

**Minutes of the
New Castle County Financial Advisory Council
New Castle County Government Center – Large Executive Conference Room
February 11, 2020**

Attendance:

Member	Present
Mark Oller	Yes
Kayode Abegunde*	Yes
Michael Butler	Yes
Richard F. Davis	No
Michael Ferretti	No
Jill Floore	No
Owen Mathews	No
Edward Milowicki	Yes
Ronald Simms	No

Members in Attendance: 4

Members Absent: 5

Others Present: George Smiley, Michael Smith, Vicki Ford, Russ Morris, Joanna Finnigan, Karen Gordy, Bob Wasserbach, Rinku Banerji**, Lynne McIntosh, Joe Szczechowski

*Arrived at 8:22 a.m.

**Arrived at 8:27 a.m.

Opening Business:

Chairman Mark Oller called the meeting to order at 8:17 a.m. Since there was no quorum present at the start of the meeting, the approval of the December 10, 2019 meeting minutes was deferred.

General and Sewer Fund Revenue by Major Categories for FY2020:

Russ Morris reviewed the details of Exhibit A – General and Sewer Funds Revenues Summary as of January 31, 2020. He noted that the summary page includes columns for the original 2020 Budget (B), the November 2019 Estimate (C), the January 2020 Estimate (D), comparisons of the November and January Estimates in dollars (E), the January Estimate over the 2020 Budget in dollars (F), and the January Estimate over the 2020 Budget by percentage (G).

Since November, the Realty Transfer Tax (RTT) projection was increased \$525,000, the Service Charges, Recreation and Miscellaneous line was increased \$928,300, and the Use of Money and Property line was decreased \$183,600. The Total General Fund projection as of January 2020 shows an increase of \$747,400 over the November estimate, and \$1,793,100 over the original 2020 Budget.

Mr. Morris continued reviewing the details of the line items in the General Fund (pages 2 – 4). There were no changes in the estimates for Real Estate Taxes or Hotel Tax. The increase in RTT was due to several larger transactions.

Under the Service Charges and Fees line, Register of Wills was decreased \$200,000 since November, while Recorder of Deeds was increased by \$200,000, primarily due to refinancing. Subdivision Review was increased \$700,000 since November, bringing it to \$1 million over the original budget. This latest increase is due to one project – Boxwood Road. Mr. Morris noted

that the programs offered at Carousel Park continue to grow in popularity, resulting in a \$20,000 increase in the revenue estimate since November, and \$95,000 over budget. Other Income was increased \$200,000 since November primarily due to prescription rebates.

Under the Use of Money and Property line, the Interest and Investments estimate was decreased \$200,000 since November, primarily due to reductions in the prime interest rate by the Federal Reserve Board. Final General Fund Revenues are estimated at \$207,100.0.

Karen Gordy continued reviewing the details of the line items in the Sewer Fund (page 5). She noted that the Delinquent Sewer estimate was increased \$400,000 since November. There was a 12% sewer rate increase last year. Typically, we see an increase in Delinquent Sewer in the year following a rate increase. Ms. Gordy also noted that the Collections unit is now fully staffed. Total Sewer Fund Revenues are estimated at \$80,769.2, an increase of \$423,800 over the November estimate, and \$1.4 million over budget.

Mr. Morris reviewed and explained the three-year charts found on pages 6 through 10 of Exhibit A.

General and Sewer Fund Revenue by Major Categories for FY2021:

Russ Morris reviewed the details of Exhibit B – General and Sewer Funds Revenues FY2021 Summary. On page 2, he noted that the Initial Levy and Quarterly Adds line budgeted at \$132.8 million is an estimate. We won't know the actual numbers until the tax certification comes out in March.

The Realty Transfer Tax FY2021 estimate of \$32,631.6 represents a 4% increase over the current estimate. Of the base number, 95% can be budgeted (\$31 million), with the remaining 5% (\$1,631.6) going to reserves.

Mr. Morris reviewed the details of the remaining General Fund line items on pages 2 through 4. The Total General Fund Revenues estimate (before transfers) for FY2021 is \$212,916.6. This is an increase of \$626,900 (0.3%) over the FY2020 Estimate.

Due to a lack of a quorum, the board could not certify the FY 2021 Revenue Forecast or the FY2021 estimated RTT. There was some discussion among the board and others present regarding board membership and attendance. This was the third consecutive year that a quorum was not convened at the first regularly scheduled meeting of the year. Councilman Smiley stated that he would review the attendance of any board members whose terms have expired or will be expiring soon so that those vacancies could be addressed.

Chairman Oller stated that another meeting would have to be scheduled so that the board could certify the FY 2021 Revenue Forecast and the FY2021 estimated RTT prior to the County Executive's Budget Address on March 24.

Returning to Exhibit B, Karen Gordy reviewed the details of the line items in the Sewer Fund (page 4). She noted that the line items for Survey and Inspection Fees and for Inspection Fees are being reduced, as part of their functions will now fall under a new line item, Site Permit Fee.

The Total Sewer Fund Revenues estimate (before transfers) for FY2021 is \$82,796.9. This is a decrease of \$764,800 (0.9%) under the FY2020 Estimate.

General and Sewer Fund Expenditures for FY2020 and Succeeding Fiscal Years:

Mr. Morris reviewed Exhibit C – General and Sewer Fund FY2020 Budget vs. FY2020 Estimate as of January 31, 2020. He noted that in both the General and Sewer Fund Estimates, there was an estimated surplus in Salaries & Wages due to vacancies. In the General Fund, the estimate was \$1.5 million; and in the Sewer Fund, the estimate was \$500,000.

In the Sewer Fund, the Communications/Utilities line item estimate shows a \$2.3 million deficit based on monthly payments to the City of Wilmington for sewage treatment.

Chief Financial Officer Michael Smith then reviewed Exhibit D – General and Sewer Fund Projections as of 1/31/2020 for Fiscal Years 2020-2023. In the General Fund we are anticipating Revenues over Expenditures totaling \$3.2 million. He noted that the County is currently in labor negotiations with all of its unions. The results of those negotiations will change the Personnel Costs line. Under basic assumptions of 1% assessment growth and 2% growth in revenues, current projections show a small shortfall in FY2021, but larger deficits in FY2022 and FY2023.

The Sewer Fund projects a similar scenario, but the deficit grows quicker due to smaller projected revenue growth.

NCCFAC 2019 Annual Report:

Mr. Oller stated that without a quorum, the approval of the 2019 Annual Report would have to be deferred. There was a suggestion to include the board members' attendance record in the Report. After some discussion, it was noted that the report already includes an attendance record through the copies of each memorandum submitted after each meeting.

Schedule Date for Next Meeting:

There was some discussion among the group regarding proposed dates for the next meeting. Friday, February 21 and Monday, February 24 were proposed, as the four members in attendance were available both dates. Joe Szczechowski will contact the members not in attendance to see which date would work best.

(Monday, February 24 at 8:15 a.m. at the Government Center in the Large Executive Conference Room was agreed upon the next day and confirmed via email.)

The date for the next regularly scheduled meeting will be Tuesday, May 12, 2020 at 8:15 a.m. at the Government Center in the Large Executive Conference Room.

There being no further business, the meeting was adjourned at 9:33 a.m.