

**Minutes of the
New Castle County Financial Advisory Council**

New Castle County Government Center – February 18, 2014

Attendance:

Member	Present
Richard F. Davis	No
George Danneman	Yes
Glenn Kocher, Jr.	Yes
Joseph Larotonda	No
Mark Oller	Yes
Jill Floore	No

Members in Attendance: 3

Members Absent: 3

Others Present: Ed Milowicki, Russ Morris, Mike Coupe, Steve Cunliffe, Bob Wasserbach, Joanna Finnigan

Opening Business:

Chairman Rich Davis was unable to attend the meeting. George Danneman served as acting chairman in his absence. Mr. Danneman called the meeting to order at 3:04 p.m. Mr. Kocher noted that the minutes from the September 17, 2013 meeting should be amended to note that he was in attendance. Mr. Oller made a motion to approve the minutes from the September 17, 2013 meeting, Mr. Kocher seconded the motion, and the minutes were approved as amended.

FY2014 General and Sewer Fund Revenue Activity a/o January and Forecast:

Mr. Morris reviewed the NCC's General and Sewer Funds Revenue Summary as of January 31, 2014. In general, FY2014 revenues are doing well. For the General Fund, if we look at Real Estate Taxes, we're a little bit above last year. We've taken in \$107,944.2, which is slightly higher than last year. We think that we are on target to make the budget for this year which is \$109,665.0. The big story is Real Estate Transfer Tax. As of the end of January, we collected \$15,745.0, \$3,616.5 more than last year, and last year was a good year. We are down by \$1,264.3 in Service Charges & Fees due to a combination of things. Recreation is up slightly but most of that is Recreation Fees and those were merely holdovers from the previous year. Use of Money & Property is down slightly. Intergovernmental Revenues is up mostly on the paramedics. Looking at the Sewer Fund, one of the areas of concern is Sewer Current. At the end of January it was down \$704.0, which is an overstatement of the position. We usually start to see some early payers come in January for residential, but since the sewer bills went out later than normal; we did not see that this year. We were down for the first quarter on non-residential by about \$400.0, which we have already taken out of the estimate. Looking at the billings that we sent out on residential, we expect to be down on residential as well. The bills went out late due to the discussion about whether or not to include the under billings last year. Once that was straightened out they sent the bills out and pushed the deadlines back out of fairness to everyone. With the sewer rate increase that was approved by Council we could possibly end up higher than last year but most likely not making budget. The FY2014 budget was based on water data that ended up being incorrect, therefore the bills that went out last year were higher than they should have been. The bills have been corrected for this year. Nonresidential is looking better in the second quarter and we are hoping the third and fourth quarters continue that improvement. We are down \$1.6 million from budget but again that will still be higher than the previous year because of the rate increase that was approved by Council last year. Delinquent we are on track and Other Fees shows that we are up but a lot of that is a matter of timing.

GENERAL FUND

Service Charges/Fees – We are up on the Sheriff side, down on Wills and down on Deeds. Slightly behind last year but we have not made any changes to the budgets because so far we are tracking on budget. We may need to make an adjustment to Deeds because even though we are seeing an increase in Real Estate sales we are seeing a significant drop in refinancing. To Deeds it doesn't make any difference if they issue a new mortgage whether it's for a new purchase or a refinance. They aren't getting refinances so they are having a significant drop in documents. The biggest adjustment is in Subdivision Review. We have taken the estimated budget down from \$1,000.0 to \$800.0, which is roughly on target with what we did last year. Planning continues to be one of the areas in Land Use where we're not seeing the activity even though Building Permits continue to look very strong.

Recreation – It has already been noted that this is up \$137.4. Most of this comes from the Recreation Revolving Fund that is up \$107.6 mostly due to the fees from the competitive leagues. There was a significant increase for them in the first quarter mostly because fees were being recorded late that could be attributed to the spring leagues.

Licenses & Permits – Of note, Marriage Licenses we increased the annual estimate by \$20.0 and it will probably be higher than that. They continue to do better than last year, directly attributable to the passing of the Gay Marriage Bill in Delaware. We have increased Building Permits by \$200.0. January permits were low because of the weather. February permits will be high because of one large project that came in at the beginning of the month.

Use of Money & Property – Interest & Investments shows zero change right now. At one point we had decreased that because interest rates were low but now we think we are going to make budget for the year.

Rentals, Concessions & Sales – Building Rental for the City of Wilmington is up by \$100.0 due to a late payment. We have reduced Land Rental by \$120.0. This is the revenue we were expecting for renting cell towers.

Intergovernmental Revenues – We are up on Paramedic Reimbursements due to timing and we should be close to being on budget with the \$4,440.5. Real Estate Transfer Tax is up by \$25.0, which is the fee we charge the State of Delaware and municipalities where we collect transfer tax for them and then we get 1% of the revenues collected.

Miscellaneous Revenues – Shows it is down for the year but that is really a temporary thing because we had \$1.6 million in Land Use escrow accounts that was put in there last year and reversed.

SEWER FUND

The \$1.6 million we are down is a combination of nonresidential and residential. Nonresidential is just from one quarter, after that it looks like it's picking up. Residential is our best estimate of what we expect to see and it's all going to come in February, March and April. The only other significant item is Septic Waste Haulers that's down \$300.0. We should be good for the rest of the year. Through January we took in \$209.2 and it's starting to pick up just a little bit and we are actually meeting last year's numbers.

Charts

RTT Revenue – The numbers for February are going to be very high because Bellevue Corporate Center sold.

Sheriff Revenue Average – This year we expect to be right on target.

Sheriff Sales – Small backlog but even when looking at new foreclosure claims they are moderating. We will setup anywhere from 125 to 160 and sell anywhere from 60 to 80.

Recorder of Deeds Revenue – Looking at maybe having to do a reduction in the final quarter. They are down and it's all due to losing the refinance business.

Register of Wills Revenue – Subject to a certain amount of fluctuation. Down slightly on the year but they can bounce back up again.

Subdivision & Zoning Review Revenue – Took the numbers down for the entire first half of the year. There is a backlog of approved plans.

Building Permit Revenue – We did have a slow fall and if you look at January's numbers they are lower than last year at the same time. We are going to bounce back in February.

Business & Contractor Licenses – Just about where we expected to be.

FY2014 Non Residential Sewer: First & Second Quarter – Expected to bring in roughly \$8.1 million per quarter. For the first quarter we were down. We went up almost \$300.0 between the first and second quarter. We should be right around \$8.1 for the remaining two quarters.

FY2014 General and Sewer Fund Expenditure Activity A/O January and Forecast:

Mr. Milowicki reviewed the FY2014 Budget vs. FY2014 Estimated as of January 31, 2014.

General Fund

Right now we are projecting the General Fund to be about \$2.7 million under budget or about 98% of the budget to be spent for the year. Right now we are projecting a savings in Salaries & Wages for the year. The snow removal numbers have not been factored in yet. County is responsible for snow removal for all their facilities including libraries, parks, Government Center, etc. The increase projected in Employee Benefits is mostly due to healthcare. We are seeing an increase in healthcare costs.

Sewer Fund

Right now we are showing a slight savings in the Sewer Fund of \$1.4 million or about 98% of the budget spent for the year. Keeping an eye on overtime due to the storms that may affect the Sewer Fund.

Review General and Sewer Fund Checkbooks:

Mr. Milowicki reviewed the General and Sewer Fund Cash Flow Projections as of February 2014 with the FY2014 Estimated Projected Budget for 2015-2018.

General Fund

We are projecting our revenues to be over expenditures this year by \$5.5 million. That is primarily because of transfer tax. We had projected \$18 million in our budget and we are going to collect about \$23.5 million. That's where the big increase in our revenues is coming from. The 2015 budget we are currently working on now. The County Executive is giving his Budget Address on March 25. These are all preliminary numbers for projection purposes.

Sewer Fund

Right now the Sewer Fund is showing that our revenues will cover our expenditures for the year. \$70.9 in revenues and \$70.9 is expenditures. Currently still working on the Sewer Fund budget and whether or not there will be a sewer rate increase.

In April, the 2015 numbers for both the General and Sewer Fund will be actual numbers. The Available Cash Balances for both the General and Sewer Funds reflects the amount of money that would be needed to take out of reserves in order to balance the budget.

FY2015 General and Sewer Fund Revenue Forecast:

Mr. Morris reviewed NCC's General and Sewer Funds Revenue FY2015 Summary. These are draft numbers and can change. Next time the numbers will be actual budget numbers. There are no fee increases included anywhere in these numbers. We are not assuming any sewer fund or property tax increase.

General Fund

Slight increase in Real Estate Taxes from the regular growth we see in assessments. Real Estate Transfer Tax is under this year's estimate but far larger than the 2014 budget. Service Charges are slightly higher than the previous year. Recreation is down just a little bit estimated. Licenses & Permits is up for next year, estimated to bring in \$6.1 million. Intergovernmental Revenues is up based on the paramedic budget. Overall for the General Fund, we are looking at \$170,910.2 which is only \$410.1 above the corresponding estimate for FY2014 but it is higher than the General Fund budget for the year.

Sewer Fund

Looking at the usage so far this year, we estimate that we are going to take in \$59,200.0 current sewer, both residential and nonresidential. That's only \$424.2 more than this year's estimate but less than this year's budget. Delinquent is slightly up \$100.0 over the current year. Other Fees is down this year and we are going back to the same budget as FY2014. Our estimate for Real Estate Transfer Tax is \$23,500.0. Right now after take out \$1 million for one of the large transactions that we aren't going to see every year and just put in a modest 10% growth, we then have to take out 10% because of the County tax ordinances. So we are going to say we're going to take in \$22,275.0 but really we are expecting close to \$25,000 next year. Some concern from NCCFAC members about budgeting \$22,275.0 being too aggressive. Mr. Milowicki noted we only budget for 90% of the estimate.

Other Business:

The next meeting will be Wednesday, April 9, 2014 at 8:00 a.m. at the Government Center in the Large Executive Conference Room.

There being no further business, Mr. Danneman adjourned the meeting at 4:02 p.m.