



August 2017

Members of New Castle County Council and all New Castle County Residents,

I am pleased to present New Castle County's Comprehensive Annual Budget Summary for Fiscal Year 2018. Fiscal Year 2018 marks my first budget as New Castle County Executive.

The Fiscal Year 2018 Operating Budget is \$284.8 million, which is \$17.5 million more than last year's budget, or a growth of 6.54%. The primary cost drivers are the increase in personnel costs from employee contracts negotiated in 2016 and higher debt service expenses as a result of a new bond issue in spring 2017. The Operating Budget is comprised of the General Fund budget (\$196.1 million), Sewer Fund budget (\$78.3 million), Light Tax Fund budget (\$6.5 million) and School Crossing Guards budget (\$3.8 million). Our Operating Budget reflects no increase in property tax rates or sewer fees.

The Fiscal Year 2018 Capital Budget of \$35.3 million primarily supports repairing and improving our aging sewer system (\$20.1 million), park improvements (\$2.9 million) and public safety initiatives (\$5.2 million).

Together, our Fiscal Year 2018 Capital and Operating Budgets invest new dollars in innovative public safety, libraries and critical infrastructure. Highlights include:

- \$160,000 in new funding to support the county's innovative **RAVE Panic Button**, a safety solution that integrates government facilities, schools, community centers and other organizations seamlessly into the 911 Center, police and school response procedures.
- \$134,000 in new funding to provide annual maintenance support for a **Fast Track DNA** machine purchased with grant funding. The Rapid DNA Machine serves as a cost-effective solution to test DNA gathered from a crime scene in support of the county police property crime initiative.
- \$120,000 in new funding to support the county police's **local DNA database** established in July 2016 to improve its response to increases in property crimes through quicker testing of crime scene samples.
- \$4,251,305 in continued funding to support the **fire service** through grants to fund a portion of their operating costs.
- \$621,675 in new funding for personnel costs, contractual services and facility operations of the new **Route 9 Library and Innovation Center**. The new library is scheduled to open in Fall 2017, and expands on the County's world-class library system.

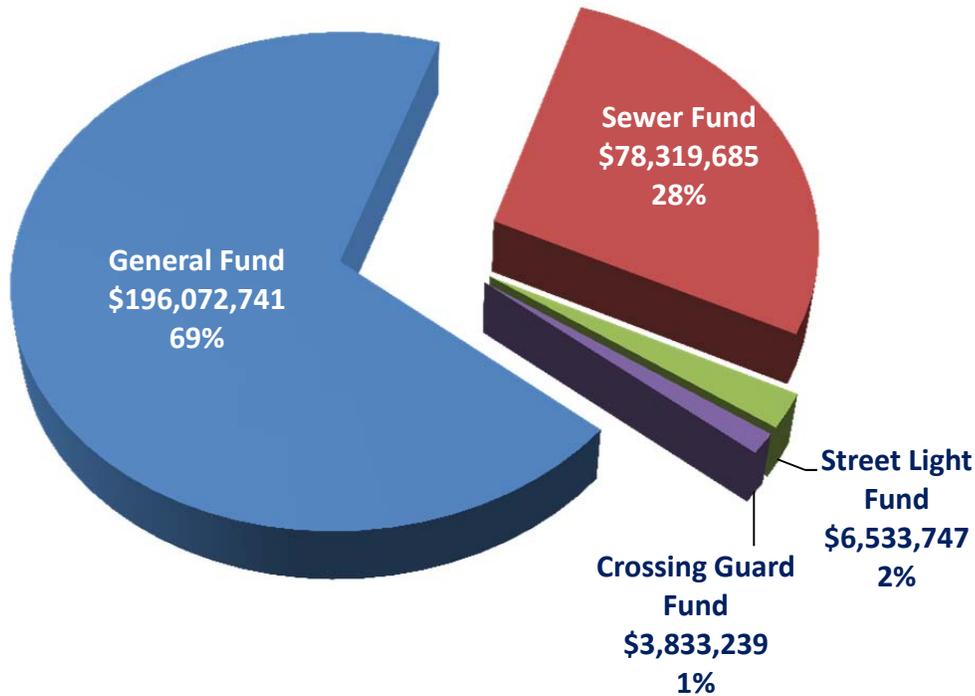
Listed below are the core budgeting priorities that guide us in managing the county finances in a responsible manner:

- *Live within our means, reducing spending to levels consistent with revenue.*
- *Reduce debt spending.*
- *Govern honestly, transparently and efficiently.*
- *Collaborate within county government and with other levels of government to improve public services.*
- *Invest aggressively in our future.*

## HIGHLIGHTS OF THE APPROVED 2018 OPERATING BUDGET

The Fiscal Year 2018 Operating Budget is \$284.8 million. This reflects an increase of 6.54% over the Fiscal Year 2017 budget. The Fiscal Year 2018 budget will enable the County to provide for a safe, attractive, well-balanced community through quality services and programs. Our budget provides funding for public safety, environmentally sound wastewater operations, quality development standards, effective code enforcement, recreational and cultural programs, active partnerships with our community groups and well-maintained public facilities.

### New Castle County Fiscal Year 2018 Approved Operating Budget Percentage of Budget by Fund



#### *Operating Budget Highlights:*

##### *Employees and Compensation*

There are 1,604 authorized full-time positions for Fiscal Year 2018. In addition, there are funds budgeted to employ school crossing guards and seasonal/part-time employees as needed. The total budgeted compensation for employees for the fiscal year, including cost of living increases, merit steps and benefits, equals \$173.0 million, or 60.8% of the Operating Budget. Employee compensation represents 77.0% of the General Fund budget.

##### *Key costs of compensation include:*

- \$97.4 million for full-time salaries
- \$7.1 million for overtime
- \$5.0 million for part-time/seasonal, including crossing guards
- \$29.3 million for employer healthcare contributions
- \$21.1 million for employer pension contributions
- \$1.8 million for holiday and shift pay

***Public Safety Services***

- Funding of \$95.7 million is provided for county public safety operations, including:
  - \$66.0 million for the Division of Police to provide for 400 police officers, civilian employees and support services to protect our communities.
  - Division of Emergency Medical Services funding of \$18.5 million, which funds 122 paramedics. The State of Delaware reimburses the County for 24% of its costs.
  - Division of Emergency Communications funding of \$11.2 million, which includes staffing of 93 positions.
- Funding of \$4.3 million is provided to support our partnership with 21 local volunteer fire companies which provide critical fire, ambulance, and rescue services to our residents.
- Funding of \$0.5 million is provided as a County match for Emergency Management.

***Library Services***

- Library funding of \$14.4 million supports annual operating costs for the New Castle County library system, which includes 10 County libraries (\$12.0 million) and 5 contractual libraries (\$2.4 million).
- Library funding provides salary and benefits for an authorized staff of 84 full-time positions.
- County Library circulation has grown to more than 4 million individual holdings.
- The Fiscal Year 2018 budget includes operating funding for the new Route 9 Library and Innovation Center, opening in September, 2017.

***Environmental Services***

- An annual sewer payment of \$18.2 million to the City of Wilmington is provided for wastewater treatment.
- \$1.6 million in funding pays electricity charges, primarily associated with the operation of 175 sewer pump stations and 4 treatment plants.
- Funding is provided for sewer flow meter maintenance and monitoring.
- Miss Utility funding provides program support to minimize environmental accidents.
- Funding is provided for drainage pond maintenance and debris pit remediation.

***Asset Management and Internal Services***

- Fleet Maintenance is funded at \$7.1 million to support 1,786 total units, including \$1.6 million for gasoline.
- Facility Maintenance of County buildings is funded at \$7.2 million to maintain 58 buildings which together exceed 1.2 million square feet.
- Property Maintenance of grounds and forestry work is funded at \$8.2 million to maintain over 5,900 acres of County-owned or managed land.
- Information Technology is funded at \$7.8 million to provide well-managed, secure, and accessible technology.

**Community-Related Services**

- Recreational, social, and cultural services that are fee-based are provided by offering programs to the public. The costs of these programs are defrayed with operating funding of \$4.8 million.
- Community planning, zoning, and review is funded at \$2.2 million.
- Licensing and enforcement of drainage, building, plumbing, and mechanical codes is funded at \$6.2 million, with authorized staffing of 59 positions.
- \$3.8 million is provided to fund the property maintenance code enforcement staff of 30 positions.

**Debt Service**

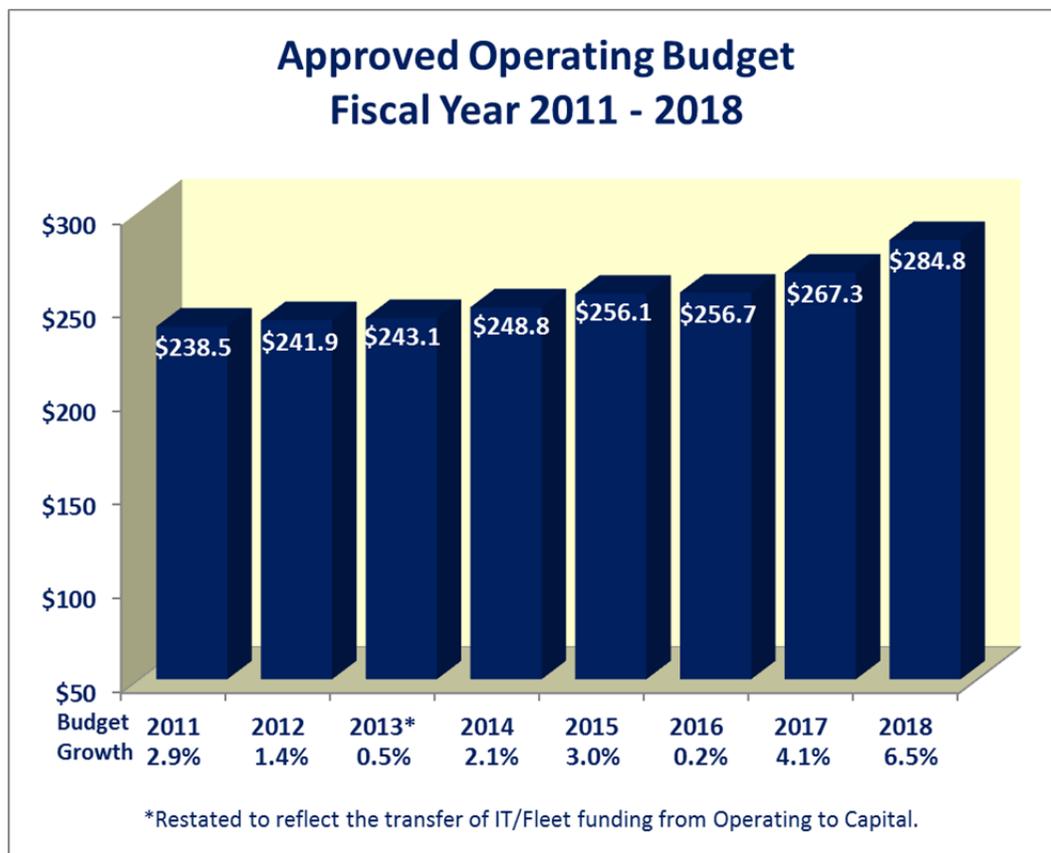
- The General Fund allocation for payment of principal and interest obligations totals \$20.7 million.
- The Sewer Fund allocation for payment of principal and interest obligations totals \$22.2 million.

**Property and Sewer Rates**

New Castle County has two principal revenue sources: property tax and sewer fees.

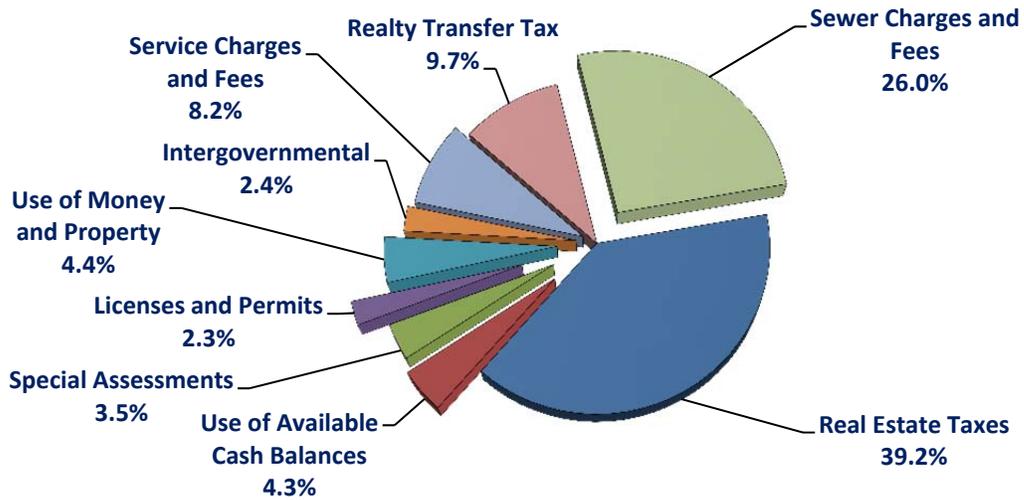
The approved unincorporated property tax rate for Fiscal Year 2018 is unchanged at \$0.7006 per \$100 of assessed valuation. The average unincorporated annual residential tax bill will be \$524, or \$1.43 on average.

The composite flow rate for residents who utilize the County’s sewer infrastructure will remain unchanged at \$5.74033 per 1,000 gallons. The average residential sewer charge will be \$276. On average, residents pay \$0.75 per day for sewer service.

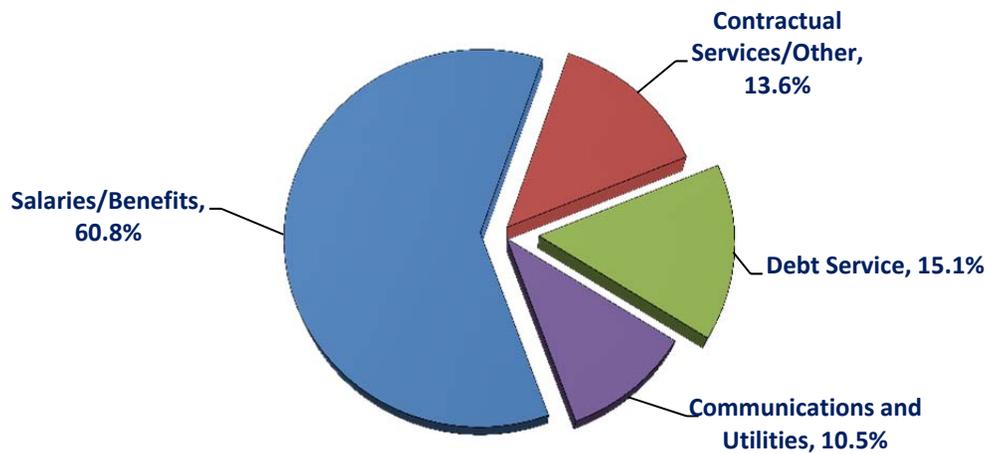


# ALL FUNDS...\$284,759,412

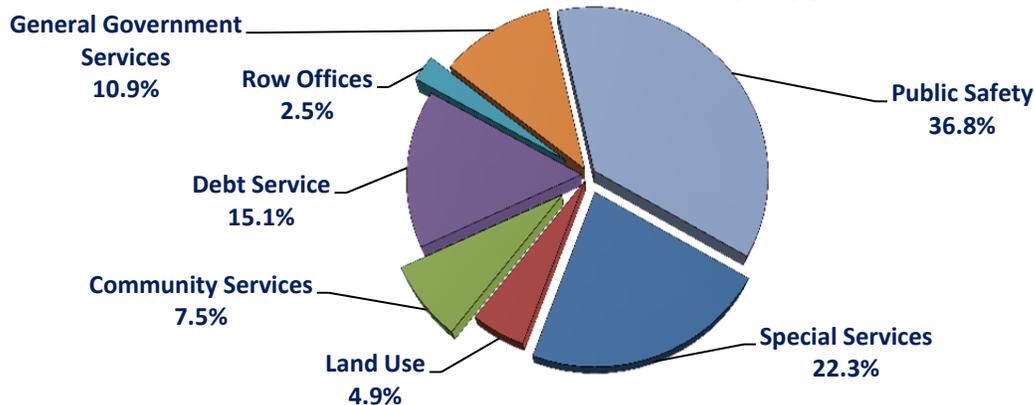
## Where the Money Comes from by Sources of Funds



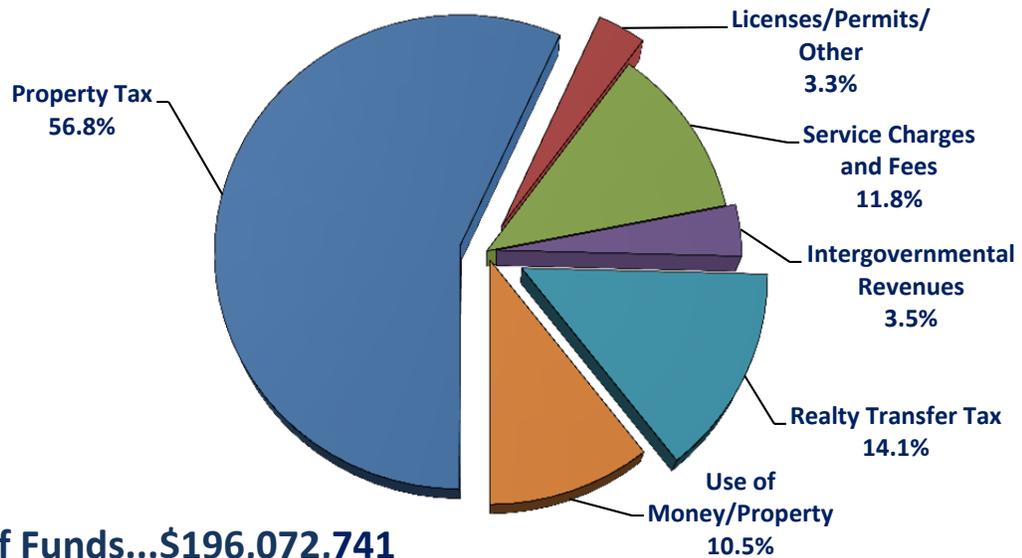
## Where the Money Goes by Line Item Category



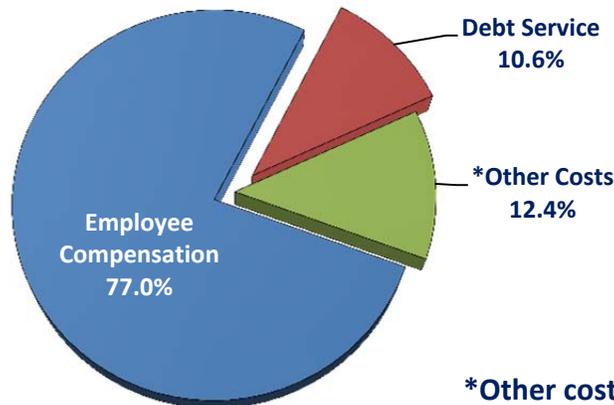
## Where the Money Goes by Type



**New Castle County  
Fiscal Year 2018 Approved General Fund Budget**



**Sources of Funds...\$196,072,741**



**\*Other costs include utilities, supplies, contractual services, equipment and fixed charges.**

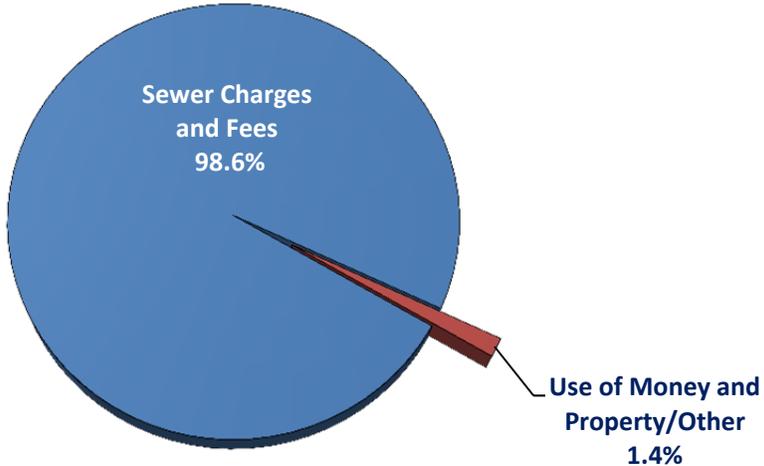
**Uses of Funds...\$196,072,741**

The **General Fund** supports the majority of the County’s public services, including police, emergency medical services, emergency communications, parks, recreation, libraries, and land use. The Fiscal Year 2018 General Fund budget of \$196,072,741 reflects an increase of \$11,306,268, or 6.1% more than the Fiscal Year 2017 General Fund budget. Employee compensation costs, which include salaries and benefits, represent 77.0% of the General Fund budget.

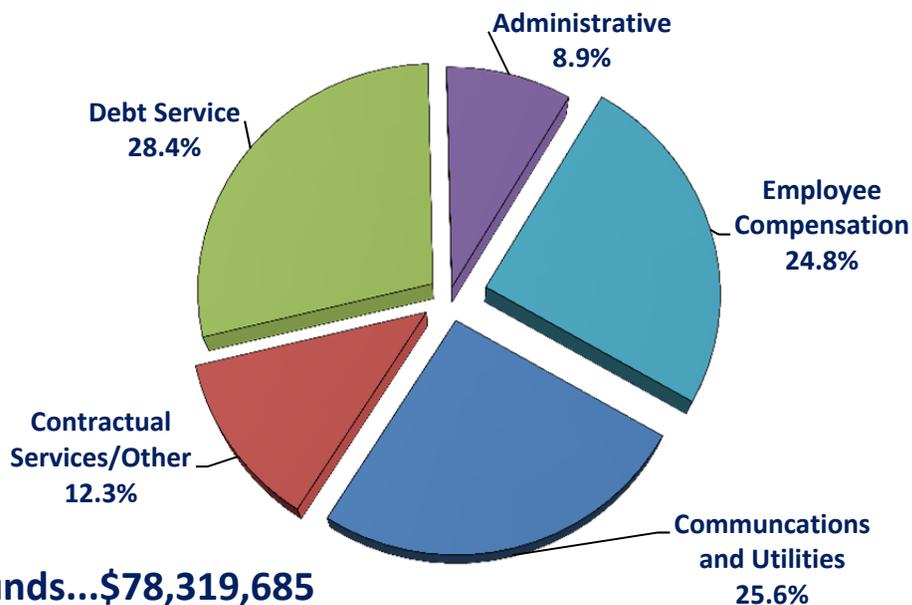
Services provided to residents through the General Fund are financed primarily by property tax revenue. Property Tax revenue represents 56.8% of \$196,072,741 General Fund appropriations. The Realty Transfer Tax is the second-largest source of General Fund revenue, at 14.1% of revenue, while Service Charges and Fees (Recorder of Deeds, Register of Wills, Sheriff, etc.) is the third-largest source of revenue, at 11.8%.

Additional information by fund is available in the *Operating Budget Summary* and the *Budgetary Profiles* tabs in this document.

**New Castle County  
Fiscal Year 2018 Approved Sewer Fund Budget**



**Sources of Funds...\$78,319,685**



**Uses of Funds...\$78,319,685**

The **Sewer Fund**, which supports the County’s wastewater treatment, includes appropriations for all day-to-day operations. The total appropriation for the Fiscal Year 2018 Sewer Fund is \$78,319,685, an increase of \$5,329,026 or 7.3% over the Fiscal Year 2017 Sewer Fund budget.

Funding of sewer services is borne by the wastewater system users. Residential and commercial users are the major revenue sources for the system. Residential customers, representing 97% of accounts, provide 47% of the user fee revenues. The largest single expenditure for the Fiscal Year 2018 Sewer Fund is the \$18.2 million payment to the City of Wilmington for sewage treatment.

Additional information by fund is available in the *Operating Budget Summary* and the *Budgetary Profiles* tabs in this document.

## CAPITAL BUDGET HIGHLIGHTS

The Fiscal Year 2018 Capital Budget of \$35,327,830 provides funding for major projects throughout the County that will expand and enhance services to our residents. This year's Capital Budget supports security and building upgrades for various County facilities, purchase of fleet equipment, parkland improvements, playground equipment, sewer facilities, library construction, upgrades for public safety and technology upgrades and enhancements.

Of the entire infrastructure that New Castle County builds and maintains, perhaps the most essential to maintaining public health and supporting strong communities is its extensive network of sanitary sewers and sewage treatment facilities. New Castle County maintains the state's largest wastewater treatment system, with more than 1,700 miles of sanitary sewer lines that take in more than 50 million gallons each day and serve 118,000 customers. Major rehabilitation projects currently underway across the county ensure that this infrastructure receives necessary investment to continue serving the public's needs while protecting the environment. The Brandywine Hundred North and South Rehabilitation projects are programmed for an additional \$7.5 million through Fiscal Year 2020. The Christiana River Force Main project is programmed for an additional \$12.0 million through Fiscal Year 2023. The Airport Road System Rehabilitation project is programmed for \$17.4 million through Fiscal Year 2023. Terminal Avenue System Rehabilitation and Edgemoor System Rehabilitation projects are programmed for a total of \$30.1 million through Fiscal Year 2023 and the White Clay System Rehabilitation is programmed for \$28.4 million through Fiscal Year 2023 (see map on page xiv).



*Sewer rehabilitation work underway*

The Fiscal Year 2018 Capital Program includes a projected \$36.7 million through Fiscal Year 2023 to fund upgrades to Playground Equipment, Game Courts, General Parkland Improvements, Pavilion Renovations, Parkland Acquisition, District Parks, Greenways, Maintenance Bases and construction of regional parks. County parks are provided without user fees and are extremely popular among residents of all ages. New Castle County is committed to providing athletic fields, walking trails, and sports complexes that serve an active society and encourage interaction among citizens.

### Fiscal Year 2018 Major Capital Programs

Sewer/Stormwater	\$20,073,108	56.82%
Facilities/Equipment	\$9,059,272	25.64%
Public Safety	\$5,152,450	14.58%
Parks	\$2,900,000	8.21%
Administration	\$13,000	0.04%
Community Services	(\$1,870,000)	(5.29%)
<b>TOTAL</b>	<b>\$35,327,830</b>	<b>100.00%</b>

Enhancements to the New Castle County library system continue across the County. The Route 9 Library and Innovation Center will open in September, 2017 and the Southern Library project has \$3,933,000 programmed for Fiscal Year 2020. Once completed, these projects will become not only literary resource centers, but also focal points for our communities. Funded with a combination of County, State and private dollars, our libraries are visible monuments to the success of public-private partnerships.



*Artist Rendering of the Route 9 Library and Innovation Center*

The safety and well-being of the public is a primary concern and a funding priority for New Castle County Government. Investments made in training and equipping public safety personnel result in safer and stronger communities. This commitment continues in Fiscal Year 2018 with funding to replace body armor for paramedics and police, progressing with the planning and design of a southern paramedic station and renovations to the Public Safety facility.



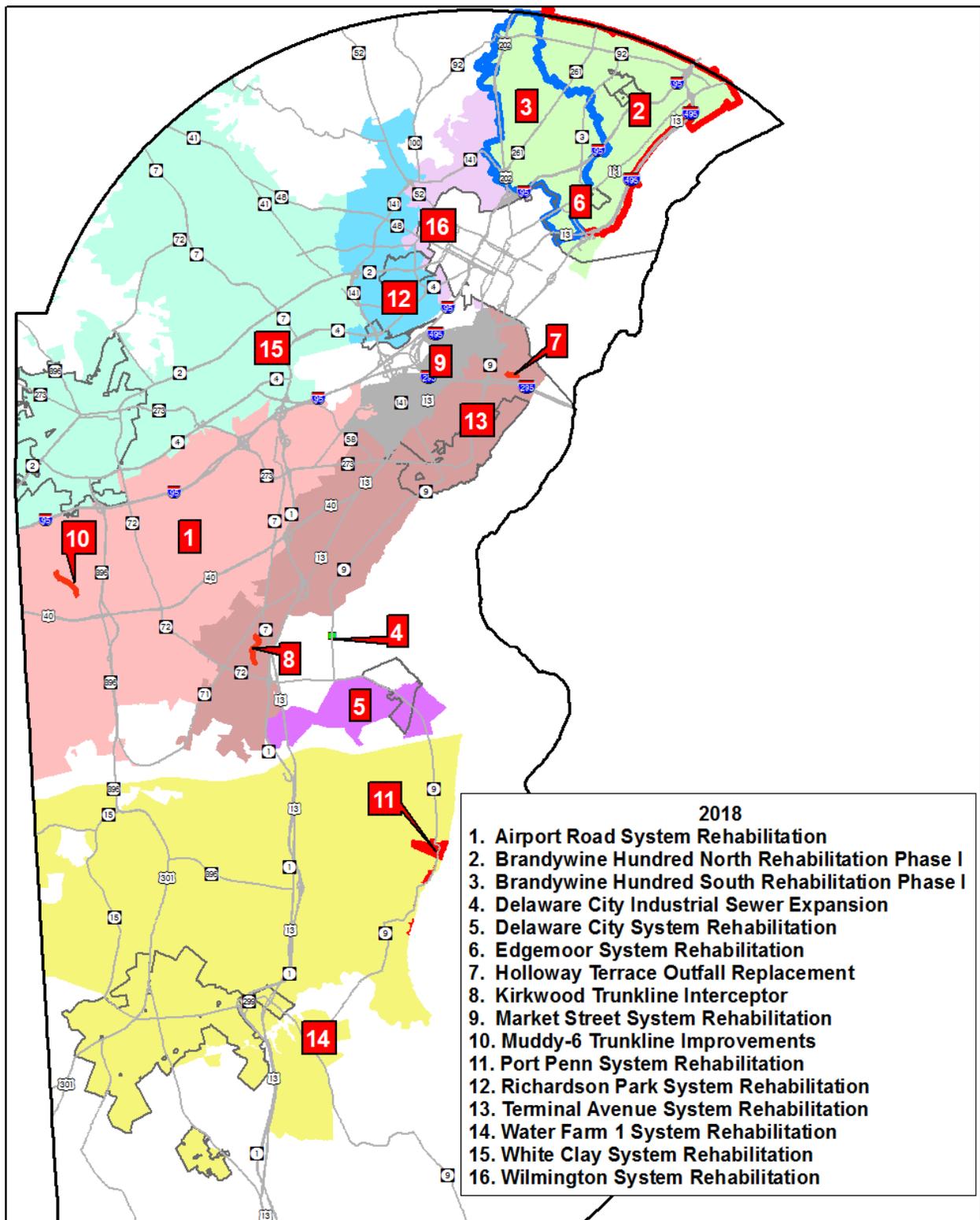
*New Castle County Paramedics at work in the community*

The County has also stepped in to assist communities with stormwater management. Bond authorization of \$300,000 has been budgeted in Fiscal Year 2018 for repair of failing stormwater management ponds. These funds increase the County's investment in flood mitigation and stormwater management to \$35.3 million since the program's inception.

New Castle County is embracing new technology to improve productivity, efficiency and customer service. The \$10.0 million programmed for technology through Fiscal Year 2023 will allow for an upgrade to the countywide computer network and provide additional technical business solutions throughout New Castle County.

The County continues to review and update capital projects and procedures. The review is an evaluation of all projects in the Capital Program, including operating budget impacts of new capital projects and integration of the County's comprehensive development planning process and infrastructure investments. Additional Capital Budget information is available at [www.nccde.org](http://www.nccde.org) or by calling the Office of Finance at (302) 395-5170.

## Fiscal Year 2018 Capital Budget Sanitary Facilities Selected Projects



## CONCLUSION

### Rating

New Castle County was first awarded the AAA bond rating in February 2001 from Standard and Poor's Global Ratings, and in October 2002 from both Moody's Investors Service and Fitch Ratings. Concentrated efforts have been made to maintain the County's "high-grade" ratings for its general obligation bonds through innovations in financial and debt administration. In April 2017, all three agencies reaffirmed the County's triple-A rating. Attaining the top bond rating from all three rating agencies reflects strong fiscal management practices, the strength of New Castle County's economy, median family income above the national average and a consistent pattern of economic growth. These high-grade ratings allow the County to borrow money at the most competitive interest rates and maximize its ability to invest in critical infrastructure at the lowest cost to improve County services.

### Reserves

One measure of financial strength for New Castle County Government is its level of cash reserves. In April 2001, County Council passed Ordinance 01-035 which created a Budget Reserve Account, or "Rainy Day" fund, within the General and Sewer Funds. It sets the amount in each fund at the end of each fiscal year at 20% of the total estimated revenues for the following fiscal year. County Council may, with a supermajority of 10 members, appropriate funds from those accounts as needed for unanticipated deficits or revenue shortfalls. Any resulting change to the percentage allocation of the Budget Reserve Account also requires a supermajority vote of 10 Council members. This legislation ensures that financial resources are available for use in a true emergency.

In addition, County Council passed Ordinance 05-024 to fund the Tax Stabilization Reserve Account in the General Fund and the Sewer Rate Stabilization Reserve Account in the Sewer Fund. The amount of these accounts are established annually by New Castle County Council. County Council may appropriate revenues from these accounts as necessary to balance the annual operating budget or to cover budgeted capital costs that would otherwise require the issuance of bonds or passage of a tax or sewer rate increase. The following is a list of estimated reserves:

Reserves	General Fund	Sewer Fund
Budget Reserve Account (Rainy Day)	\$37.1	\$15.4
Tax Stabilization Reserve Account (a)	\$32.2	N/A
Sewer Rate Stabilization Reserve Account (a)	N/A	\$9.9

(a) Estimated as of 6/30/2017

Note: Excludes Realty Transfer Tax Reserve \$9.7 million; Strategic Economic Development Designated Fund \$6.0 million; and Sewer Capital Recovery Fee Designated Fund \$20.2 million

### Financial Projections

The following table presents the County's General Fund financial forecast through Fiscal Year 2020. The County will continue to take steps to restore the structural balance of the General Fund. These steps will include reducing spending, aligning cost of services with revenues, identifying new revenue sources and restraining new spending.

General Fund (in millions)	2017	2018	2019	2020
Revenues	\$189.4	\$191.3	\$194.0	\$194.9
Expenditures/Transfers*	\$191.9	\$201.7	\$210.8	\$216.6
Revenues/Transfers over Expenditures	(\$2.5)	(\$10.4)	(\$16.8)	(\$21.7)
Available Financial Reserves**	\$32.2	\$21.8	\$5.1	(\$16.5)

\*Expenditures include interfund transfers.

\*\*Excludes Rainy Day Reserve \$37.1 million at 7/1/2017; Realty Transfer Tax Reserve \$9.7 million; Strategic Economic Development Fund Reserve \$6.0 million.

## CONCLUSION

New Castle County provides critical services our people need and those services are built on the quality of our county employees who work hard around the clock to keep us safe and drive our quality of life. I appreciate the important work they do every day and their commitment to public service.

When I ran for office, I promised a county government that is transparent and responsive and that we could do more with less. I thank the members of County Council who, working collaboratively with my administration, passed a sensible Fiscal Year 2018 budget that takes another important step towards fulfilling that commitment. This budget invests in our future through targeted investments in health, safety, quality of life and economic growth, while making difficult choices to align expenditures with revenues in the years ahead. During this challenging fiscal environment, we will continue to work hard to meet our obligations, support our people and embrace new ideas and collaborations to meet our core mission while spending within our means.

Sincerely,



Matthew Meyer  
County Executive