

Financial Workshop

2021 Budget Overview

Budget Process – Next Steps

Date	Title:	Notes:
Monday, August 17, 2020	Department Budget Hearing #1	Council Direction given for: Overview
Monday, August 31, 2020	Department Budget Hearing #2	Council Direction given for: Planning, Parks and Recreation
Tuesday, September 8, 2020	Department Budget Hearing #3	Council Direction given for: Administrative, PWWR
Monday, September 14, 2020	Department Budget Hearing #4	Council Direction given for: Legislative, Alderman Court
Monday, September 21, 2020	Department Budget Hearing #5	Council Direction given for: Finance, Police, Electric
Monday, October 5, 2020	Financial Workshop #1	Budget Workshop
Tuesday, October 20, 2020	Planning Commission Approval of CIP	Meeting to receive Planning Commissions feedback and suggestions for CIP
Monday, November 2, 2020	Budget Hearing #1	Special Meeting
Monday, November 16, 2020	Budget Hearing #2	Special Meeting
Monday, November 23, 2020	Intro Date for revenue ordinances	
<i>Monday, November 30, 2020</i>	<i>requires a special meeting</i>	
Monday, December 7, 2020	Budget Hearing #3	



August 17 Projected Shortfall

- Total revenues were down 4% from the 2020 Approved Budget
- Total expenditures were down 1.7% from the 2020 Approved Budget

BUDGET OVERVIEW	2020 BUDGET AS AMENDED	2021 BUDGET	% DIFF FROM 2020	\$ DIFF FROM 2020
Operating Revenue	\$ 97,016,597	\$ 93,094,792	-4.0%	\$ (3,921,805)
Operating Expenses	90,633,732	89,766,483	-1.0%	(867,249)
Capital Improvements*	3,088,560	1,617,110	-47.6%	(1,471,450)
Debt Service*	3,000,282	3,733,703	24.4%	733,421
Total Expenditures	\$ 96,722,574	\$ 95,117,296	-1.7%	\$ (1,605,278)
Total Surplus/(Shortfall)	\$ 294,023	\$ (2,022,504)		



The 2021 Budget as of 8/17 was \$2.0 million short of funding (revenue vs. expenditures).

8/17 vs. 10/5 Budget Overview

- From the August 17 Presentation:
 - Revenue;
 - Expenditures;
 - Net Capital Improvements;
 - Debt Service; and
 - Net Current Surplus
 - all made improvements

- Total revenue budget increased by \$1.6 million, or 1.7%

- Total expenditure budget decreased by \$2 million, or -2.1%

- Details on the forthcoming slides

SUMMARY	8/17/2020 BUDGET	10/5/2020 BUDGET	\$ FROM 8/17 BUDGET	% FROM 8/17 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 70,644,150	\$ 72,056,529	\$ 1,412,379	2.0%
Real Estate and Other Taxes	10,305,000	10,342,000	37,000	0.4%
Fees for Service	9,221,750	9,341,310	119,560	1.3%
Intergovernmental Revenue	1,829,542	1,836,027	6,485	0.4%
Other Revenue	1,094,350	1,094,350	-	0.0%
Total Operating Revenue	\$ 93,094,792	\$ 94,670,216	\$ 1,575,424	1.7%
Expenditures				
Personnel Services	\$ 35,750,992	\$ 35,677,089	\$ (73,903)	-0.2%
Utility Purchases - Electric	32,992,386	31,804,486	(1,187,900)	-3.6%
Utility Purchases - Sewer	5,600,000	5,000,000	(600,000)	-10.7%
Materials and Supplies	2,347,762	2,365,695	17,933	0.8%
Contractual Services	10,464,805	10,611,313	146,508	1.4%
Equipment Depreciation	1,503,666	1,443,987	(59,679)	-4.0%
Other Expenses	1,106,872	1,096,872	(10,000)	-0.9%
Total Operating Expenses	\$ 89,766,483	\$ 87,999,442	\$ (1,767,041)	-2.0%
Capital Improvements				
Gross Capital Improvements	\$ 11,382,603	\$ 19,706,898	\$ 8,324,295	73.1%
Less: Use of Reserves	(1,102,038)	(1,102,038)	-	0.0%
Equipment Replacement	(731,497)	(614,497)	117,000	-16.0%
Grants	(1,495,070)	(2,508,889)	(1,013,819)	67.8%
Bond Issues	(646,888)	(646,888)	-	0.0%
State Revolving Loan	(4,600,000)	(4,600,000)	-	0.0%
Other Sources	(1,190,000)	(8,695,965)	(7,505,965)	630.8%
Net Capital Improvements	\$ 1,617,110	\$ 1,538,621	\$ (78,489)	-4.9%
Debt Service	\$ 3,733,703	\$ 3,552,568	\$ (181,135)	-4.9%
TOTAL EXPENDITURES	\$ 95,117,296	\$ 93,090,631	\$ (2,026,665)	-2.1%
Net Current Surplus	(2,022,504)	1,579,585	3,602,089	178.1%
TOTAL EXPENDITURES/SURPLUS	\$ 93,094,792	\$ 94,670,216	\$ 1,575,424	1.7%

Budget Adjustments between 8/17 and 10/5 - REVENUE

SUMMARY	8/17/2020 BUDGET	10/5/2020 BUDGET	\$ FROM 8/17 BUDGET	% FROM 8/17 BUDGET
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Other Revenue	1,094,350	1,094,350	-	0.0%
Total Operating Revenue	\$ 93,094,792	\$ 94,670,216	\$ 1,575,424	1.7%

Primary Adjustments include:

- Utility Sales: Electric, water and sewer sales adjustments based on data through August
- Property & Realty Taxes: Modification to real estate tax revenue
- Fees for Service: Adjustment for internal services. No proposed fee modifications

Budget Adjustments between 8/17 and 10/5 – UTILITY REVENUE

SUMMARY	8/17/2020 BUDGET	10/5/2020 BUDGET	\$ FROM 8/17 BUDGET	% FROM 8/17 BUDGET
Utility Revenue				
Electric	\$ 52,050,000	\$ 53,534,629	\$ 1,484,629	2.9%
Water	8,400,000	8,689,000	289,000	3.4%
Sewer	6,800,000	6,850,000	50,000	0.7%
Stormwater	2,761,250	2,350,000	(411,250)	-14.9%
Other/Contractual	632,900	632,900	-	0.0%
Total Utility Revenue	\$ 70,644,150	\$ 72,056,529	\$ 1,412,379	2.0%

Adjustments include:

- Electric: Revision in total electric sales. Based on past activity, Chemours growth, UD projections
- Water: Increase customer charge to provide for 2018 Referendum debt service payments
- Sewer: Increase customer charge to provide for 2018 Referendum debt service payments
- Stormwater: Rodney debt service adjustment. Full debt service payment in 2022

Budget Adjustments between 8/17 and 10/5 - EXPENDITURES

SUMMARY	8/17/2020 BUDGET	10/5/2020 BUDGET	\$ FROM 8/17 BUDGET	% FROM 8/17 BUDGET
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Other Expenses	1,106,872	1,096,872	(10,000)	-0.9%
Total Operating Expenses	\$ 89,766,483	\$ 87,999,442	\$ (1,767,041)	-2.0%

Adjustments include:

- Personnel: Modified pension plan allocations, reduced term life and long-term disability premiums
- Utility Purchases: Reduced Electric (\$1.2M) and Sewer purchases (\$600K) from DEMEC and New Castle County based on projected sales
- Contractual Services: Increase to the City's internal services (offsetting revenue)

Budget Adjustments between 8/17 and 10/5 – CAPITAL

SUMMARY	8/17/2020 BUDGET	10/5/2020 BUDGET	\$ FROM 8/17 BUDGET	% FROM 8/17 BUDGET
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Gross Capital Improvements	\$ 11,382,603	\$ 19,706,898	\$ 8,324,295	73.1%
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Bond Issues	(646,888)	(646,888)	-	0.0%
State Revolving Loan	(4,600,000)	(4,600,000)	-	0.0%
Other Sources	(1,190,000)	(8,695,965)	(7,505,965)	630.8%
Net Capital Improvements	\$ 1,617,110	\$ 1,538,621	\$ (78,489)	-4.9%

Adjustments include:

- Increase capital projects in 2021 by \$8.3M (addition of ESCO project -see CIP)
- Two IT projects deferred to 2022 (reduced need to use equipment reserves by \$117K)
- Reduction in Grants funds due to the use of Stormwater funds to purchase an electric vehicle (\$19K), offset by \$1 million grant towards ESCO project

Budget Adjustments between 8/17 and 10/5

SUMMARY	8/17/2020 BUDGET	10/5/2020 BUDGET	\$ FROM 8/17 BUDGET	% FROM 8/17 BUDGET
Debt Service	\$ 3,733,703	\$ 3,552,568	\$ (181,135)	-4.9%
TOTAL EXPENDITURES	\$ 95,117,296	\$ 93,090,631	\$ (2,026,665)	-2.1%
Net Current Surplus	(2,022,504)	1,579,585	3,602,089	178.1%
TOTAL EXPENDITURES/SURPLUS	\$ 93,094,792	\$ 94,670,216	\$ 1,575,424	1.7%

Adjustments include:

- Debt service reduction due to revised debt schedules for Referendum projects, offset by addition of the lease of two PWWR vehicles
- Net current surplus increase of \$3.6M due to revised utilities revenue estimates, along with associated expenditure reductions
- Net current surplus detailed on slide 29

2021 Budget Overview

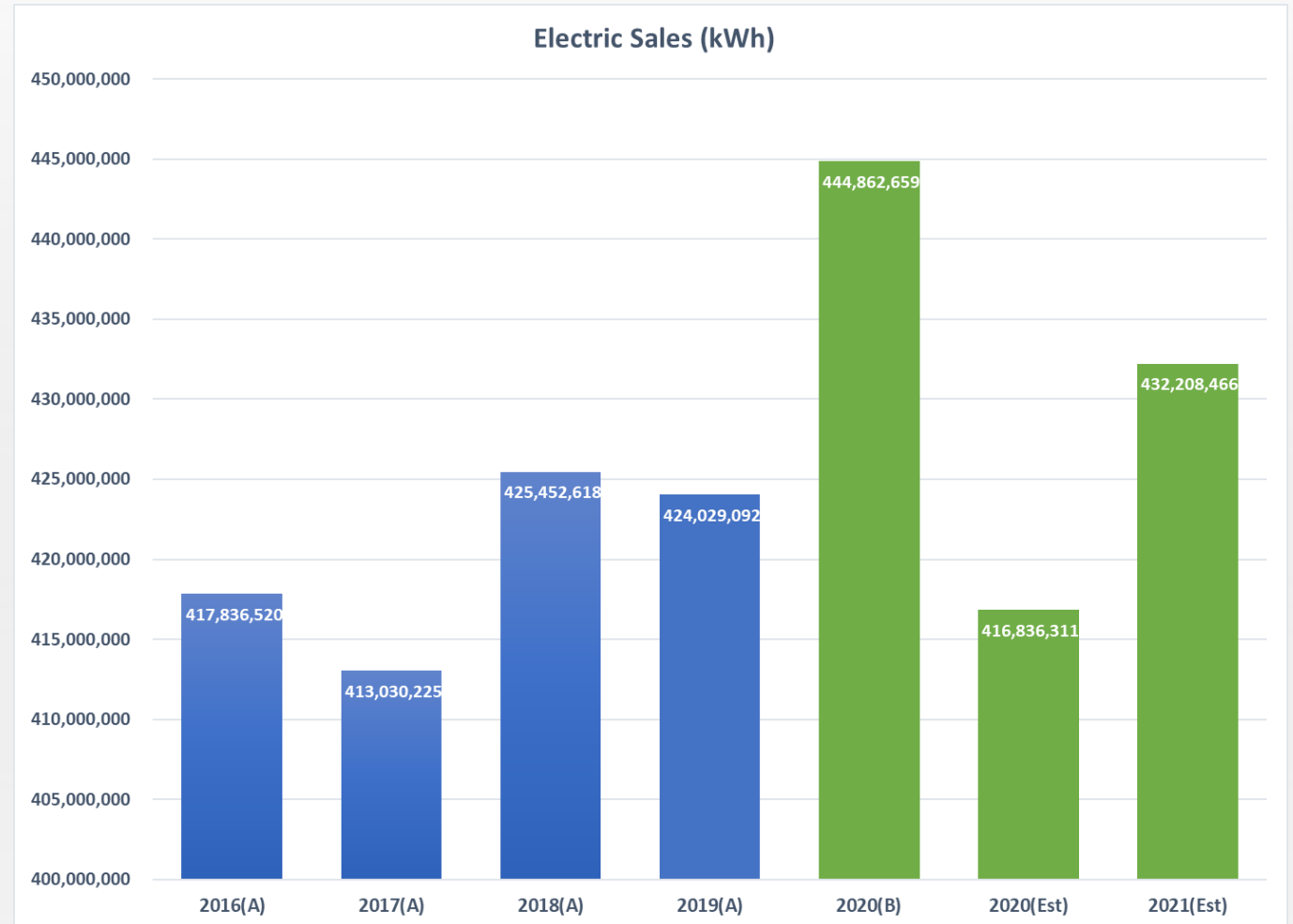
- 2021 Budget as of 10/5 compared to the 2020 Approved Budget as Amended:
 - Revenue: down \$2.3M or -2.4%
 - Expenditures: down \$2.6M or -2.9%
 - Gross Capital Budget: down \$806K or -3.9%
 - Use of City Reserves: up \$331K or 24%
 - Debt Service: up \$552K or 18.4%
 - Total Budget: down \$2.3M or -2.4%

	* as amended 2020 * BUDGET	** as proposed 2021 ** BUDGET	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET
OPERATING EXPENSES				
Revenue/Other Funding Sources				
Utility Sales	\$ 72,774,508	\$ 72,056,529	\$ (717,979)	-1.0%
Real Estate and Other Taxes	10,329,000	10,342,000	13,000	0.1%
Fees for Service	10,436,850	9,341,310	(1,095,540)	-10.5%
Intergovernmental Revenue	1,592,287	1,836,027	243,740	15.3%
Other Revenue	1,175,200	1,094,350	(80,850)	-6.9%
Appropriation of Prior Year Reserves	708,752	-	(708,752)	-100.0%
Total Operating Revenue/Other Funding Sources	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%
Expenditures				
Personnel Services	\$ 35,225,799	\$ 35,677,089	\$ 451,290	1.3%
Utility Purchases	39,274,933	36,804,486	(2,470,447)	-6.3%
Materials and Supplies	2,498,376	2,365,695	(132,681)	-5.3%
Contractual Services	10,893,058	10,611,313	(281,745)	-2.6%
Equipment Depreciation	1,524,265	1,443,987	(80,278)	-5.3%
Other Expenses	1,217,192	1,096,872	(120,320)	-9.9%
Total Operating Expenses	\$ 90,633,623	\$ 87,999,442	\$ (2,634,181)	-2.9%
Capital Improvements				
Gross Capital Improvements	\$ 20,512,665	\$ 19,706,898	\$ (805,767)	-3.9%
Less: Use of Reserves	(654,726)	(1,102,038)	(447,312)	68.3%
Equipment Replacement	(730,778)	(614,497)	116,281	-15.9%
Grants	(2,221,076)	(2,508,889)	(287,813)	13.0%
Bond Issues	(767,947)	(646,888)	121,059	-15.8%
State Revolving Loan	(11,360,048)	(4,600,000)	6,760,048	-59.5%
Other Sources	(1,689,530)	(8,695,965)	(7,006,435)	414.7%
Net Capital Improvements	\$ 3,088,560	\$ 1,538,621	\$ (1,549,939)	-50.2%
Debt Service	\$ 3,000,282	\$ 3,552,568	\$ 552,286	18.4%
Net Current Surplus	294,132	1,579,585	1,285,453	437.0%
TOTAL EXPENDITURES AND SURPLUS	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%

City of Newark Utilities

Electric Utility

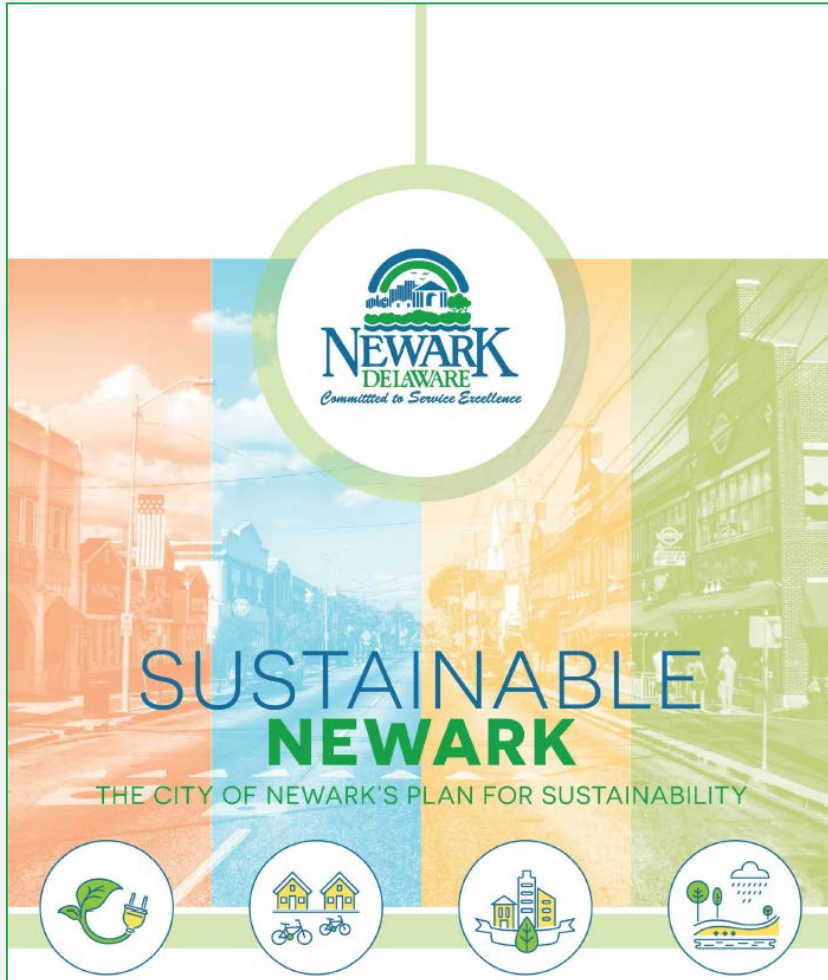
- Estimated loss in 2020 is \$3.3M (Covid-19)
- Some Electric growth:
 - UD Whitney Complex (9/20)
 - UD Worrilow Hall (9/20)
 - STAR Campus (Chemours & Biopharm/NIMBL)
- Overall sales revenue increase of 1.1%, or \$582K over 2020 budget, projected kwh volume down 2.8%
- Wholesale power cost level for 2021 (tbd)
- RSA 2021 (March)
- Electric rate study was paused
- Est. sales revenue is \$54.1M in 2021
- No rate increase proposed



Sustainable Newark

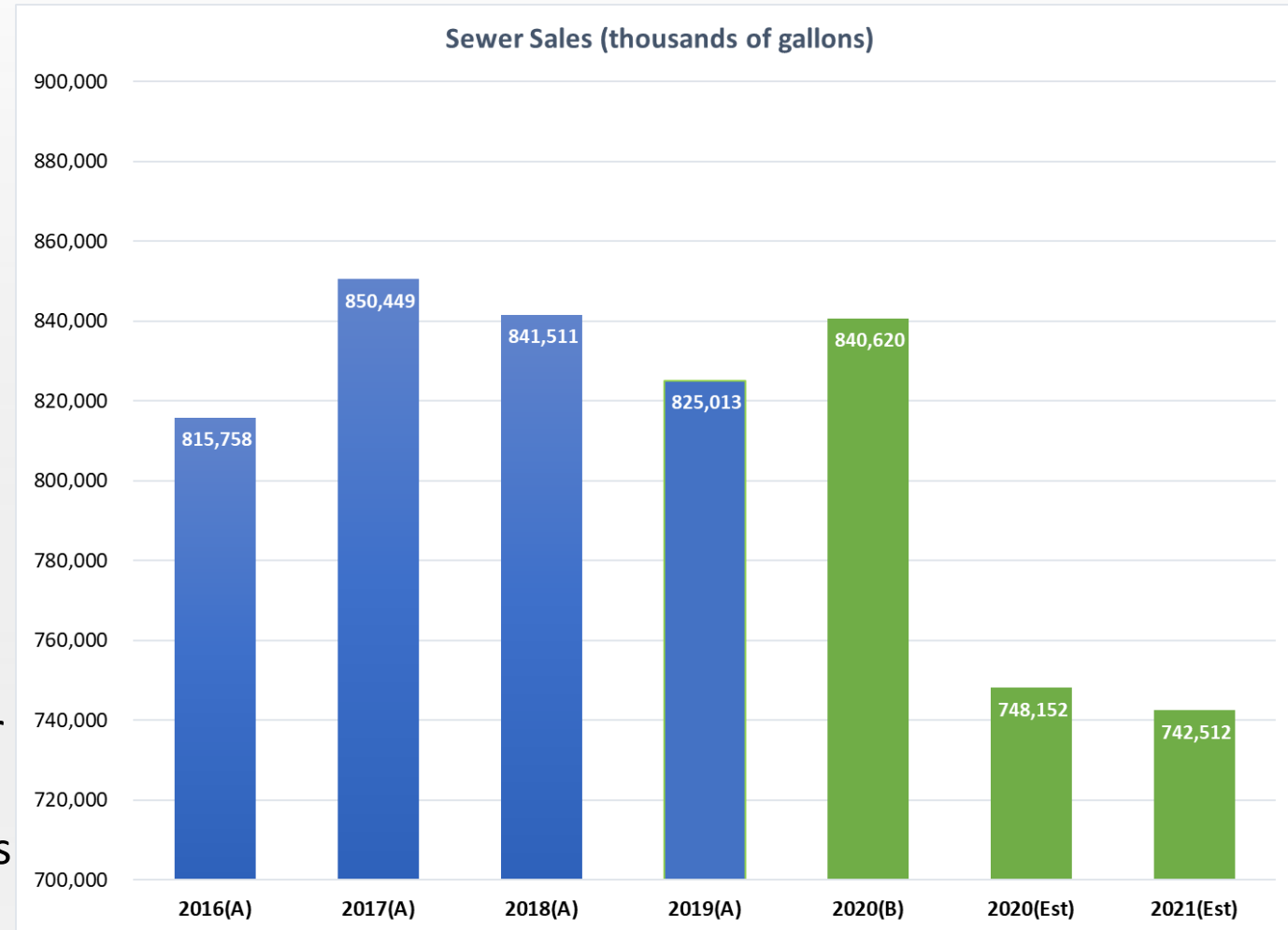
Newark is mindful of its need to improve sustainability

- 2021 budget recommendation includes:
 - Efficiency Smart program
 - Purchase of electric vehicles where appropriate to replace gas vehicles
 - Three in the budget (Parking, Stormwater and Electric)
 - Electric charging stations purchased in 2020 (to be installed)
 - ESCO Project approved in 2020, under construction through 2021
 - LED Lighting
 - HVAC retrofit of City Hall
 - Solar arrays (McKees, City Hall rooftop, GWC, Field Operations Complex)
 - City “Opt-Out” program for new Electric Account customers (requires Council approval)



Sewer Utility

- Estimated 2020 revenue loss is \$827K due to Covid-19
- Loss of UD and commercial sales
- Addition of Chemours has added sales
- **Staff recommends a customer service charge adjustment in 2021 to cover SRL debt approved during 2018 Referendum**
 - **\$50,000 adjustment – included in the 2021 revenue budget**
- Continued utilization of SRL program for sewer projects, offsets the immediate need to raise fees/rates for long-term infrastructure projects
- Consumption estimated to be down 12%, revenue down 8.8% in 2021

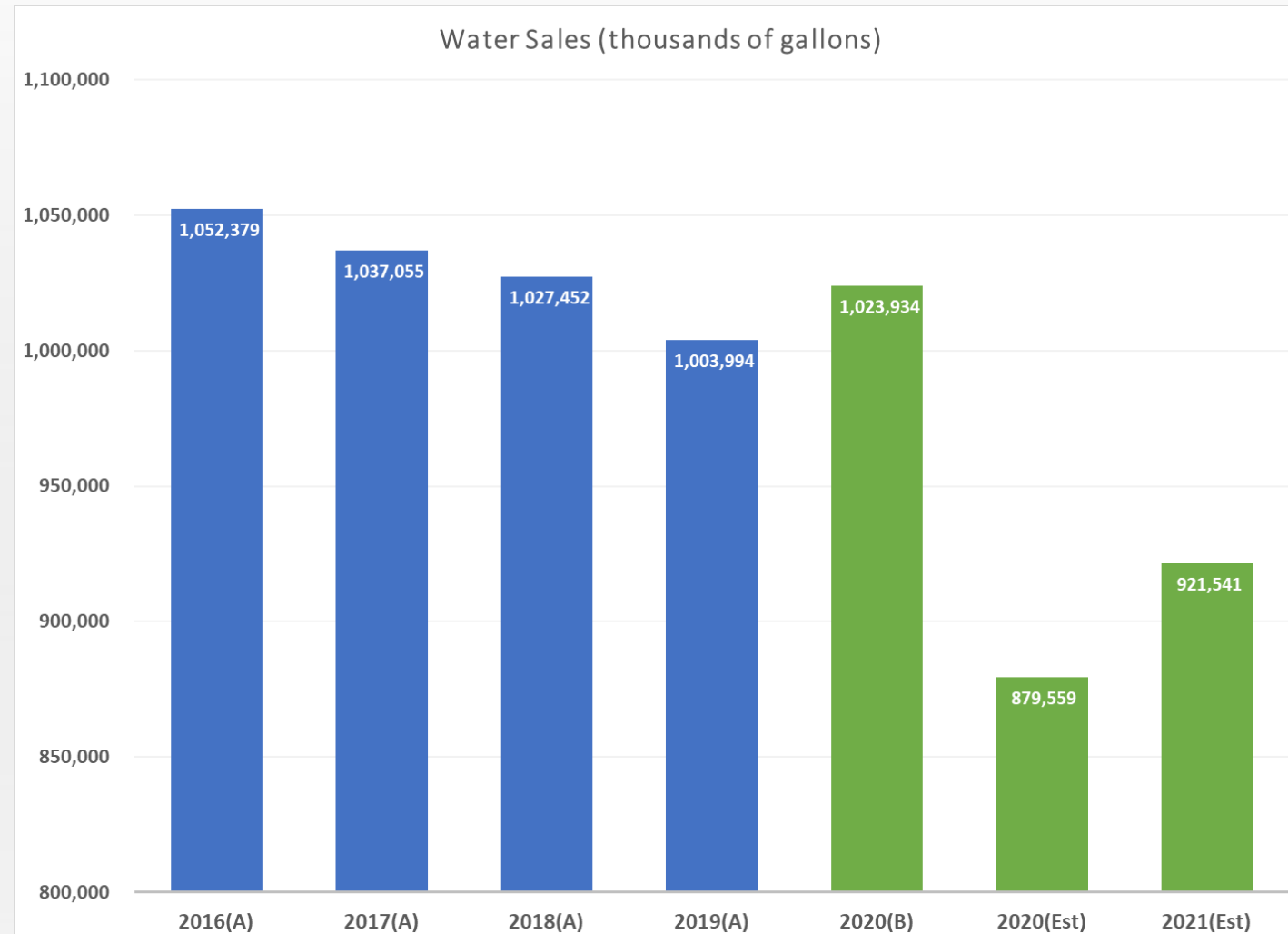


Sewer Utility - New Castle County Fee

- New Castle County sewer treatment rate will remain the same until July 1, 2021
 - Annual NCC bill expected to be \$5.0 million
 - Based on 2020 sewer sales
 - Decrease of \$600,000 from 2020
 - Adjusted downward from August 17 presentation to account for lower sales
 - City revised Code on August 10, 2020 to fully recover any increased cost of sewer service provided by New Castle County
 - Previously, the City was only allowed to collect for the revised fee going forward
 - If the City were to fall short in 2021, the City will be able to recover the County rate adjustment automatically per Code

Water Utility

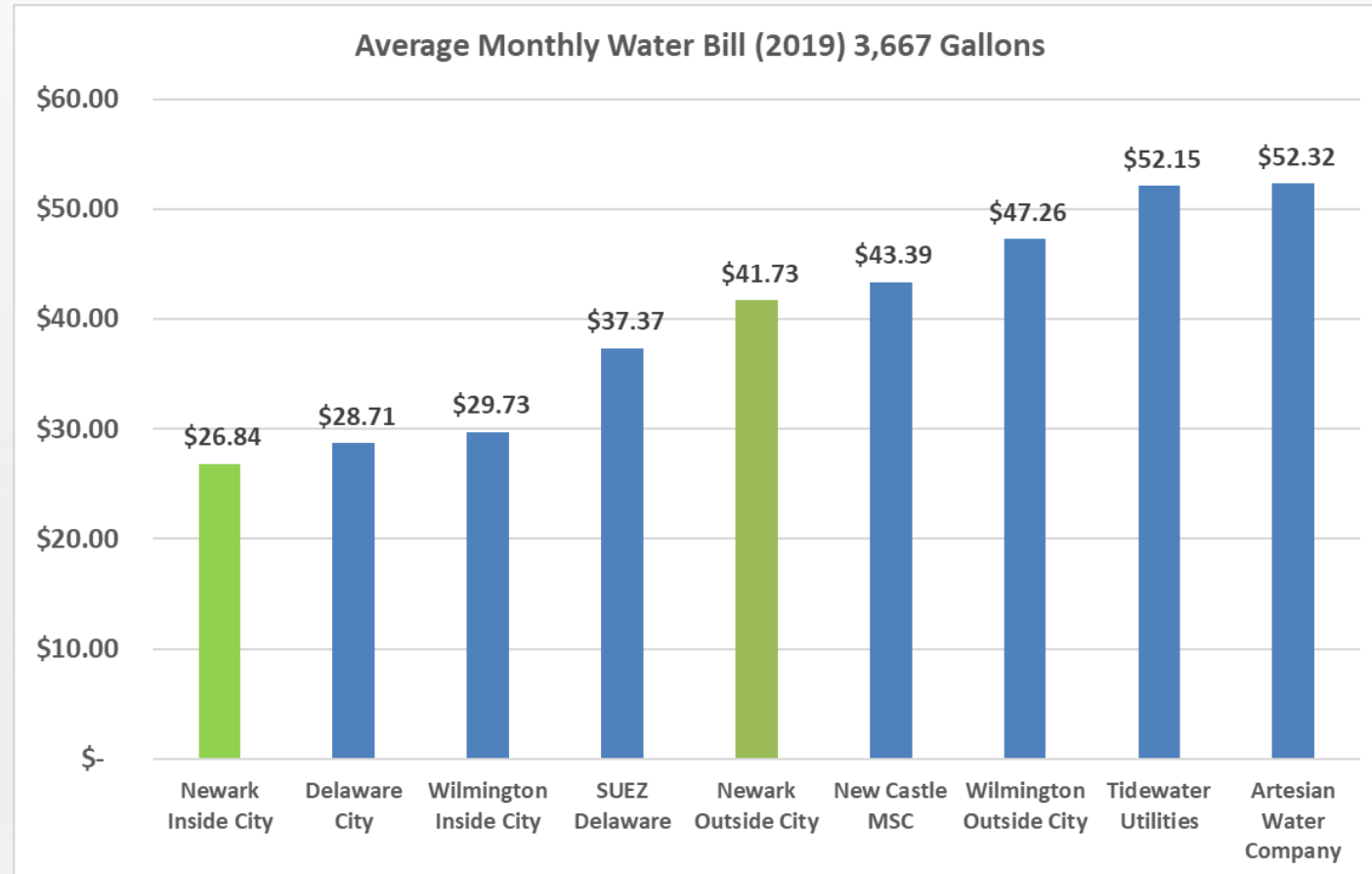
- Water sales had averaged just over 1 billion gallons annually through 2019
- Anticipated loss of water sales = loss of revenue needed to fund City operations (about \$1.3 million in 2020 from sales)
- Small customer growth: 52 new customers in 2020 (10,380)
- Loss of UD and commercial sales due to Covid-19
- Chemours is in Suez territory (not a water customer)
- **Staff recommends small customer service charge adjustment in 2021 to cover SRL debt (approved via 2018 Referendum) = \$289,000 included in Revenue**
- Continued to use SRL program for water projects
- Water revenue is down \$665K (-8.8%), volume is down 10% from 2020 Budget



Water Utility Comparisons

- An October 2019 study by UD’s Water Resource Center, listed Newark’s water rates as the lowest in the area
- 2019 average residential bill (excluding Newark customers) was \$41.56 per month
- 55% higher than the in-City rate, 0.4% higher than outside-City rate

Utility	Average Monthly Water Bill	\$/1000 gal
Newark Inside City	\$ 26.84	\$8.48
Delaware City	\$ 28.71	\$9.07
Wilmington Inside City	\$ 29.73	\$9.39
SUEZ Delaware	\$ 37.37	\$11.80
Newark Outside City	\$ 41.73	\$13.18
New Castle MSC	\$ 43.39	\$13.70
Wilmington Outside City	\$ 47.26	\$14.92
Tidewater Utilities	\$ 52.15	\$16.47
Artesian Water Company	\$ 52.32	\$16.52



Rates do not include proposed customer charge adjustment (\$28.49 inside-City, \$43.96 outside-City)

Stormwater Utility

- Completed demolition and mass excavation of the Rodney Stormwater Pond and Park
- Completed plans and specifications for a water quality retrofit of the stormwater pond in the Abbottsford subdivision
- Given away over 100 rain barrels and provided funding for private stormwater management through the City's stormwater grant program
- No recommended rate change for 2021
- Stormwater fee scheduled to increase in 2022 after the completion of the Rodney project

Parking Fund

PARKING	2020 BUDGET	2020 EST.	2021 BUDGET	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET
Multi-Space Parking Fees	\$ 1,430,000		\$ 1,250,000	\$ (180,000)	-12.6%
Pay by App Parking Fees	330,000		300,000	\$ (30,000)	-9.1%
Daily Fees (lot #4)	413,000		413,000	\$ -	0.0%
Monthly Fees	120,000		120,000	\$ -	0.0%
Voucher Fees	80,000		70,000	(10,000)	-12.5%
Parking Meters	480,000		400,000	(80,000)	-16.7%
Total Parking	\$ 2,853,000	\$ 1,301,000	\$ 2,553,000	\$ (300,000)	-10.5%

- Completion of Lot #1 reconfiguration/expansion (added 47 parking spaces)
- Addition of Lot 7 via 12-month lease from property owner
- Relocation of parking office to new space in Galleria
- Anticipated Spring 2021 completion of the Parking Multi-Space Kiosk and Mobile Application projects
 - Full phase out of single space parking meters
 - Will lower overhead costs to parking system & connects with existing License Plate Recognition system (LPR)
- Continuing work on parking policies and improvements with Kimley-Horn consultation

City of Newark 2020 Expenditure Budget



	* as amended	** as proposed		
OPERATING EXPENSES	2020	2021	\$ FROM	% FROM
	* BUDGET	** BUDGET	2020 BUDGET	2020 BUDGET
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2021 Proposed Budget

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- ▶ Personnel Expenses increased by \$451K (1.3%)
- ▶ Utility Purchases are down \$2.5 million (-6.3%)

**Total operating expenses are down 2.9%,
or \$2.6 million compared to 2020**

- ▶ Non-Personnel/Utility Operating Expenses down \$615K (-3.8%)
 - Materials & Supplies decreased \$133K (-5.3%)
 - Contractual Services decreased \$282K (-2.6%)
 - Equip Depreciation Expense -\$80K (-5.3%)
 - Other Expenses decreased \$120K (-9.9%)

BUDGET DRIVERS

EXPENDITURE CHANGE	2020 BUDGET	% OF 2020 BUDGET	2021 BUDGET	% OF 2021 BUDGET	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET
Electric Purchases (DEMEC)	\$ 33,674,933	34.7%	\$ 31,804,486	33.6%	\$ (1,870,447)	-5.6%
Wages	22,093,646	22.8%	22,452,744	23.7%	359,098	1.6%
Sewer Purchases (NCC)	5,600,000	5.8%	5,000,000	5.3%	(600,000)	-10.7%
Healthcare	4,661,821	4.8%	4,746,755	5.0%	84,934	1.8%
Pension	4,163,050	4.3%	4,150,000	4.4%	(13,050)	-0.3%
Debt Service	3,000,282	3.1%	3,552,568	3.8%	552,286	18.4%
OPEB	1,659,300	1.7%	1,651,605	1.7%	(7,695)	-0.5%
Workers Compensation Program (DFIT)	850,000	0.9%	850,000	0.9%	-	n/a
TOTAL:	\$ 75,703,032	78.0%	\$ 74,208,158	78.4%	\$ (1,494,874)	-2.0%

- Eight items make up 78% of the operating budget, totaling \$74.2 million
- Electric and Sewer utility purchases total \$36.8 million, or 38.9%

Personnel Expenses – Operating Budget By Type

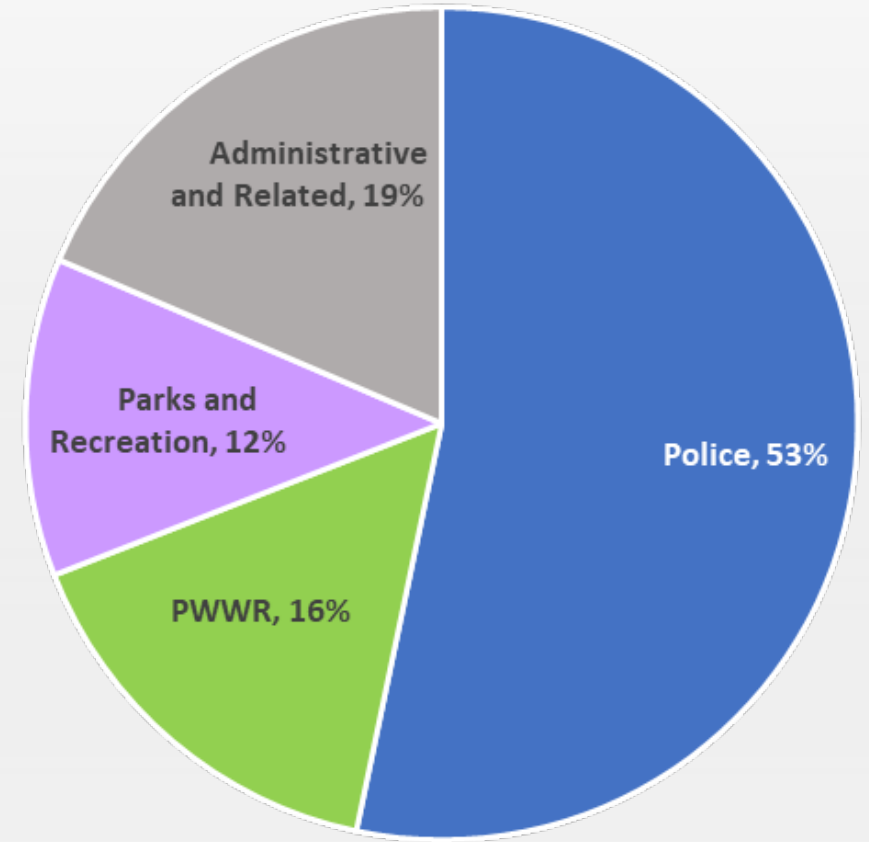
PERSONNEL SERVICES	* as amended	** as proposed	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET	COMMENTS
	2020 * BUDGET	2021 ** BUDGET			
Wages					
Full Time	\$ 18,856,935	\$ 19,322,305	\$ 465,370	2.5%	Delete Human Capital Manager, unfund Lineman, no COLA for management/FOP (expiring contract)
Part Time	751,038	657,649	(93,389)	-12.4%	Unfunded p/t Meter Reader (Finance), p/t Street Sweeper (PWWR)
Other	2,485,673	2,472,790	(12,883)	-0.5%	All other wages (overtime, etc)
Total Wages:	\$ 22,093,646	\$ 22,452,744	\$ 359,098	1.6%	
Pension	4,163,050	4,150,000	(13,050)	-0.3%	Annual City Contribution to the Pension Fund.
Defined Contribution 401(a)	358,781	374,407	15,626	4.4%	City Contribution to non-pensioned employees.
OPEB	1,659,300	1,651,605	(7,695)	-0.5%	2021: \$1,000,000 (future obligations - no change) and \$651,605 (current retirees)
Retirement Health Savings Account	135,706	131,581	(4,125)	-3.0%	Pay as you go
Health Care	4,661,821	4,746,755	84,934	1.8%	Assumes 6% premium increase. Calculated based off current employee coverage.
Other	2,153,495	2,169,997	16,502	0.8%	Social Security, FICA, Dental, Life, Vision, and other insurances.
TOTAL PERSONNEL SERVICES	\$ 35,225,799	\$ 35,677,089	\$ 451,290	1.3%	

- Personnel expenses (\$35.7M) include both current employees and retirees, and total 37.7% of the budget

Expense Budget Overview – General Fund

GENERAL FUND - EXPENSES	* as amended	** as proposed	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET
	2020 * BUDGET	2021 ** BUDGET		
Police	\$ 15,885,655	\$ 16,418,866	\$ 533,211	3.4%
PWWR	5,060,142	4,860,810	(199,332)	-3.9%
Parks and Recreation	3,803,537	3,805,144	1,607	0.0%
Administrative and Related	5,884,356	5,722,398	(161,958)	-2.8%
TOTAL GENERAL FUND EXPENSES	\$ 30,633,690	\$ 30,807,218	\$ 173,528	0.6%

- General fund expenses are nearly flat, and are up \$173K, or 0.6% over 2020 due to:
 - Police: +\$533,000
 - Public Works and Water Resources: -\$199,000
 - Offset by adjustments in other departments: -\$160,000



Expense Budget Overview By Department

- Departmental Operating Budget decreased by \$2.6 million, or -2.9%
 - Department budgets = do not include debt service and capital spending
 - Down \$164K, or -0.3%
 - Exclusive of utility purchases (Electric & Sewer):
 - 2020: \$51.4M
 - 2021: \$51.2M

	* as amended 2020 * BUDGET	** as proposed 2021 ** BUDGET	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET
Electric Department	\$ 7,398,640	\$ 7,230,040	\$ (168,600)	-2.3%
Water Department	4,773,248	4,891,908	118,660	2.5%
Sewer Department	1,093,212	1,130,925	37,713	3.4%
Stormwater Utility	1,455,790	1,302,328	(153,462)	-10.5%
Utility Purchases	39,274,933	36,804,486	(2,470,447)	-6.3%
Refuse Division	2,271,557	2,253,151	(18,406)	-0.8%
Street Division	1,680,496	1,590,647	(89,849)	-5.3%
Fleet Maintenance Division	1,471,119	1,482,017	10,898	0.7%
Engineering Division	1,108,089	1,017,012	(91,077)	-8.2%
Code Enforcement Division	1,620,322	1,638,869	18,547	1.1%
Police Department	15,885,655	16,418,866	533,211	3.4%
Finance Department	274,846	283,155	8,309	3.0%
Planning Department	972,268	917,708	(54,560)	-5.6%
Municipal Parking	2,162,721	2,173,723	11,002	0.5%
Facilities Maintenance Division	826,637	845,440	18,803	2.3%
Administrative Department	1,211,738	1,062,743	(148,995)	-12.3%
Information Technology Division	-	-	-	0.0%
Legislative Department	1,248,876	1,211,693	(37,183)	-3.0%
Alderman's Court	556,306	608,230	51,924	9.3%
Parks and Recreation Department	3,803,537	3,805,144	1,607	0.0%
Community Development (Operating)	413,782	202,885	(210,897)	-51.0%
Law Enforcement Fund	335,286	339,214	3,928	1.2%
Special Parks Fund	35,096	41,100	6,004	17.1%
Unicity Transportation Fund	280,269	268,958	(11,311)	-4.0%
Self-Insurance Fund	230,000	230,000	-	0.0%
OPEB Fund Expenses	662,300	662,300	-	0.0%
Less: Inter-Dept. Electric Sales	(413,100)	(413,100)	-	0.0%
TOTAL OPERATING EXPENDITURES	\$ 90,633,623	\$ 87,999,442	\$ (2,634,181)	-2.9%

* as amended

** as proposed

OPERATING EXPENSES	2020	2021	\$ FROM	% FROM
	* BUDGET	** BUDGET	2020 BUDGET	2020 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,774,508	\$ 72,056,529	\$ (717,979)	-1.0%
Real Estate and Other Taxes	10,329,000	10,342,000	13,000	0.1%
Fees for Service	10,436,850	9,341,310	(1,095,540)	-10.5%
Intergovernmental Revenue	1,592,287	1,836,027	243,740	15.3%
Other Revenue	1,175,200	1,094,350	(80,850)	-6.9%
Appropriation of Prior Year Reserves	708,752	-	(708,752)	-100.0%
Total Operating Revenue/Other Funding Sources	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%
Expenditures				
Personnel Services	\$ 35,225,799	\$ 35,677,089	\$ 451,290	1.3%
Utility Purchases	39,274,933	36,804,486	(2,470,447)	-6.3%
Materials and Supplies	2,498,376	2,365,695	(132,681)	-5.3%
Contractual Services	10,893,058	10,611,313	(281,745)	-2.6%
Equipment Depreciation	1,524,265	1,443,987	(80,278)	-5.3%
Other Expenses	1,217,192	1,096,872	(120,320)	-9.9%
Total Operating Expenses	\$ 90,633,623	\$ 87,999,442	\$ (2,634,181)	-2.9%
Capital Improvements				
Gross Capital Improvements	\$ 20,512,665	\$ 19,706,898	\$ (805,767)	-3.9%
Less: Use of Reserves	(654,726)	(1,102,038)	(447,312)	68.3%
Equipment Replacement	(730,778)	(614,497)	116,281	-15.9%
Grants	(2,221,076)	(2,508,889)	(287,813)	13.0%
Bond Issues	(767,947)	(646,888)	121,059	-15.8%
State Revolving Loan	(11,360,048)	(4,600,000)	6,760,048	-59.5%
Other Sources	(1,689,530)	(8,695,965)	(7,006,435)	414.7%
Net Capital Improvements	\$ 3,088,560	\$ 1,538,621	\$ (1,549,939)	-50.2%
Debt Service	\$ 3,000,282	\$ 3,552,568	\$ 552,286	18.4%
Net Current Surplus	294,132	1,579,585	1,285,453	437.0%
TOTAL EXPENDITURES AND SURPLUS	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%



Operating Budget By Type

OPERATING EXPENDITURE OVERVIEW - DEBT SERVICE

- 2021 Debt Service increases \$552K
- ESCO project (City HVAC, solar, LED streetlight upgrade, etc.) – interest only payment in 2021
- Approved 2018 Referendum projects are estimated to result in \$801,000 in debt service payments in 2021
- Lease payments for the replacement of two large truck to preserve cash

Debt	Ending Date	2020 Budget	2021 Budget	Change from 2020 Budget	Comments
GOB Series 2011	9/14/2022	1,491,400	1,305,150	(186,250)	2000 Refunding paid in full 2020
Energy Conservation Loan	7/1/2022	68,438	68,438	-	
Smart Meters	9/1/2022 1/1/2028	1,046,189	1,046,189	-	ARRA/DNREC (\$342,839) BOA (\$703,350)
Fiber Lease	8/5/2027	49,255	49,255	-	
ESCO	8/12/2040	-	190,671	190,671	2.345%, 20 year term, offset by other revenue, energy savings. 2021 Interest-only payment
Units 207 and 528 Lease Payments	11/1/2026	-	91,865	91,865	Pending approval by Council at 9/28 Council Meeting
Total:		\$ 2,655,282	\$ 2,751,568	\$ 96,286	

Estimated Debt from Referendum	2020 Budget	2021 Budget	Change from 2020 Budget	Ending Date
Rodney Stormwater Park	\$120,000	\$200,000	\$80,000	Interest-only payments until 2021, +20 years
Sanitary Sewer Repairs	\$35,000	\$85,000	\$50,000	Interest-only payments until 2020, +20 years
Air Stripper Replacement - South Well Field	\$77,500	\$260,000	\$182,500	Interest-only payments until 2020, +20 years
Water Tank Maintenance	\$7,500	\$25,000	\$17,500	Interest-only payments until 2023, +20 years
Water SCADA System	\$5,000	\$63,000	\$58,000	Interest-only payments until 2021, +10 years
Water Main Replacement Program	\$25,000	\$56,000	\$31,000	Interest-only payments until 2023, +20 years
General Fund Projects	\$75,000	\$112,000	\$37,000	Interest-only payments until 2022, +10 years
Total:	\$345,000	\$801,000	\$456,000	
Budgeted Debt Service:	\$3,000,282	\$3,552,568	\$552,286	

Expense Budget Overview – Debt Service/NCP

OPERATING EXPENSES	* as amended	** as proposed	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET
	2020 * BUDGET	2021 ** BUDGET		
Debt Service	\$ 3,000,282	\$ 3,552,568	\$ 552,286	18.4%
Net Current Surplus	294,132	1,579,585	1,285,453	437.0%

- Debt Service increased by 18.4% or \$552K
- Net Current Surplus (NCP) is the amount of revenue anticipated to be collected that exceeds expenditure budget for a specific fund
 - Can recover lost revenue from previous year, assuming revenue budget is met
 - Stormwater funds will be used towards paying cash for Rodney parcel vs. using SRL loan (lowers future debt obligations)
 - Stormwater program is relatively new and is prohibited from being used to fund the general fund through transfers via Code

City Fund	Net Current Surplus
Electric	\$ 100,000
Water	389,000
Sewer	50,000
Parking	-
Stormwater	876,061
General	164,524
Community Development Fund	-
Law Enforcement Fund	-
Special Parks Fund	-
UniCity	-
Debt Service Fund	-
Capital Fund	-
Self Insurance Fund	-
OPEB	-
Internal Services Fund	-
Total Net Current Surplus:	\$ 1,579,585

City of Newark FY2020 Capital Budget Recommendation

* as amended

** as proposed

OPERATING EXPENSES	2020	2021	\$ FROM	% FROM
	* BUDGET	** BUDGET	2020 BUDGET	2020 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,774,508	\$ 72,056,529	\$ (717,979)	-1.0%
Real Estate and Other Taxes	10,329,000	10,342,000	13,000	0.1%
Fees for Service	10,436,850	9,341,310	(1,095,540)	-10.5%
Intergovernmental Revenue	1,592,287	1,836,027	243,740	15.3%
Other Revenue	1,175,200	1,094,350	(80,850)	-6.9%
Appropriation of Prior Year Reserves	708,752	-	(708,752)	-100.0%
Total Operating Revenue/Other Funding Sources	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%
Expenditures				
Personnel Services	\$ 35,225,799	\$ 35,677,089	\$ 451,290	1.3%
Utility Purchases	39,274,933	36,804,486	(2,470,447)	-6.3%
Materials and Supplies	2,498,376	2,365,695	(132,681)	-5.3%
Contractual Services	10,893,058	10,611,313	(281,745)	-2.6%
Equipment Depreciation	1,524,265	1,443,987	(80,278)	-5.3%
Other Expenses	1,217,192	1,096,872	(120,320)	-9.9%
Total Operating Expenses	\$ 90,633,623	\$ 87,999,442	\$ (2,634,181)	-2.9%
Capital Improvements				
Gross Capital Improvements	\$ 20,512,665	\$ 19,706,898	\$ (805,767)	-3.9%
Less: Use of Reserves	(654,726)	(1,102,038)	(447,312)	68.3%
Equipment Replacement	(730,778)	(614,497)	116,281	-15.9%
Grants	(2,221,076)	(2,508,889)	(287,813)	13.0%
Bond Issues	(767,947)	(646,888)	121,059	-15.8%
State Revolving Loan	(11,360,048)	(4,600,000)	6,760,048	-59.5%
Other Sources	(1,689,530)	(8,695,965)	(7,006,435)	414.7%
Net Capital Improvements	\$ 3,088,560	\$ 1,538,621	\$ (1,549,939)	-50.2%
Debt Service	\$ 3,000,282	\$ 3,552,568	\$ 552,286	18.4%
Net Current Surplus	294,132	1,579,585	1,285,453	437.0%
TOTAL EXPENDITURES AND SURPLUS	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%



Expense Budget Overview – Capital Improvements

	* as amended	** as proposed		
OPERATING EXPENSES	2020	2021	\$ FROM	% FROM
	* BUDGET	** BUDGET	2020 BUDGET	2020 BUDGET
Capital Improvements				
Gross Capital Improvements	\$ 20,512,665	\$ 19,706,898	\$ (805,767)	-3.9%
Less: Use of Reserves	(654,726)	(1,102,038)	(447,312)	68.3%
Equipment Replacement	(730,778)	(614,497)	116,281	-15.9%
Grants	(2,221,076)	(2,508,889)	(287,813)	13.0%
Bond Issues	(767,947)	(646,888)	121,059	-15.8%
State Revolving Loan	(11,360,048)	(4,600,000)	6,760,048	-59.5%
Other Sources	(1,689,530)	(8,695,965)	(7,006,435)	414.7%
Net Capital Improvements	\$ 3,088,560	\$ 1,538,621	\$ (1,549,939)	-50.2%

- The Gross CIP Budget decreased by \$806K (-3.9%) to \$19.7M
- Net CIP Budget decreased by \$1.5M (-50.2%) to \$1,538,621. *This represents the portion of the capital budget that is supported by current revenues (taxes, fees, etc.)*
- Use of all City (Reserves + Equipment Replacement) increased by \$331K compared to 2020 (24%), due primarily to carryover projects from 2020

2021 CIP Requested/Funding Sources:

CAPITAL IMPROVEMENTS - BY FUND	2020 BUDGET AS AMENDED	2021		PROPOSED BUDGETS					TOTAL PROPOSED AMOUNTS
		RESERVES & OTHER FUNDING	CURRENT FUNDING	2021	2022	2023	2024	2025	
General Fund	\$ 4,882,866	\$ 2,659,619	\$ 367,661	\$ 3,027,280	\$ 3,826,045	\$ 4,540,249	\$ 4,792,336	\$ 3,869,098	\$ 20,055,008
Electric Fund	1,481,606	131,281	538,719	670,000	1,950,000	3,288,000	16,215,000	265,000	22,388,000
Water Fund	5,033,396	4,181,030	453,989	4,635,019	3,994,000	1,854,000	3,175,000	1,500,000	15,158,019
Sewer Fund	1,000,000	800,000	-	800,000	2,050,000	1,000,000	1,350,000	1,000,000	6,200,000
Stormwater Fund	6,543,406	744,593	44,511	789,104	625,000	645,000	885,000	700,000	3,644,104
Maintenance Fund	1,228,000	9,489,295	10,000	9,499,295	165,000	295,000	730,000	55,000	10,744,295
Parking Fund	343,391	32,459	123,741	156,200	-	-	40,000	-	196,200
Transportation Fund	-	130,000	-	130,000	-	-	150,000	-	280,000
Gross Capital Improvements	\$ 20,512,665	\$ 18,168,277	\$ 1,538,621	\$ 19,706,898	\$ 12,610,045	\$ 11,622,249	\$ 27,337,336	\$ 7,389,098	\$ 78,665,626
PLANNED FINANCING SOURCES:									
Gross Capital Improvements	\$ 20,512,665	\$ 18,168,277	\$ 1,538,621	\$ 19,706,898	\$ 12,610,045	\$ 11,622,249	\$ 27,337,336	\$ 7,389,098	\$ 78,665,626
Less: Use of Reserves	(654,726)	(1,102,038)	-	(1,102,038)	(531,181)	(2,066,614)	(35,980)	-	(3,735,813)
Vehicle and Equipment Replacement	(730,778)	(614,497)	-	(614,497)	(1,161,088)	(1,365,550)	(1,530,160)	(541,558)	(5,212,853)
Grants	(2,221,076)	(2,508,889)	-	(2,508,889)	(751,343)	(819,743)	(759,816)	(645,743)	(5,485,534)
Bond Issues	(767,947)	(646,888)	-	(646,888)	(403,178)	(281,000)	(15,832,000)	(190,000)	(17,353,066)
State Revolving Loan	(11,360,048)	(4,600,000)	-	(4,600,000)	(4,725,000)	-	-	-	(9,325,000)
Other Financing Sources	(1,689,530)	(8,695,965)	-	(8,695,965)	(180,000)	(180,000)	(180,000)	(180,000)	(9,415,965)
Net Capital Improvements	\$ 3,088,560	\$ -	\$ 1,538,621	\$ 1,538,621	\$ 4,858,255	\$ 6,909,342	\$ 8,999,380	\$ 5,831,797	\$ 28,137,395

Capital Projects – Priority 1 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM					
				RECOMMENDED FUNDING					TOTAL
				2021	2022	2023	2024	2025	
E2101	Electric	Electric	New Lines and Services	135,000	140,000	145,000	145,000	145,000	710,000
E1502	Electric	Electric	Underground Distribution - UD Star Campus	120,000	120,000	120,000	120,000	120,000	600,000
W1601	Water	Water	Backup Generation at Water Facilities	100,000	-	-	-	-	100,000
W0503	Water	Water	Well Restoration Program	70,019	29,000	29,000	-	-	128,019
W9308	Water	Water	Water Main Replacement Program	2,000,000	1,000,000	1,250,000	1,500,000	1,500,000	7,250,000
Q1301	Stormwater	Stormwater	Storm Drainage Improvements	609,476	550,000	525,000	550,000	550,000	2,784,476
Q0101	Stormwater	Stormwater	Stormwater Quality Improvements (NPDES Phase II Permit)	146,628	75,000	75,000	85,000	100,000	481,628
S0904	Sewer	Sewer	Sanitary Sewer Study and Repairs	800,000	1,800,000	1,000,000	1,000,000	1,000,000	5,600,000
H2101	Street	General	Annual Street Program	1,586,738	1,669,502	1,780,743	1,780,743	2,130,743	8,948,469
H2102	Street	General	ADA Accessibility Transition Plan	159,736	163,178	166,441	175,000	175,000	839,355
C1904	Police	General	Body Worn Camera Project	68,268	68,268	68,268	-	-	204,804
C1601	Police	General	Taser X26P Replacement	23,516	24,692	25,927	27,223	28,584	129,942
C1401	Police	General	Ballistic Vests	27,554	14,190	7,870	17,370	4,771	71,755
V1703	Parking	Parking	Lot Countdown Signs	15,000	-	-	-	-	15,000
N1901	Facilities Maintenance	Maintenance	City Hall - HVAC System Upgrades	9,489,295	-	-	-	-	9,489,295
*Includes Debt Funding				\$15,351,230	\$ 5,653,830	\$ 5,193,249	\$ 5,400,336	\$ 5,754,098	\$ 37,352,743

Capital Projects – Equipment

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM					TOTAL
				RECOMMENDED FUNDING					
				2021	2022	2023	2024	2025	
EEQSF	Electric	Electric	Equipment Replacement Program	30,000	470,000	338,000	100,000	-	938,000
WEQSF	Water	Water	Equipment Replacement Program	35,000	65,000	50,000	50,000	-	200,000
QEQSF	Stormwater	Stormwater	Equipment Replacement Program	33,000	-	45,000	250,000	50,000	378,000
SEQSF	Sewer	Sewer	Equipment Replacement Program	-	250,000	-	350,000	-	600,000
REQSF	Refuse	General	Equipment Replacement Program	285,690	225,000	200,000	600,000	600,000	1,910,690
HEQSF	Street	General	Equipment Replacement Program	196,000	293,000	635,000	350,000	-	1,474,000
TEQSF	Engineering	General	Equipment Replacement Program	-	-	35,000	-	-	35,000
CEQSF	Police	General	Equipment Replacement Program	113,940	238,940	585,000	640,000	-	1,577,880
KEQSF	Parks & Recreation	General	Equipment Replacement Program	40,000	145,000	185,000	25,000	-	395,000
BEQSF	Code Enforcement	General	Equipment Replacement Program	-	50,000	-	-	-	50,000
FEQSF	Finance	General	Equipment Replacement Program	-	-	35,000	-	-	35,000
UEQSF	Unicity Transportation	Transportation	Equipment Replacement Program	130,000	-	-	150,000	-	280,000
VEQSF	Parking	Parking	Equipment Replacement Program	54,000	-	-	40,000	-	94,000
NEQSF	Facilities Maintenance	Maintenance	Equipment Replacement Program	-	35,000	-	-	-	35,000
*Includes Grant Funding				\$ 917,630	\$ 1,771,940	\$ 2,108,000	\$ 2,555,000	\$ 650,000	\$ 8,002,570

Capital Projects – Priority 2 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL
				2021	2022	2023	2024	2025	
E2002	Electric	Electric	New Substation	200,000	-	2,000,000	15,700,000	-	17,900,000
E1807	Electric	Electric	Relay Replacements - Kershaw Substation	50,000	50,000	50,000	-	-	150,000
W2103	Water	Water	New London Water Tank Chlorination	265,000	-	-	-	-	265,000
W2001	Water	Water	Newark Reservoir Upgrades	-	-	100,000	1,500,000	-	1,600,000
W1701	Water	Water	Valve Inspection, Exercising and Rehabilitation	165,000	125,000	125,000	125,000	-	540,000
W1703	Water	Water	Laird Tract Well Field Restoration	100,000	1,925,000	-	-	-	2,025,000
W8605	Water	Water	Water Tank Maintenance	1,800,000	500,000	-	-	-	2,300,000
H1503	Street	General	Newark Transportation Plan Implementation	-	75,000	75,000	80,000	80,000	310,000
K2004	Parks & Recreation	General	Facilities Accessibilty (ADA Compliance)	45,000	30,000	30,000	30,000	20,000	155,000
K1301	Parks & Recreation	General	Hard Surface Facilities Improvements	186,900	265,000	225,000	132,000	190,000	998,900
K0908	Parks & Recreation	General	Children's Play Equipment	40,000	40,000	56,000	60,000	40,000	236,000
N2003	Facilities Maintenance	Maintenance	City Building Roof Repair/Replacement	10,000	-	-	-	55,000	65,000
*Includes Debt Funding				\$ 2,861,900	\$ 3,010,000	\$ 2,661,000	\$17,627,000	\$ 385,000	\$ 26,544,900

Capital Projects – Priority 3 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2021	2022	2023	2024	2025	TOTAL
E1912	Electric	Electric	35kV Disconnect Switches Replacement - Kershaw Substation	-	150,000	150,000	150,000	-	450,000
E0503	Electric	Electric	SCADA and Automatic Switching	-	450,000	-	-	-	450,000
W2101	Water	Water	Evergreen Booster Station Rehabilitation	-	250,000	-	-	-	250,000
W2102	Water	Water	Highfield Drive Booster Station Rehabilitation	-	100,000	-	-	-	100,000
W1602	Water	Water	Roseville Park Pressure District	100,000	-	-	-	-	100,000
W1503	Water	Water	Academy Street Interconnection Pump Station	-	-	300,000	-	-	300,000
H1903	Street	General	Skid Steer Purchase	-	-	-	75,000	-	75,000
K2005	Parks & Recreation	General	Track Loader/Mini-Skid Steerer	-	36,000	-	-	-	36,000
K1203	Parks & Recreation	General	Old Paper Mill Park Improvements	91,238	-	-	600,000	600,000	1,291,238
V2002	Parking	Parking	Campus District Kiosk Installation	87,200	-	-	-	-	87,200
I1601	Information Technology	General	Virtual Environment Host Replacement	-	75,000	-	-	-	75,000
I1606	Information Technology	General	Disaster Recovery and Planning	-	75,000	-	-	-	75,000
N1803	Facilities Maintenance	Maintenance	Exterior Paint and Powerwash	-	50,000	-	-	-	50,000
				\$ 278,438	\$ 1,186,000	\$ 450,000	\$ 825,000	\$ 600,000	\$ 3,339,438

Capital Projects – Priority 4 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL
				2021	2022	2023	2024	2025	
E1911	Electric	Electric	35kV Line 3402 Capacity Upgrade	-	250,000	250,000	-	-	500,000
E1805	Electric	Electric	Line Extension across UD Farm	-	320,000	-	-	-	320,000
E1806	Electric	Electric	Christianstead Underground Primary Cable Addition	60,000	-	-	-	-	60,000
K2001	Parks & Recreation	General	Park Signage	70,000	-	-	-	-	70,000
K2002	Parks & Recreation	General	Olan Thomas Sidewalk Improvement	-	-	200,000	-	-	200,000
K2003	Parks & Recreation	General	Handloff Park Trail	-	-	-	200,000	-	200,000
K1704	Parks & Recreation	General	Lumbrook Park Pavilion	-	41,275	-	-	-	41,275
K1605	Parks & Recreation	General	Redd Park Trail Improvements	-	32,000	30,000	-	-	62,000
K1501	Parks & Recreation	General	Iron Glen Park Master Plan	-	50,000	-	-	-	50,000
K1202	Parks & Recreation	General	Kershaw Park Improvements	-	-	200,000	-	-	200,000
I1902	Information Technology	General	Tyler Technologies Modules (Contracts, Bid and Cash)	17,700	-	-	-	-	17,700
I1801	Information Technology	General	Citywide Fiber (Phase II)	-	140,000	-	-	-	140,000
N2002	Facilities Maintenance	Maintenance	City Hall - Carpet Upgrades	-	-	35,000	30,000	-	65,000
N1806	Facilities Maintenance	Maintenance	FOC - Master Plan	-	-	210,000	700,000	-	910,000
N1809	Facilities Maintenance	Maintenance	TRN - New Windows	-	80,000	50,000	-	-	130,000
*Includes Debt Funding				\$ 147,700	\$ 913,275	\$ 975,000	\$ 930,000	\$ -	\$ 2,965,975

Capital Projects – Priority 5 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					TOTAL
				2021	2022	2023	2024	2025	
E1808	Electric	Electric	Voltage Upgrade - North College Avenue	75,000	-	-	-	-	75,000
E1810	Electric	Electric	Lightning Arrestor Replacement	-	-	235,000	-	-	235,000
I1804	Information Technology	General	Harris Automation Platform	75,000	75,000	-	-	-	150,000
				\$ 150,000	\$ 75,000	\$ 235,000	\$ -	\$ -	\$ 460,000

City of Newark 2021 Revenue Budget

* as amended

** as proposed

OPERATING EXPENSES	2020	2021	\$ FROM	% FROM
	* BUDGET	** BUDGET	2020 BUDGET	2020 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,774,508	\$ 72,056,529	\$ (717,979)	-1.0%
Real Estate and Other Taxes	10,329,000	10,342,000	13,000	0.1%
Fees for Service	10,436,850	9,341,310	(1,095,540)	-10.5%
Intergovernmental Revenue	1,592,287	1,836,027	243,740	15.3%
Other Revenue	1,175,200	1,094,350	(80,850)	-6.9%
Appropriation of Prior Year Reserves	708,752	-	(708,752)	-100.0%
Total Operating Revenue/Other Funding Sources	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%
Expenditures				
Personnel Services	\$ 35,225,799	\$ 35,677,089	\$ 451,290	1.3%
Utility Purchases	39,274,933	36,804,486	(2,470,447)	-6.3%
Materials and Supplies	2,498,376	2,365,695	(132,681)	-5.3%
Contractual Services	10,893,058	10,611,313	(281,745)	-2.6%
Equipment Depreciation	1,524,265	1,443,987	(80,278)	-5.3%
Other Expenses	1,217,192	1,096,872	(120,320)	-9.9%
Total Operating Expenses	\$ 90,633,623	\$ 87,999,442	\$ (2,634,181)	-2.9%
Capital Improvements				
Gross Capital Improvements	\$ 20,512,665	\$ 19,706,898	\$ (805,767)	-3.9%
Less: Use of Reserves	(654,726)	(1,102,038)	(447,312)	68.3%
Equipment Replacement	(730,778)	(614,497)	116,281	-15.9%
Grants	(2,221,076)	(2,508,889)	(287,813)	13.0%
Bond Issues	(767,947)	(646,888)	121,059	-15.8%
State Revolving Loan	(11,360,048)	(4,600,000)	6,760,048	-59.5%
Other Sources	(1,689,530)	(8,695,965)	(7,006,435)	414.7%
Net Capital Improvements	\$ 3,088,560	\$ 1,538,621	\$ (1,549,939)	-50.2%
Debt Service	\$ 3,000,282	\$ 3,552,568	\$ 552,286	18.4%
Net Current Surplus	294,132	1,579,585	1,285,453	437.0%
TOTAL EXPENDITURES AND SURPLUS	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%



Revenue - General Fund

- Real Estate Transfer Tax – volatile, and always at risk
- Hotel Lodging Tax – no longer a reliable source of revenue
- Property Taxes
 - Flat tax growth year over year (1983 assessments)
 - 43% of the City's tax base is exempt from paying property taxes
 - Tax base is projected to grow 0.5-0.7% in July of 2021
 - The only way to absorb the annual cost of living increases in the General Fund is through tax/fee increases or development activity
 - Every 1% is equal to \$39,800 in Year 1, and \$79,600 annually afterwards
 - Every penny (\$.01) is equal to \$43,640 in Year 1, and \$87,281 annually afterwards
- Estimated transfer from the utilities in 2021 will be \$16.2 million
 - Includes transfers primarily to general fund (\$14.6M), OPEB (\$662K), self-insurance (\$218K), capital (\$367K), debt service (\$252K)
- Use of RTT overcollection in future years
 - Replenish General Fund reserves, as they are critical to maintaining the City's bond rating
 - Use towards future one-time expenses

Revenue – Utilities

- Overall utility sales in 2020 are down due to Coronavirus
 - No clear timeline determined on the end of the State of Emergency
 - Revenue projections assume lower revenue expectations through June of 2021

- Future revenue recovery must come from customer charges vs. charges for consumption
 - Current monthly customer charges (Residential):

	STORMWATER	ELECTRIC	WATER	SEWER	TOTAL
Consumption (kWh/Gallons)	Tier 2	750	3,667	3,667	
Customer Charge	\$ 3.54	\$ 10.00	\$ 0.66	\$ 0.27	\$ 14.47
Consumption Bill	\$ -	\$ 109.02	\$ 26.18	\$ 31.51	\$ 166.71
Total	\$ 3.54	\$ 119.02	\$ 26.84	\$ 31.78	\$ 181.18
% Fixed	100%	8%	2%	1%	8%
% Not Fixed	0%	92%	98%	99%	92%

- Only 8% of City residential utility bills are based on customer charges (on average)
- Cost recovery issue became more evident during the Coronavirus pandemic and subsequent state of emergency

Revenue – Utilities

- Capital recovery fees for new growth to fairly charge customers for the utilities they require
 - Shifts capital costs out of user rates
 - Electric
 - Substation
 - Water
 - Treatment plants
 - Rehabilitation projects
 - Sewer
 - Stormwater
 - Development: Staff is actively engaged in creating impact fees/capital recovery fees
 - Capital recovery fees cannot be used for operating expenses

2021 Revenue By Type

REVENUE/OTHER FUNDING SOURCES	* as amended		** as proposed			
	2020 * BUDGET	% OF 2020 BUDGET	2021 ** BUDGET	% OF 2021 BUDGET	\$ FROM 2020 BUDGET	% FROM 2020 BUDGET
Utility Sales	\$ 72,774,508	75.0%	\$ 72,056,529	76.1%	\$ (717,979)	-1.0%
Property Taxes	7,979,000	8.2%	8,442,000	8.9%	463,000	5.8%
Real Estate Transfer Tax	1,600,000	1.6%	1,450,000	1.5%	(150,000)	-9.4%
Lodging Tax	750,000	0.8%	450,000	0.5%	(300,000)	-40.0%
Fees for Service	10,436,850	10.8%	9,341,310	9.9%	(1,095,540)	-10.5%
Intergovernmental Revenue	1,592,287	1.6%	1,836,027	1.9%	243,740	15.3%
Other Revenue	1,175,200	1.2%	1,094,350	1.2%	(80,850)	-6.9%
Appropriation of Prior Year Reserves	708,752	0.7%	-	0.0%	(708,752)	-100.0%
TOTAL REVENUE/OTHER FUNDING SOURCES:	\$ 97,016,597	100.0%	\$ 94,670,216	100.0%	\$ (2,346,381)	-2.4%

- Total revenue budget requested is just under \$94.7 million, which is a \$2.3 million, or 2.4% reduction from 2020
- Property taxes are up primarily due to the 2020 tax increase – 1% increase recommended for 2021 (\$39K) to cover 2018 Referendum debt
- RTT (-\$150K) and Lodging Tax (-300K) are estimated to fall short of past performance

2020 Budget vs. 2021 Recommended Budgeted Revenue

* as amended ** as proposed

SUMMARY	2020 * BUDGET	2021 ** BUDGET	\$ FROM 2020 BUDGET	% FROM BUDGET
Utility Revenue				
Electric	\$ 53,485,162	\$ 54,067,229	\$ 582,067	1.1%
Water	9,379,300	8,744,200	(635,100)	-6.8%
Sewer	7,537,046	6,872,100	(664,946)	-8.8%
Stormwater	2,373,000	2,373,000	-	0.0%
Total Utility Revenue	\$ 72,774,508	\$ 72,056,529	\$ (717,979)	-1.0%
Other				
Property Tax	\$ 7,504,000	\$ 8,017,000	\$ 513,000	6.8%
Real Estate Transfer Tax	1,600,000	1,450,000	(150,000)	-9.4%
Lodging Tax	750,000	450,000	(300,000)	-40.0%
Franchise Tax	475,000	425,000	(50,000)	-10.5%
Fees for Service	10,436,850	9,341,310	(1,095,540)	-10.5%
Intergovernmental Revenue	1,592,287	1,836,027	243,740	15.3%
Other Revenue	1,175,200	1,094,350	(80,850)	-6.9%
Appropriation of Prior Year Reserves	708,752	0	(708,752)	-100.0%
Non Utility Revenues	\$ 24,242,089	\$ 22,613,687	\$ (1,628,402)	-6.7%
TOTAL REVENUE/OTHER FUNDING SOURCES:	\$ 97,016,597	\$ 94,670,216	\$ (2,346,381)	-2.4%

- Revenue impact due to Coronavirus and subsequent State of Emergency declaration
- Utilities down 1% as presented
- Fees for service (down \$1.1M)
 - Parking: \$2.5M (reduction of \$300K)
 - Fines: \$1.4M (reduction of \$742K)
 - Parks/Rec: \$483K (reduction of \$189K)
 - Permits: \$2.3M, flat
- Intergovernmental Revenue \$1.8M
 - UniCity Bus: \$143K
 - School Resource Officers: \$184K
 - Subvention: \$526K, flat
- No use of prior year reserves

To Be Considered

2021 Budget Relevant

- Customer Charge Adjustment: Water – Fund revenue requirements for 2018 Referendum
- Customer Charge Adjustment: Sewer – Fund revenue requirements for 2018 Referendum
- 1% Tax increase – Fund revenue requirements for 2018 Referendum
 - Refunds the City cash-advanced projects
- Green Energy Rate – Opt-out Program for new electric customers (not currently in the budget)
 - No significant impact, as revenue would offset increased expenses
 - Will include budget amendment alongside proposed ordinance to move forward
 - Goal of 1/1/21 implementation but could implement later without issue if necessary

To Be Considered – Customer Charge Rate Adjustment

	STORMWATER	ELECTRIC	WATER	SEWER	TOTAL
Consumption (kWh/Gallons)	Tier 2	750	3,667	3,667	
Customer Charge	\$ 3.54	\$ 10.00	\$ 0.66	\$ 0.27	\$ 14.47
Proposed Change	\$ -	\$ -	\$ 1.65	\$ 0.39	\$ 2.04
<i>Total Customer Charge:</i>	<i>\$ 3.54</i>	<i>\$ 10.00</i>	<i>\$ 2.31</i>	<i>\$ 0.66</i>	<i>\$ 16.51</i>
Consumption Bill	\$ -	\$ 109.02	\$ 26.18	\$ 31.51	\$ 166.71
Total	\$ 3.54	\$ 119.02	\$ 28.49	\$ 32.17	\$ 183.22
% Fixed	100%	8%	8%	2%	9%
% Not Fixed	0%	92%	92%	98%	91%

- Customer charge review for utilities
- Fixed portion of all utility bills will increase by one percentage point to 9% (vs. current 8%)
- Creates a small improvement to revenue stability in 2021 and beyond
- Outside-City residential water customers monthly customer charge will change from \$.89 to \$3.12 (\$2.23 increase)

To Be Considered – Customer Charge/Tax Rate Adjustment

Utility Rate/Property Tax Adjustments included in the 2021 Budget:

	STORMWATER	ELECTRIC	WATER	SEWER	TAX	TOTAL
Change	NO	NO	YES	YES	YES	
Revenue Requirement	\$ -	\$ -	\$289,000	\$50,000	\$39,000	\$378,000
Current Residential Customer Charge/Tax			\$ 0.66	\$ 0.27	\$ 0.9120	
2021 Change			\$ 1.65	\$ 0.39	\$ 0.0091	
Total Residential Customer Charge/Tax			\$ 2.31	\$ 0.66	\$ 0.9211	\$ -
Avg. Residential Monthly Impact:			\$ 2.31	\$ 0.66	\$ 0.51	\$ 3.48
Total Avg. Residential Annual Impact:			\$ 27.72	\$ 7.92	\$ 6.12	\$ 41.76

- Add in tax rate adjustment of 1% to cover new debt service from 2018 Referendum only
- Increases in Water, Sewer and Tax are to cover the cost of the approved 2018 Referendum only
- No changes to Stormwater and Electric rates proposed
- \$3.48 average monthly impact for tax, water, and sewer proposal

Recommended Direction for Lobbyist

- Legislative replacement for the state of emergency
- Federal/State/Local relief for additional funding
- UniCity – Lobby state for sufficient funding to meet program costs
- County Seat Relief Package (Similar to the City of Wilmington):
 - PILOT (PILOT-lite in 2019 and 2020 of \$400,000)
 - Statutory Trust Filing Fees
 - State Uniform Commercial Code (UCC) Filing Fees
 - New Castle County Corporate Filing Fees
- 2003 Governor’s Task Force (granted to the City of Wilmington in 2003):
 - State Corporate Filing Fees
 - Limited Liability Corporation (LLC) filing tax
 - Natural Gas Franchise Fee

Share of existing sources of revenue from other agencies

Budget Process – Next Thirty Days

10/09/2020	Draft Version of CIP on Budget Central
10/15/2020	Deadline to advertise budget summary
10/20/2020	Draft CIP Presented to the Planning Commission
10/26/2020	Final Version of CIP & Operating Budgets for Council
11/02/2020	Budget Hearing