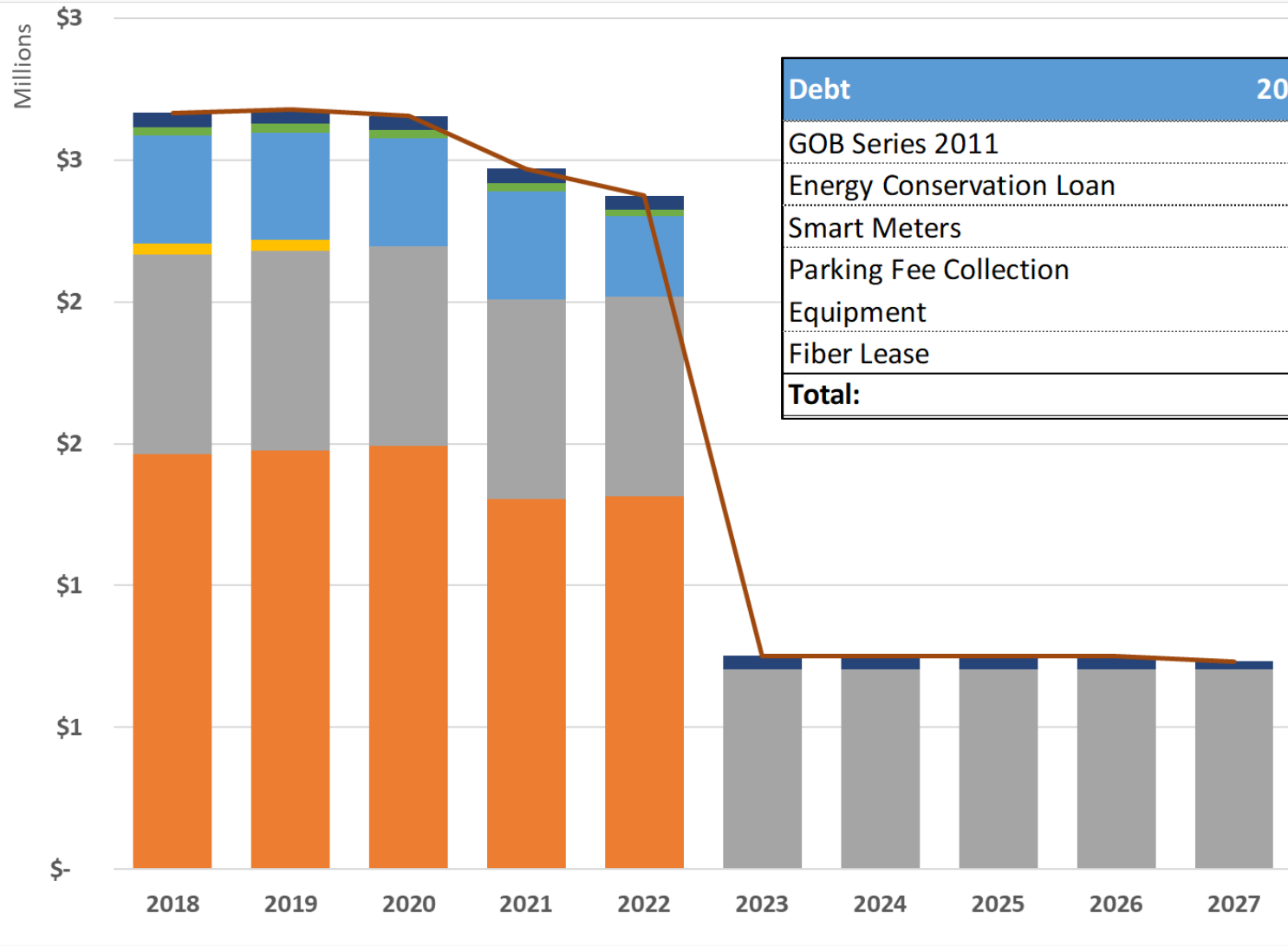
Project #	Department	Fund	Description	2018	2019	2020	2021	2022	Total CIP Request	2018 Other	2019 Other	2020 Other	2021 Other	2022 Other	Net City Resources
H1802	PWWR	General	ADA Transition Plan	\$140,000	\$153,150	\$156,395	\$159,736	\$163,178	\$772,459	(\$140,000)	(\$153,150)	(\$156,395)	(\$159,736)	(\$163,178)	(\$772,459)
K1301	Parks	General	Hard Surface Facilities Improvements	\$50,000	\$145,000	\$422,000	\$280,000	\$238,000	\$1,135,000	(\$50,000)	(\$145,000)	(\$422,000)	(\$280,000)	(\$238,000)	(\$1,135,000)
M1401	PWWR	Maintenance Fund	Truck Lift Systems Improvements	\$124,549	\$0	\$0	\$0	\$0	\$124,549		(\$124,549)				(\$124,549)
N1801	Fac Mgmt	Maintenance Fund	NPD - Rear Concrete Deck and Stairs	\$50,000	\$0	\$0	\$0	\$0	\$50,000		(\$50,000)				(\$50,000)
N1806	Fac Mgmt	Maintenance Fund	FOC - Master Plan	\$123,000	\$225,000	\$0	\$0	\$0	\$348,000	(\$70,000)	(\$225,000)				(\$295,000)
<b>Total</b>				<b>\$487,549</b>	<b>\$523,150</b>	<b>\$578,395</b>	<b>\$439,736</b>	<b>\$401,178</b>	<b>\$2,430,008</b>	<b>(\$260,000)</b>	<b>(\$697,699)</b>	<b>(\$578,395)</b>	<b>(\$439,736)</b>	<b>(\$401,178)</b>	<b>(\$2,377,008)</b>

Cash Financing would result in the following:

- E0503 - SCADA and Automatic Switching, would be paid via current resources/reserves (\$300,000)
- E1804 – Spacer Cable Replacement, would be paid via current resources/reserves (\$81,000)
- V1801 – Parking Lot Maintenance, pay via current resources (\$127,740)
- M1401 – Truck Lift System Improvements, move to 2019 (\$124,549)
  
- Balance of **\$2.4** million required would result in a **8%** tax increase in 2018.

# City of Newark Debt Service

# Current Debt Service Schedule

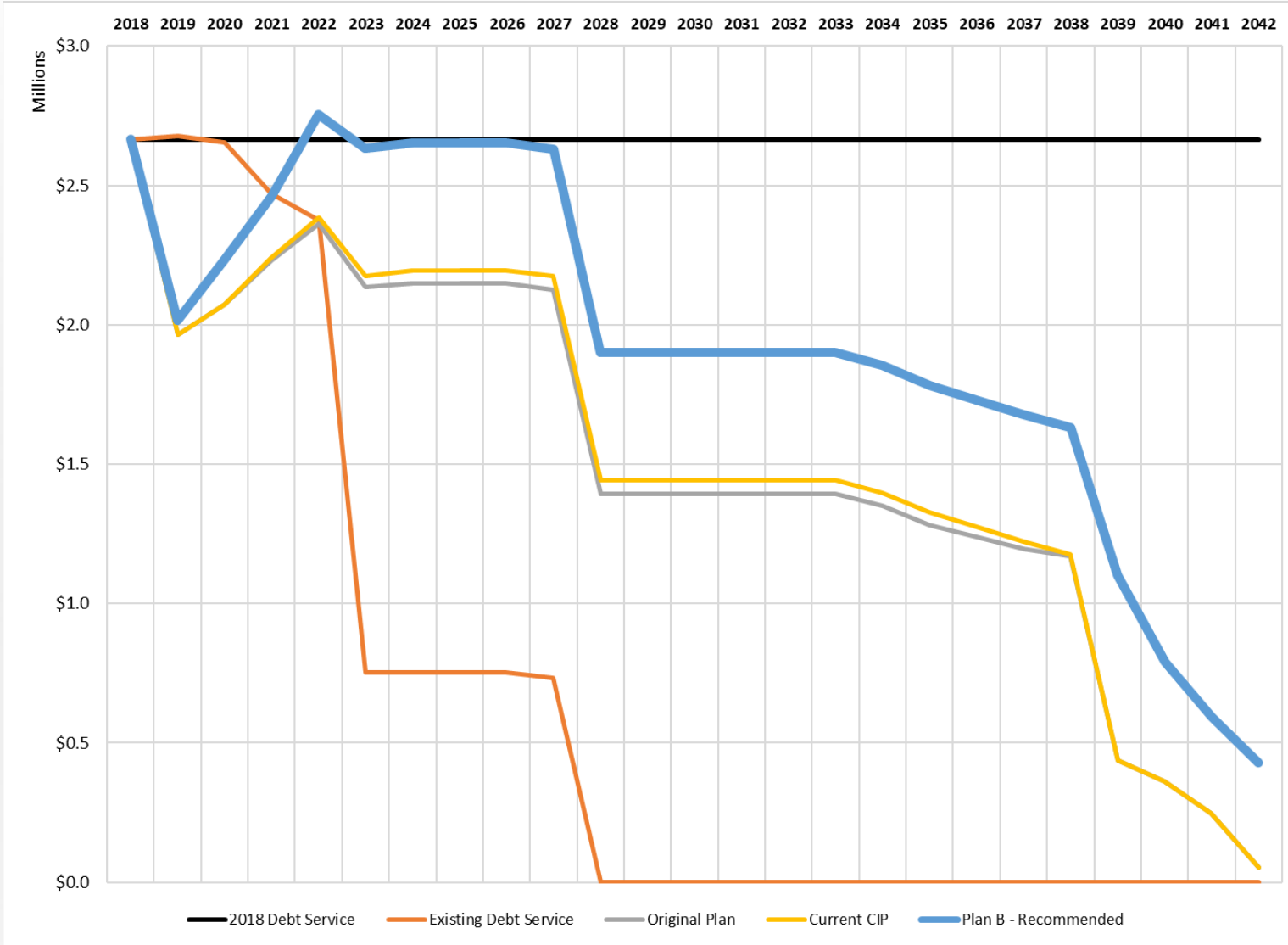


Debt	2018 Payment Ending Date
GOB Series 2011	\$1,464,100 09/14/2022
Energy Conservation Loan	68,438 07/01/2022
Smart Meters	1,046,189 09/01/2022 (ARRA/DNREC), 01/01/2028 (BOA)
Parking Fee Collection	37,725 10/15/2019
Equipment	49,255 08/05/2027
<b>Total:</b>	<b>\$2,665,707</b>

**Current debt service obligations run through 2027, with the majority of debt payments ending in 2022.**

**We have an opportunity to fund our current CIP without straining the current Operating Budget.**

# Proposed Debt Service Schedule – Refinance GOB Series 2011 Bond (No Rodney)

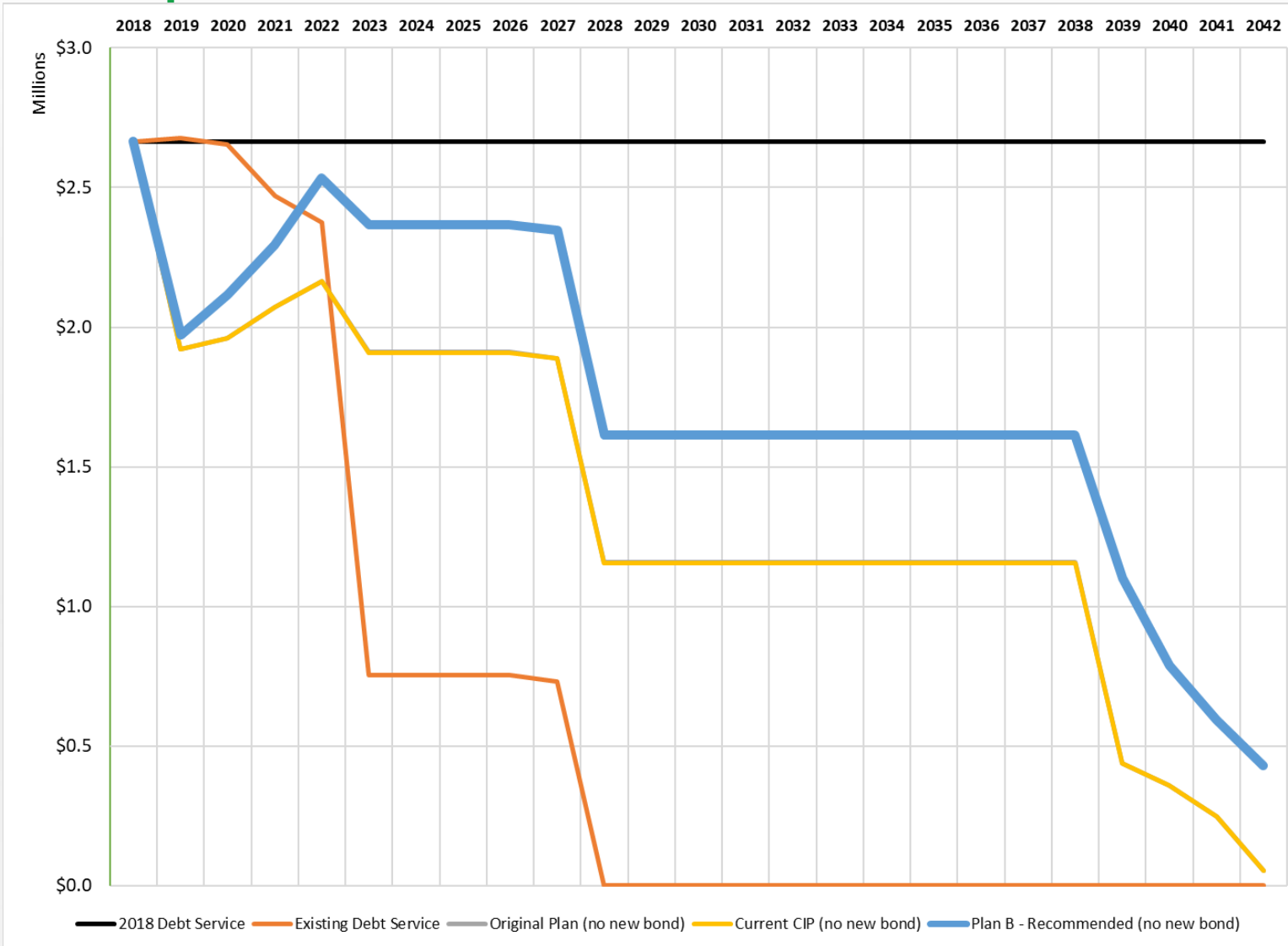


- Current debt service obligations run through 2027, with the majority of debt payments ending in 2022.
- This chart compares our current debt service obligations to the current and recommended CIP budget scenarios.
- The “Plan B” scenario vs. “Existing Debt Service” will be \$1.2 million less from 2019 to 2022.

\$8.5 - \$9 M GO Bond + \$10.1 - \$14.4 M State Revolving Loan

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# Proposed Debt Service Schedule – Refinance GOB Series 2011 Bond Only (No Rodney)



- This scenario only refinances the 2011 GO Bond, and assumes there will be a State Revolving Loan for all water and sewer projects.
- Use of debt will keep us under our current debt service obligations.
- The “Plan B” scenario vs. “Existing Debt Service” will be \$1.7 million less from 2019 to 2022.

**\$6 Million GO Bond + \$10.1 - \$14.4 M State Revolving Loan**

# City of Newark Cash/Investment Balances

# Estimated Cash/Investment Balances – Based on Proposed 2018 Budget

		GENERAL/CAPITAL PROJECTS FUND	ELECTRIC FUND	WATER FUND	SEWER FUND	PARKING FUND	STORMWATER FUND	FLEET MAINTENANCE FUND	TOTALS
<b>Total Minimum per Current Policies</b>		\$4,395,579	\$8,367,261	\$3,112,981	\$1,109,052	\$512,180	\$129,585	\$358,100	\$17,984,738
<b>Total Maximum per Current Policies</b>		\$7,966,883	\$14,650,355	\$4,941,290	\$1,725,570	\$660,250	\$274,962	\$476,324	\$30,695,634
A	<b>Estimated Cash Balance as of 12/31/2017</b>	\$11,684,073	\$10,661,113	\$668,073	\$2,700,747	\$419,868	\$110,000	\$417,984	\$26,661,858
<b>LESS RESERVES REQUIRED PER POLICY:</b>									
B	Reserve for Budget Balance (All Minimum - 30 to 51 days) <i># of Days</i>	(\$3,181,479) 30	(\$6,434,251) 51	(\$2,842,081) 51	(\$905,312) 51	(\$369,930) 51	(\$106,085) 51	(\$285,590) 51	(\$14,124,728)
C	Reserve for Equipment Replacement	(\$1,214,100)	(\$340,000)	(\$165,000)	(\$132,586)	(\$148,937)	(\$18,000)	(\$133,317)	(\$2,151,940)
D	Reserve for Capital Projects	(\$1,261,031)	(\$773,713)	(\$1,149,480)	(\$1,314,731)	(\$587,578)	(\$428,547)	(\$206,724)	(\$5,721,804)
E	Reserve for Rate Stabilization	\$0	(\$2,954,619)	\$0	\$0	\$0	\$0	\$0	(\$2,954,619)
F = (B+C+D+E)	<b>Reserve Totals</b>	<u>(\$5,656,610)</u>	<u>(\$10,502,583)</u>	<u>(\$4,156,561)</u>	<u>(\$2,352,629)</u>	<u>(\$1,106,445)</u>	<u>(\$552,632)</u>	<u>(\$625,631)</u>	<u>(\$24,953,091)</u>
G = A-F	<b>Unreserved Cash/Investments 12/31/2017</b>	\$6,027,463	\$158,530	(\$3,488,488)	\$348,118	(\$686,577)	(\$442,632)	(\$207,647)	\$1,708,767
<b>LESS:</b>									
H	60 Days of Operating Expenses (not in policy - Adds to B)	(\$4,497,698)	(\$836,903)	(\$567,011)	(\$112,074)	(\$267,597)	(\$119,511)	(\$312,476)	(\$6,713,270)
I = G-H	<b>Net Available Cash</b>	<u>\$1,529,765</u>	<u>(\$678,373)</u>	<u>(\$4,055,499)</u>	<u>\$236,044</u>	<u>(\$954,174)</u>	<u>(\$562,143)</u>	<u>(\$520,123)</u>	<u>(\$5,004,503)</u>

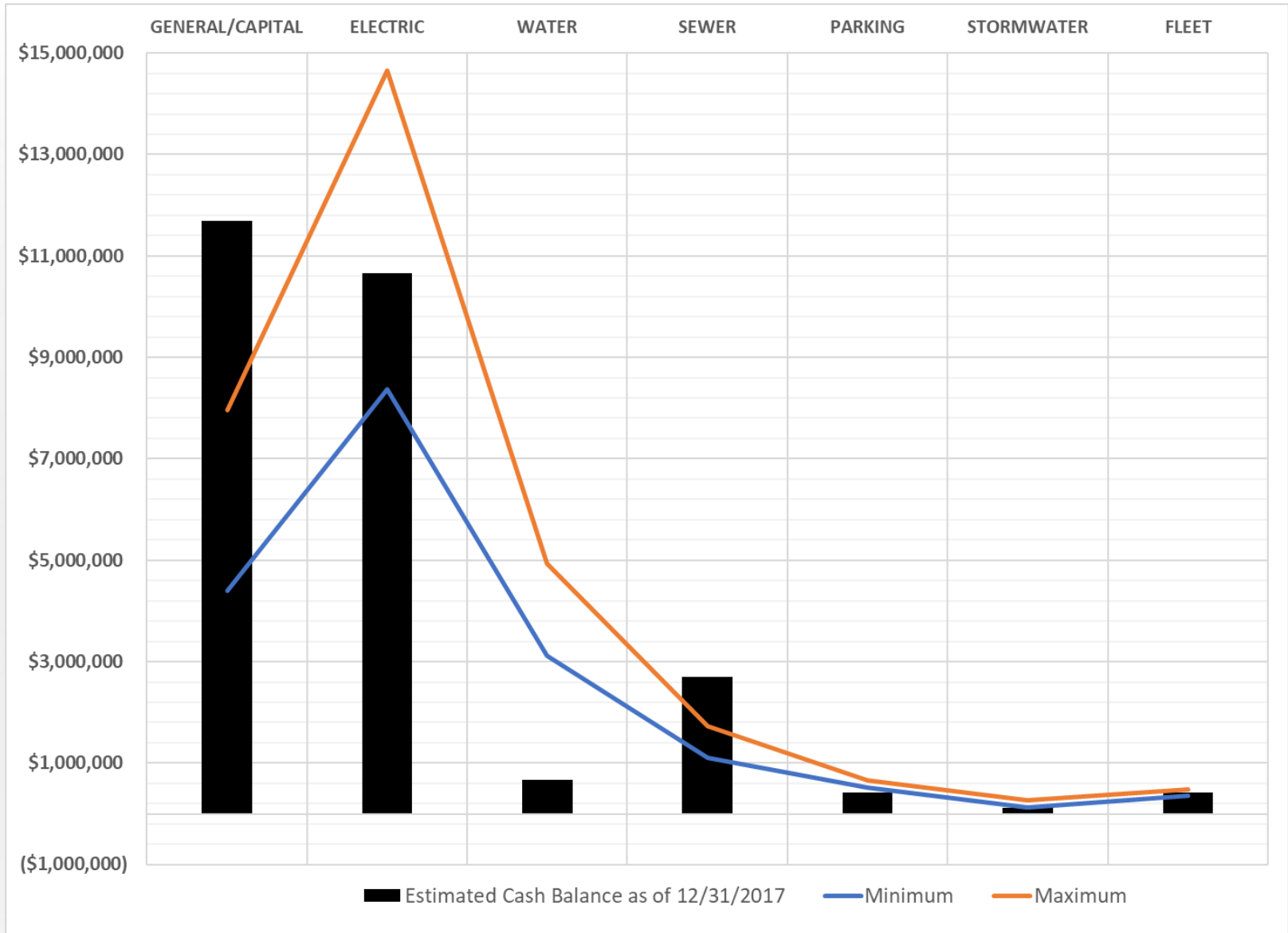


**ALL FUNDS**

Min Amount	\$17,984,738
Max Amount	\$30,695,634
Est Cash Balance	\$26,661,858
Less Reserve Requirement	(\$24,953,091)
<b>Unreserved Cash/Investments</b>	<b>\$1,708,767</b>

Currently, only the general/capital fund is minimally meeting the requirements for reserves.

The utility funds ensure that the general/capital fund is covering its obligations.



## Council Direction

- Is there support to add a fee, or increase the subvention for the Aetna Volunteer Fire Company?
  - \$1 fee would generate \$150,000 based on the number of electric customers.
  - Tax Increase of 1% would generate approximately \$67,000 annually, \$33,500 in the first year.
  - Add \$1 to in-town water bills would add \$96,000 per year.
  - Reduce CAC budget from \$100,000 to \$50,000 to increase Aetna subvention?

# Conclusion / Questions

