



Financial Workshop

2022 Budget Overview

2022 RELEVANT BUDGET INFORMATION

Date	Title	Comments	Link		
8/16/2021	Budget Overview	Overview	Budget Overview		
8/30/2021	Budget Hearing #1	Planning, Parks and Recreation, Administration	Planning	Parks	Administration
9/13/2021	Budget Hearing #2	Legislative, Alderman Court, PWWR	Legislative	Alderman Court	PWWR
9/20/2021	Budget Hearing #3	Police, Electric, Finance	Police	Electric	Finance
	Budget Central	Central repository for all budget documentation	Budget Central		

TIMELINE

Date	Title	Notes
Monday, August 16, 2021	Budget Overview	Council Direction given for: Overview
Monday, August 30, 2021	Department Budget Hearing #1	Council Direction given for: Planning, Parks and Recreation, Administration
Monday, September 13, 2021	Department Budget Hearing #2	Council Direction given for: Legislative, Alderman Court, PWWR
Monday, September 20, 2021	Department Budget Hearing #3	Council Direction given for: Finance, Police, Electric
Monday, October 4, 2021	Financial Workshop	
Tuesday, October 19, 2021	Planning Commission Review of CIP	Meeting to receive Planning Commission feedback
Monday, November 1, 2021	Budget Hearing #1	
Monday, November 15, 2021	Budget Hearing #2 (if needed)	

- This table represents the current Council schedule for the 2022 budget process
- Tonight’s Financial Workshop summarizes the current budget, which includes the department presentations and any changes made since August 16th
- Final budget draft will be provided to Council at the Budget Hearing on November 1st

August 16 Projected Shortfall

- Total revenues were up 1.3% from the 2021 Approved Budget
- Total expenditures were up 10.1% from the 2021 Approved Budget, including both Operating and Capital budgets

	* as amended	* as amended	** as proposed		
AUGUST 16TH FINANCIAL WORKSHOP	2020	2021	2022	% FROM	\$ FROM
BUDGET OVERVIEW	* BUDGET	* BUDGET	** BUDGET	2021 BUDGET	2021 BUDGET
Total Operating Revenue	\$ 97,016,597	\$ 94,633,216	\$ 95,900,450	1.3%	\$ 1,267,234
Operating Expenses	93,633,905	91,665,760	96,766,072	5.6%	5,100,312
Capital Improvements*	3,188,560	1,558,621	5,917,683	279.7%	4,359,062
Total Expenditures	\$ 96,822,465	\$ 93,224,381	\$ 102,683,755	10.1%	\$ 9,459,374
Total Surplus/(Shortfall)	\$ 194,132	\$ 1,408,835	\$ (6,783,305)		



The 2022 Budget as of 8/16 was \$6.8 million short of funding (revenue vs. expenditures).

8/16 vs. 10/4 Budget Overview

- From the August 16 Presentation:
 - Revenue;
 - Expenditures;
 - Net Capital Improvements;
 - Net Current Surplus;
 - were all adjusted
- Total revenue budget increased by \$3.2 million, or 3.3%
- Total Operating expenses decreased by \$895,000, or -0.9%
- Net Capital improvements decreased by \$2.9 million
- Details on the forthcoming slides

	* as amended 8/16/2021 * BUDGET	** as proposed 10/4/2021 ** BUDGET	% FROM 8/16 BUDGET	\$ FROM 8/16 BUDGET
BUDGET OVERVIEW				
Revenue/Other Funding Sources				
Utility Sales	\$ 72,654,129	\$ 73,723,500	1.5%	\$ 1,069,371
Real Estate and Other Taxes	10,635,000	10,981,000	3.3%	346,000
Fees for Service	9,657,736	10,427,656	8.0%	769,920
Intergovernmental Revenue	1,950,985	2,953,005	51.4%	1,002,020
Other Revenue	1,002,600	1,002,600	0.0%	-
Appropriation of Prior Year Reserves	-	25,000	100.0%	25,000
Total Operating Revenue	\$ 95,900,450	\$ 99,112,761	3.3%	\$ 3,212,311
Expenditures				
Personnel Services	\$ 37,440,905	\$ 36,469,453	-2.6%	\$ (971,452)
Utility Purchases (1)	37,322,531	37,430,531	0.3%	108,000
Materials and Supplies	2,480,390	2,481,390	0.0%	1,000
Contractual Services	12,063,018	11,940,258	-1.0%	(122,760)
Equipment Depreciation	1,808,826	1,808,826	0.0%	-
Debt Service	4,413,647	4,525,348	2.5%	111,701
Other Expenses	1,236,755	1,215,155	-1.7%	(21,600)
Total Operating Expenses	\$ 96,766,072	\$ 95,870,961	-0.9%	\$ (895,111)
Capital Improvements				
Gross Capital Improvements	\$ 20,689,032	\$ 16,886,425	-18.4%	\$ (3,802,607)
Less: Use of Reserves	(1,603,654)	(1,603,654)	0.0%	-
Equipment Replacement	(979,457)	(1,140,600)	16.5%	(161,143)
Grants	(708,916)	(708,016)	-0.1%	900
Bond Issues	(450,178)	(450,178)	0.0%	-
State Revolving Loan	(3,725,000)	(3,725,000)	0.0%	-
American Rescue Plan Act	(6,909,490)	(5,834,490)	-15.6%	1,075,000
Other Sources	(394,654)	(394,654)	0.0%	-
Net Capital Improvements	\$ 5,917,683	\$ 3,029,833	-48.8%	\$ (2,887,850)
Net Current Surplus	\$ (6,783,305)	\$ 211,967	-103.1%	\$ 6,995,272
Total Expenditures and Surplus	\$ 95,900,450	\$ 99,112,761	3.3%	\$ 3,212,311

Budget Adjustments between 8/16 and 10/4 - REVENUE

Primary Adjustments include:

- Utility Sales: Electric, water and sewer sales adjustments based on data through August. Small customer charge adjustments in Water, Sewer and Stormwater added for approved referendum projects
- Property & Realty Taxes: Quarterly additions plus a 5% tax increase, hotel lodging tax and real estate transfer tax improvements
- Fees for Service: Return of activity for services that were impacted in 2020 during Covid. No proposed fee modifications included in projections
- Appropriation of Prior Year Reserves: Updated to reflect use by our Police Department of Prior Year Reserves needed for the 2022 Law Enforcement Fund budget

	* as amended 8/16/2021 * BUDGET	** as proposed 10/4/2021 ** BUDGET	% FROM 8/16 BUDGET	\$ FROM 8/16 BUDGET
REVENUE SUMMARY				
Revenue/Other Funding Sources				
Utility Sales	\$ 72,654,129	\$ 73,723,500	1.5%	\$ 1,069,371
Property and Realty Taxes	10,635,000	10,981,000	3.3%	346,000
Fees for Service	9,657,736	10,427,656	8.0%	769,920
Intergovernmental Revenue	1,950,985	2,953,005	51.4%	1,002,020
Other Revenue	1,002,600	1,002,600	0.0%	-
Appropriation of Prior Year Reserves	-	25,000	100.0%	25,000
Total Operating Revenue	\$ 95,900,450	\$ 99,112,761	3.3%	\$ 3,212,311

- Intergovernmental Revenue:
 - \$399K CDBG CARES Act revenue allocation
 - \$619K ARPA funds:
 - Planning (two Planners): \$178,000 (positions approved by Council in 2021)
 - Use of ARPA to account for lost revenue: \$441K

Budget Adjustments between 8/16 and 10/4 – UTILITY REVENUE

	* as amended	** as proposed		
UTILITY REVENUE SUMMARY	8/16/2021	10/4/2021	% FROM	\$ FROM
	* BUDGET	** BUDGET	8/16 BUDGET	8/16 BUDGET
Utility Revenue				
Electric	\$ 53,534,629	\$ 53,996,000	0.9%	\$ 461,371
Water	8,800,000	9,100,000	3.4%	300,000
Sewer	7,100,000	7,300,000	2.8%	200,000
Stormwater	2,585,000	2,585,000	0.0%	-
Other/Contractual	634,500	742,500	17.0%	108,000
Total Utility Revenue	\$ 72,654,129	\$ 73,723,500	1.5%	\$ 1,069,371

Adjustments include:

- Electric: Revision in total electric sales. Based on activity, STAR, new projects coming online in 2022
- Water: Water sales, small customer charge to provide for 2018 Referendum debt service payments
- Sewer: Sewer sales, small customer charge to provide for 2018 Referendum debt service payments
- Stormwater: No change. Difference still reflects a customer charge revision to provide for Rodney debt service. Full debt service payment in 2022

Budget Adjustments between 8/16 and 10/4 - EXPENDITURES

Adjustments include:

- Personnel: Modified City’s pension plan & OPEB contributions, healthcare renewal is projected to be less than first anticipated, removed proposed Planning Commission stipend
- Utility Purchases: Revised Electric purchase assumptions (\$100K) from DEMEC
- Contractual Services: \$60K reduction to remove third-party bill printing. Other reductions throughout the budget

	* as amended	** as proposed		
OPERATING EXPENDITURES SUMMARY	8/16/2021	10/4/2021	% FROM	\$ FROM
	* BUDGET	** BUDGET	8/16 BUDGET	8/16 BUDGET
Expenditures				
Personnel Services	\$ 37,440,905	\$ 36,469,453	-2.6%	\$ (971,452)
Utility Purchases (Electric)	32,122,531	32,230,531	0.3%	108,000
Utility Purchases (Sewer)	5,200,000	5,200,000	0.0%	-
Materials and Supplies	2,480,390	2,481,390	0.0%	1,000
Contractual Services	12,063,018	11,940,258	-1.0%	(122,760)
Equipment Depreciation	1,808,826	1,808,826	0.0%	-
Debt Service	4,413,647	4,525,348	2.5%	111,701
Other Expenses	1,236,755	1,215,155	-1.7%	(21,600)
Total Operating Expenditures	\$ 96,766,072	\$ 95,870,961	-0.9%	\$ (895,111)

Debt Service: Proposing lease/purchases for vehicles/equipment scheduled for replacement to avoid need to spend current resources, creating an overall net budget savings in 2022

Other Expenses: Reductions in training throughout the departments

Budget Adjustments between 8/16 and 10/4 – CAPITAL

	* as amended	** as proposed		
	8/16/2021	10/4/2021	% FROM	\$ FROM
CAPITAL IMPROVEMENTS SUMMARY	* BUDGET	** BUDGET	8/16 BUDGET	8/16 BUDGET
Capital Improvements				
Gross Capital Improvements	\$ 20,689,032	\$ 16,886,425	-18.4%	\$ (3,802,607)
Less: Use of Reserves	(1,603,654)	(1,603,654)	0.0%	-
Equipment Replacement	(979,457)	(1,140,600)	16.5%	(161,143)
Grants	(708,916)	(708,016)	-0.1%	900
Bond Issues	(450,178)	(450,178)	0.0%	-
State Revolving Loan (SRL)	(3,725,000)	(3,725,000)	0.0%	-
American Rescue Plan Act (ARPA)	(6,909,490)	(5,834,490)	-15.6%	1,075,000
Other Sources	(394,654)	(394,654)	0.0%	-
Net Capital Improvements	\$ 5,917,683	\$ 3,029,833	-48.8%	\$ (2,887,850)

Adjustments include:

- Decrease Gross Capital Improvements in 2022 primarily by \$3.8M by moving projects to out-years
- Moved Electric Department equipment replacement up one year to 2022
- Utilization of ARPA funds in 2022 for eligible projects as included/discussed in departmental budgets

2022 Budget Compared to 2021

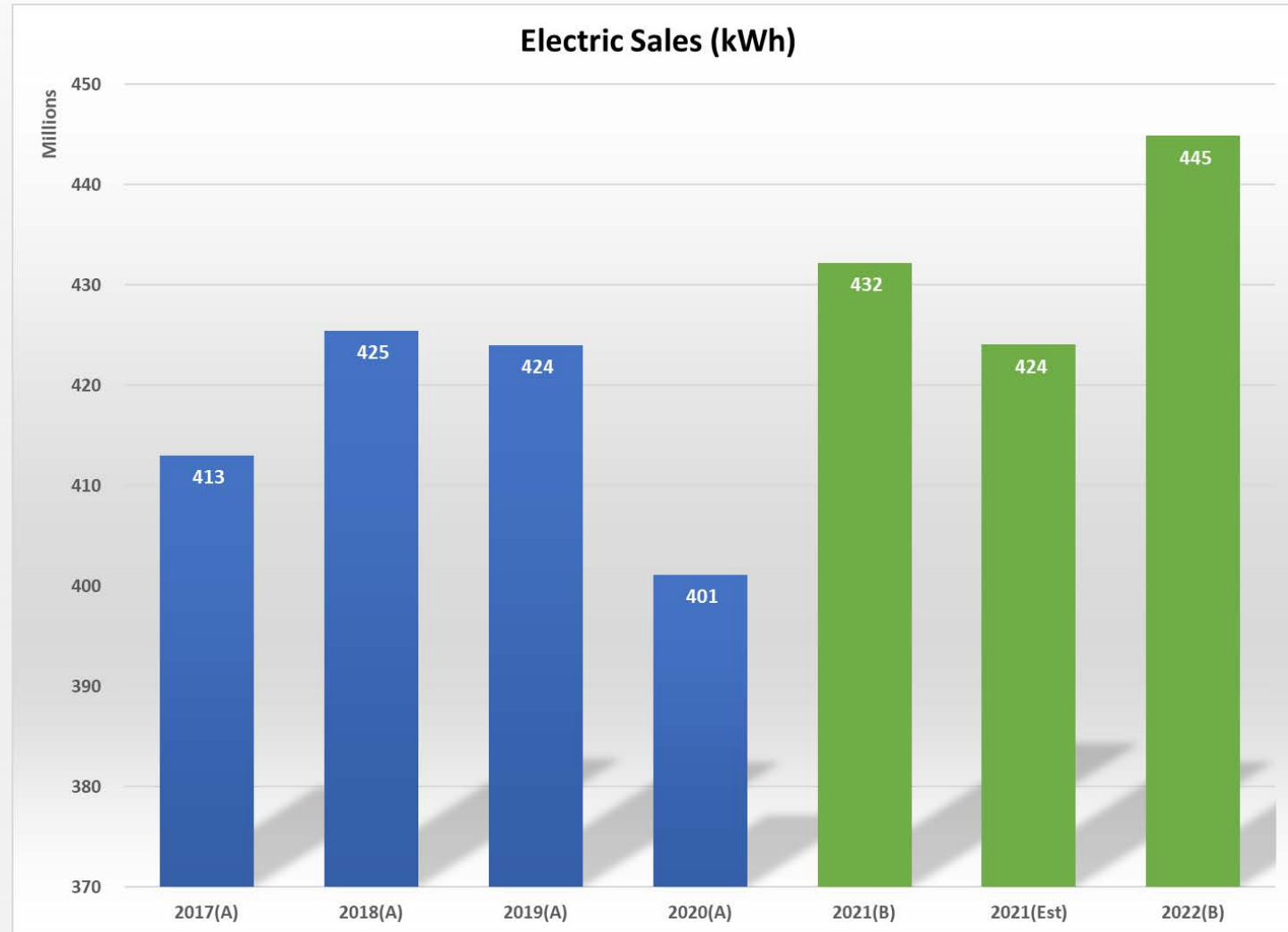
- 2022 Budget as of 10/4 compared to the 2021 Approved Budget as Amended:
 - Revenue: up \$4.2M or 4.4%
 - Operating Expenditures: up \$4.1M or 4.5%
 - Gross Capital Budget: down \$6.3M or -27.2%
 - Use of City Reserves: up \$693K
 - Net Capital Improvements (2022 revenue needed to fund Capital): up \$1.5M or 94.4%
 - Total Budget: up \$4.2M or 4.4%

	* as amended	** as proposed		
BUDGET OVERVIEW	2021 * BUDGET	2022 ** BUDGET	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,056,529	\$ 73,723,500	2.3%	\$ 1,666,971
Real Estate and Other Taxes	10,305,000	10,981,000	6.6%	676,000
Fees for Service	9,341,310	10,427,656	11.6%	1,086,346
Intergovernmental Revenue	2,112,027	2,953,005	39.8%	840,978
Other Revenue	1,094,350	1,002,600	-8.4%	(91,750)
Appropriation of Prior Year Reserves	-	25,000	100.0%	25,000
Total Operating Revenue	\$ 94,909,216	\$ 99,112,761	4.4%	\$ 4,203,545
Expenditures				
Personnel Services	\$ 35,775,622	\$ 36,469,453	1.9%	\$ 693,831
Utility Purchases	36,804,486	37,430,531	1.7%	626,045
Materials and Supplies	2,416,195	2,481,390	2.7%	65,195
Contractual Services	10,623,413	11,940,258	12.4%	1,316,845
Equipment Depreciation	1,443,987	1,808,826	25.3%	364,839
Debt Service	3,552,568	4,525,348	27.4%	972,780
Other Expenses	1,186,872	1,215,155	2.4%	28,283
Total Operating Expenses	\$ 91,803,143	\$ 95,870,961	4.4%	\$ 4,067,818
Capital Improvements				
Gross Capital Improvements	\$ 23,184,702	\$ 16,886,425	-27.2%	\$ (6,298,277)
Less: Use of Reserves	(1,461,690)	(1,603,654)	9.7%	(141,964)
Equipment Replacement	(614,497)	(1,140,600)	85.6%	(526,103)
Grants	(3,956,563)	(708,016)	-82.1%	3,248,547
Bond Issues	(646,888)	(450,178)	-30.4%	196,710
State Revolving Loan (SRL)	(6,007,000)	(3,725,000)	-38.0%	2,282,000
American Rescue Plan Act (ARPA)	(48,478)	(5,834,490)	11935.3%	(5,786,012)
Other Sources	(8,905,965)	(394,654)	-95.6%	8,511,311
Net Capital Improvements	\$ 1,543,621	\$ 3,029,833	96.3%	\$ 1,486,212
Net Current Surplus/(Deficit)	\$ 1,562,452	\$ 211,967	-86.4%	\$ (1,350,485)
Total Expenditures and Surplus/(Deficit)	\$ 94,909,216	\$ 99,112,761	4.4%	\$ 4,203,545

City of Newark Utilities

Electric Utility

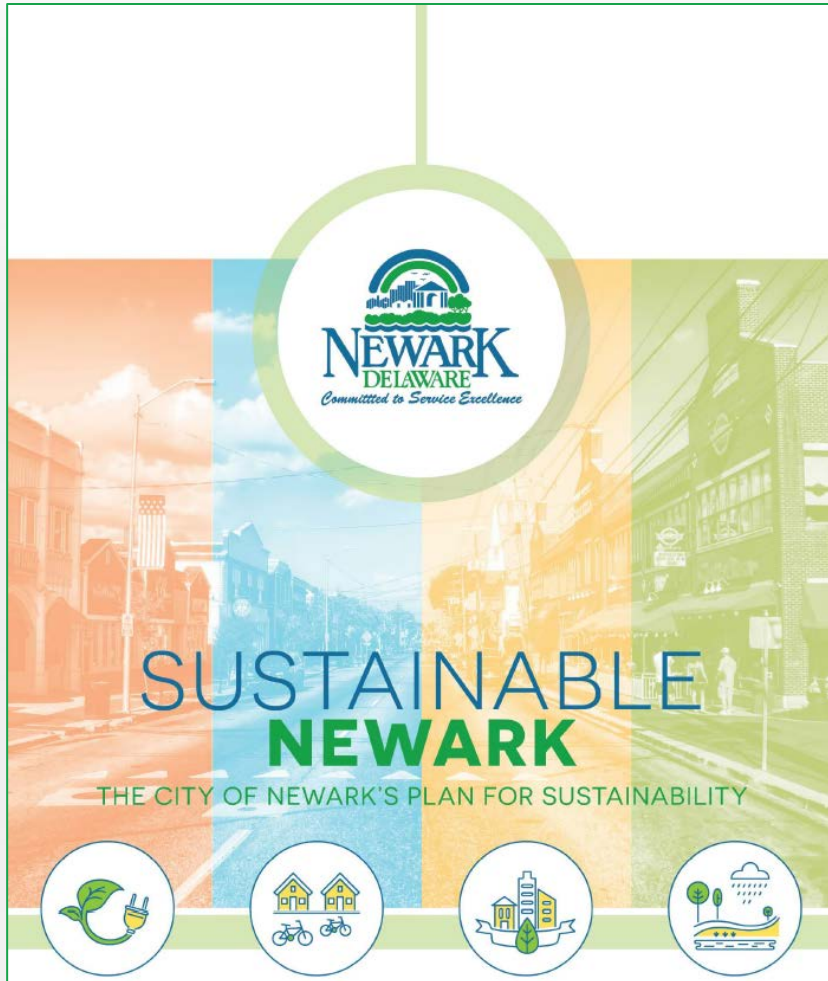
- 2021 Electric Revenue is expected to meet budget in 2021 (\$53.5M)
- Some Electric growth in 2022:
 - STAR: FinTech Building, Fulton Bank Project, 924 Barksdale, Army Corp of Engineers (total of 8.7 million kWh)
 - Overall sales revenue increase of 0.9%, or \$461K over 2021 budget, projected kwh volume is up 5%
- Wholesale power cost adjustment for 2022 (2% estimated)
- RSA 2022 (March)
- Electric rate study will resume
- No electric rate increase proposed in 2022
- EV charging rate in 2022



Sustainable Newark

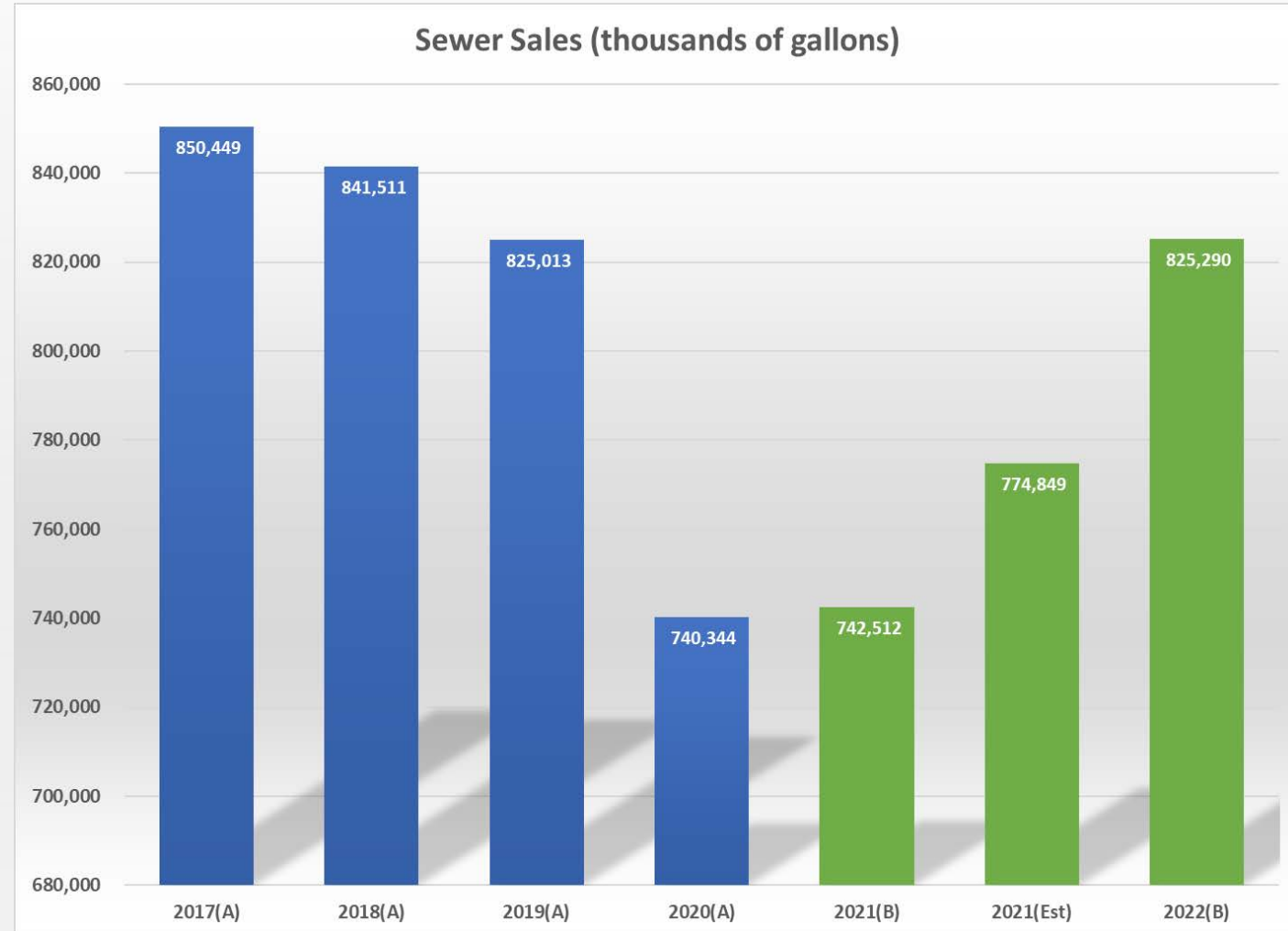
Newark is mindful of its need to improve sustainability

- 2022 budget recommendation includes:
 - Efficiency Smart program
 - Purchase of five electric vehicles/equipment where appropriate in 2022 (one in Electric/one in Facilities/one in Parks/two in Code Enforcement)
 - Electric charging stations installed in 2021
 - ESCO Project approved in 2020, under construction through 2022
 - 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 (over 2,200 customers as of 8/31/2021)
 - 21% Renewable baseline vs. 18.5% MRPS requirement



Sewer Utility

- **Staff recommends a customer service charge adjustment in 2022 to cover SRL debt approved during 2018 Referendum**
 - **\$15,000 adjustment – included in the 2022 revenue budget**
- Continued utilization of SRL program for sewer projects and ARPA, offsets the immediate need to raise fees/rates for long-term infrastructure projects
 - \$4M in ARPA in 2023 and 2024 CIP
 - No ARPA funds used in 2022
 - Potential leveraging funds from State coming
- Consumption estimated to be up 11%, revenue up 6.6% in 2022

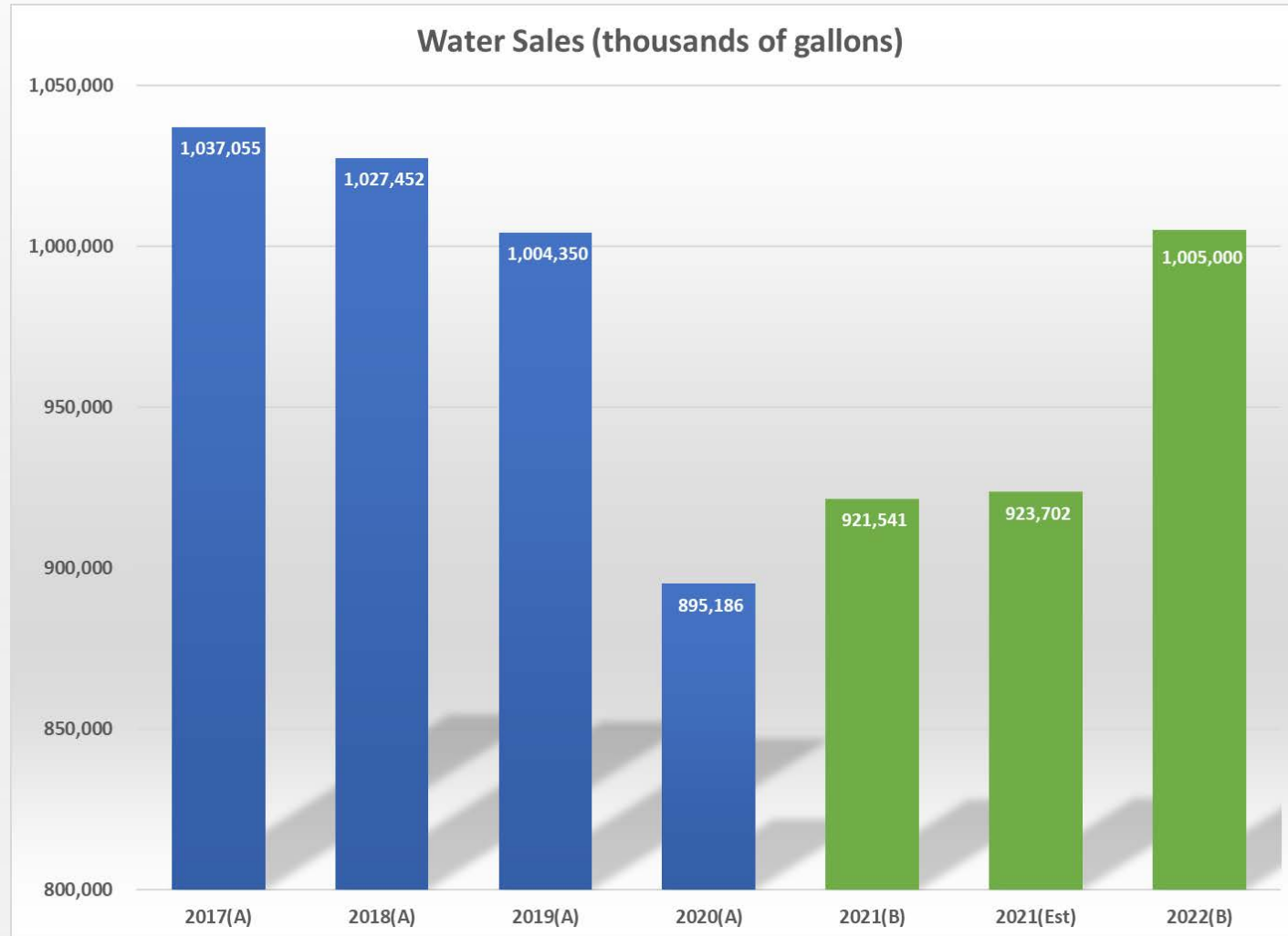


Sewer Utility - New Castle County Fee

- New Castle County sewer treatment rate will remain the same until July 1, 2022
 - Annual NCC bill expected to be \$5.2 million, an increase of \$200,000
 - Based on 2021 sewer sales
 - Accounts for 71% of all sewer revenue received by the City
 - Does not leave much left over for City projects
 - City revised Code in 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 2022, 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
- Water sales have begun to return to some level of normalcy in the Spring of 2021
- Customer growth: 106 new customers in 2021 (10,481)
- Chemours is in SUEZ territory (not a water customer)
- **Staff recommends small customer service charge adjustment in 2022 to cover SRL debt (approved via 2018 Referendum) = \$32,000 included in Revenue**
- Continued to use SRL program for water projects
- Use of ARPA funds for water projects (\$6.3M between 2022 and 2024 with \$700,000 in 2022)
- Water revenue is up \$411K (4.7%), volume is up 9% from 2021 Budget



Stormwater Utility

- Expect substantial completion of the Rodney Stormwater Pond and Park by the end of 2021
 - The pond is online and performed as expected during substantial rainfall events in 2021
- Residential Grant Program: Now partnering with New Castle County to provide free rain barrels to Newark residents.
- Continue to provide match funding for private stormwater management
- Flexibility on our Capital Projects for storm drainage improvements allows us to pivot to new or ongoing flooding issues.
 - Currently focused on Julie Lane and Rahway Drive
- Recommended small rate change for 2022 after the completion of the Rodney project, and full debt service for the project begins (interest only in 2021)

Parking Fund

	* as amended	*as estimated	** as proposed		
	2021	2021	2022	% FROM	\$ FROM
PARKING FUND - REVENUE SUMMARY	* BUDGET	* ESTIMATED	** BUDGET	2021 BUDGET	2021 BUDGET
Revenue/Other Funding Sources					
Multi-Space Parking Fees	\$ 1,250,000		\$ 850,000	-32.0%	\$ (400,000)
Pay by App Parking Fees	300,000		1,580,000	426.7%	1,280,000
Daily Fees (Lot #4)	413,000		-	-100.0%	(413,000)
Monthly Fees	120,000		120,000	0.0%	-
Voucher Fees	70,000	*Total Estimated	50,000	-28.6%	(20,000)
Parking Meters	400,000	for 2021	-	-100.0%	(400,000)
Interest Received	11,000		12,000	9.1%	1,000
Total Parking Fund Revenue	\$ 2,564,000	\$ 2,004,344	\$ 2,612,000	1.9%	\$ 48,000

- No Capital projects for 2022
- Completed Parking Multi-Space Kiosk and Mobile Application projects
 - Full phase out of single space parking meters
 - Connects with License Plate Recognition system (LPR)
 - Transition of Parking Night Managers to Parking Ambassadors
- Work continues on parking policies and improvements with parking consultant Kimley-Horn

American Rescue Plan Act (ARPA)

- Allowable Uses:
 - **Support public health expenditures**, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
 - **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector
 - **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic
 - **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
 - **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

American Rescue Plan Act (ARPA)

- Major categories of proposed ARPA usage included in 2022 budget, as proposed:
 - **Support public health expenditures:** Covering the cost of supplies, vaccination, and mitigation efforts
 - **Address negative economic impacts caused by the public health emergency:** Addition of 2 temporary planner positions to manage CDBG and other grants as well as assist with increased planning review needs due to renewed development activity
 - **Replace lost public sector revenue:** Use ARPA funding to make Capital investments to strengthen support for critical governmental services (information technology and improve cyber security)
 - **Provide premium pay for essential workers:** N/A
 - **Invest in water, sewer, and broadband infrastructure:** Continued investments in the replacement and rehabilitation of water and sewer infrastructure in addition to non-recurring capital projects are necessary to comply with federal and state drinking water regulations. Use of ARPA funds can delay needed borrowing to accomplish these goals. Broadband is not applicable to Newark due to existing network availability.
 - List of ARPA projects can be found on [Budget Central](#)

American Rescue Plan Act (ARPA)

- City received 18.1 million in direct aid
- Money must be spent or encumbered by the end of 2024
- State plans to provide potentially hundreds of millions more to localities through a competitive application process
- Staff waiting to finalize budget before making applications for additional funding from the State
- The draft federal infrastructure bill, If passed, will likely result in even more funding availability

DEPARTMENT/DIVISION	2021	2022	2023	2024	Total
PWWR/Water	\$ -	\$ 700,000	\$ 2,900,000	\$ 2,700,000	\$ 6,300,000
PWWR/Sewer	-	-	2,000,000	2,000,000	4,000,000
Parks & Recreation	-	1,565,000	250,000	400,000	2,215,000
Finance/Info Tech	60,000	1,805,155	100,000	-	1,965,155
PWWR/Stormwater	-	300,000	300,000	400,000	1,000,000
Planning/Code Enfcmnt	-	644,335	-	-	644,335
PWWR/Street	-	525,000	-	-	525,000
Planning & Development	86,000	178,000	188,680	-	452,680
Admin/Faciliites	-	295,000	40,000	-	335,000
Administration	130,000	441,116	-	-	571,116
Total:	\$ 276,000	\$ 6,453,606	\$ 5,778,680	\$ 5,500,000	\$ 18,008,286
BUDGET	2021	2022	2023	2024	Total
Capital (CIP):	\$ 60,000	\$ 5,834,490	\$ 5,590,000	\$ 5,500,000	\$ 16,984,490
Operating:	216,000	619,116	188,680	-	1,023,796
Total:	\$ 276,000	\$ 6,453,606	\$ 5,778,680	\$ 5,500,000	\$ 18,008,286

City of Newark 2022 Expenditure Budget

* as amended

** as proposed

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Equipment Replacement	(614,497)	(1,140,600)	85.6%	(526,103)
Grants	(3,956,563)	(708,016)	-82.1%	3,248,547
Bond Issues	(646,888)	(450,178)	-30.4%	196,710
State Revolving Loan (SRL)	(6,007,000)	(3,725,000)	-38.0%	2,282,000
American Rescue Plan Act (ARPA)	(48,478)	(5,834,490)	11935.3%	(5,786,012)
Other Sources	(8,905,965)	(394,654)	-95.6%	8,511,311
Net Capital Improvements	\$ 1,543,621	\$ 3,029,833	96.3%	\$ 1,486,212
Net Current Surplus/(Deficit)	\$ 1,562,452	\$ 211,967	-86.4%	\$ (1,350,485)
Total Expenditures and Surplus/(Deficit)	\$ 94,909,216	\$ 99,112,761	4.4%	\$ 4,203,545



2022 Proposed Budget

	* as amended	** as proposed		
OPERATING EXPENDITURES	2021 * BUDGET	2022 ** BUDGET	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET
Personnel Services	\$ 35,775,622	\$ 36,469,453	1.9%	\$ 693,831
Utility Purchases	36,804,486	37,430,531	1.7%	626,045
Materials and Supplies	2,416,195	2,481,390	2.7%	65,195
Contractual Services	10,623,413	11,940,258	12.4%	1,316,845
Equipment Depreciation	1,443,987	1,808,826	25.3%	364,839
Debt Service	3,552,568	4,525,348	27.4%	972,780
Other Expenses	1,186,872	1,215,155	2.4%	28,283
Total Operating Expenses	\$ 91,803,143	\$ 95,870,961	4.4%	\$ 4,067,818

- ▶ Personnel Expenses increased by \$694K (1.9%)
- ▶ Utility Purchases are up \$626K (1.7%)
- ▶ Debt Service is up 27.4%, or \$973K

Total operating expenses are up 4.5%, or \$4.1 million compared to 2021

- ▶ Non-Personnel/Utility/Debt Operating Expenses up \$1.8M, or 11.3%
 - Materials & Supplies increased \$65K (2.7%)
 - Contractual Services increased \$1.3M (12.3%)
 - Equip Depreciation Expense incr. \$365K (25.3%)
 - Other Expenses increased \$28K (2.4%)

Expense Budget Overview – Operating Expenditures (OP EX)

2022 BUDGET DRIVERS

EXPENDITURE CHANGE TRACKING	----- * as amended -----		----- ** as proposed -----		\$ FROM 2021 BUDGET	% FROM 2021 BUDGET
	2021 * BUDGET	% OF 2021 BUDGET	2022 ** BUDGET	% OF 2022 BUDGET		
Electric Purchases (DEMEC)	\$ 31,804,486	33.5%	\$ 32,230,531	32.5%	\$ 426,045	1.3%
Wages	22,520,875	23.7%	23,480,579	23.7%	959,704	4.3%
Sewer Purchases (NCC)	5,000,000	5.3%	5,200,000	5.2%	200,000	4.0%
Healthcare	4,761,188	5.0%	4,774,796	4.8%	13,608	0.3%
Pension	4,150,000	4.4%	3,780,000	3.8%	(370,000)	-8.9%
Debt Service	3,552,568	3.7%	4,525,348	4.6%	972,780	27.4%
OPEB	1,000,000	1.1%	900,000	0.9%	(100,000)	-10.0%
Worker's Compensation Program (DFIT)	850,000	0.9%	800,000	0.8%	(50,000)	-5.9%
Subtotal	\$ 73,639,117	77.6%	\$ 75,691,254	76.4%	\$ 2,052,137	2.8%
City-wide Expenditure and Surplus Total	\$ 94,909,216	100.0%	\$ 99,112,761	100.0%	\$ 4,203,545	4.4%

- Eight items make up 76.3% of the operating budget, totaling \$75.7 million
- Electric and Sewer utility purchases total \$37.4 million, or 37.7%

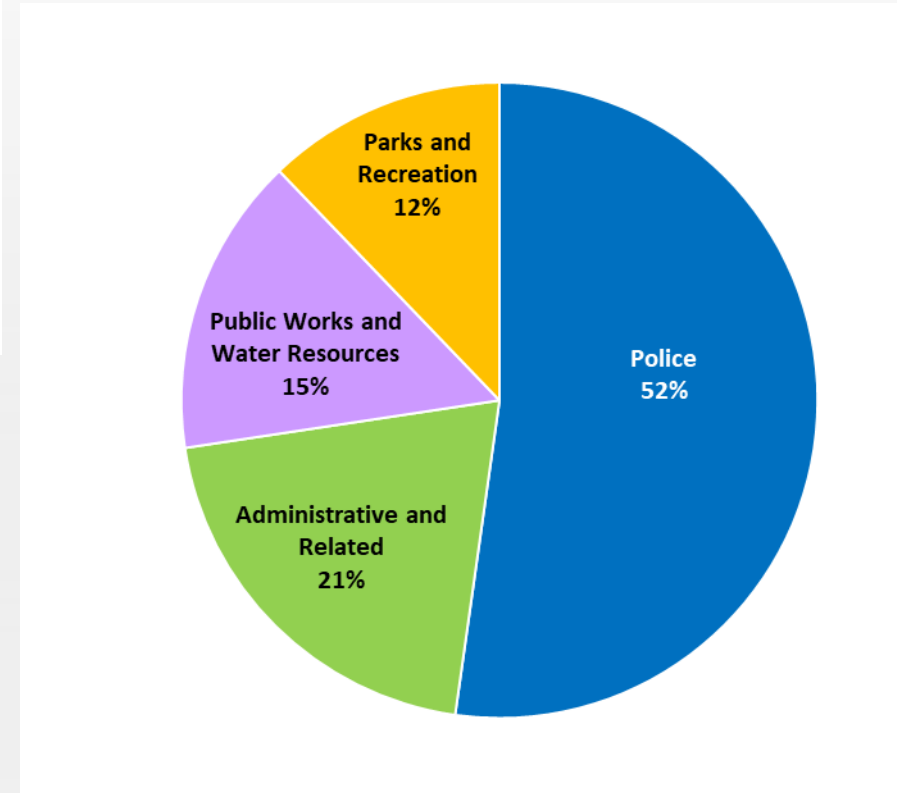
Personnel Expenses – Operating Budget By Type

OPERATING EXPENDITURES	* as amended	** as proposed	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET	COMMENTS
	2021 * BUDGET	2022 ** BUDGET			
Wages					
Full-time	\$ 19,415,936	\$ 20,255,450	4.3%	\$ 839,514	In addition to general step increases and advancements, Full-time Wages were impacted by: <u>Electric:</u> 2022: +1 FTE due to the addition of one Distribution Engineer I <u>Planning & Development:</u> 2022: +3 FTE due to the addition of one Deputy Planning Director and two Planner I positions
Part-time	636,149	605,917	-4.8%	(30,232)	No change in overall P/T (.5) FTE headcount
Other	2,468,790	2,619,212	6.1%	150,422	All other wages (overtime, etc)
Total Wages	\$ 22,520,875	\$ 23,480,579	4.3%	\$ 959,704	
Benefits					
Pension	4,150,000	3,780,000	-8.9%	(370,000)	Annual City Contribution to the Pension Fund.
Defined Contribution 401(a)	377,170	445,705	18.2%	68,535	City Contribution to non-pensioned employees.
OPEB	1,659,300	1,559,300	-6.0%	(100,000)	2022: \$900,000 (future obligations - reduction of \$100,000 [10%]) and \$651,605 (current retirees)
Retirement Health Savings Account	132,732	162,387	22.3%	29,655	Pay as you go
Health Care	4,761,188	4,774,796	0.3%	13,608	No significant changes. Assumes 0.3% premium increase. Calculated based off current employee coverage.
Other	2,174,357	2,266,686	4.2%	92,329	Social Security, FICA, Dental, Life, Vision, and other insurances.
Total Benefits	\$ 13,254,747	\$ 12,988,874	-2.0%	\$ (265,873)	
Total Personnel Services	\$ 35,775,622	\$ 36,469,453	1.9%	\$ 693,831	

- Personnel expenses (\$36.5M) include both current employees and retirees, and total 36.8% of the budget

Expense Budget Overview – General Fund

GENERAL FUND EXPENDITURES	* as amended	** as proposed	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET
	2021 * BUDGET	2022 ** BUDGET		
Police	\$ 16,425,316	\$ 17,024,680	3.6%	\$ 599,364
Administrative and Related	5,768,331	6,642,996	15.2%	874,665
Public Works and Water Resources	4,860,810	4,962,168	2.1%	101,358
Parks and Recreation	3,805,144	3,966,763	4.2%	161,619
Total Personnel Services	\$ 30,859,601	\$ 32,596,607	5.6%	\$ 1,737,006



- General fund expenses are up \$1.7 million, or 5.6% over 2021 due to:
 - Police: \$599,000
 - Parks and Recreation: \$162,000
 - Public Works and Water Resources: \$101,000
 - Administration and related (Planning \$447K, Finance \$58K, Legislative \$202K, Admin \$138K)

Expense Budget Overview

By Department

- Departmental Operating Budget increased by \$3.1 million, or 3.5%
 - Department budgets = do not include debt service and capital spending
 - Operating budget exclusive of utility purchases (Electric & Sewer):
 - 2021: \$51.4M
 - 2022: \$53.9M

BY DEPARTMENT/DIVISION	* as amended	** as proposed	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET
	2021 * BUDGET	2022 ** BUDGET		
Electric Department	\$ 7,300,790	\$ 7,587,851	3.9%	\$ 287,061
Water Division	4,891,908	4,840,047	-1.1%	(51,861)
Sewer Division	1,215,925	1,165,571	-4.1%	(50,354)
Stormwater Division	1,302,328	1,390,033	6.7%	87,705
Utility Purchases	36,804,486	37,430,531	1.7%	626,045
Refuse Division	2,253,151	2,265,016	0.5%	11,865
Street Division	1,590,647	1,619,458	1.8%	28,811
Fleet Maintenance Division	1,482,017	1,524,134	2.8%	42,117
Engineering Division	1,017,012	1,077,694	6.0%	60,682
Code Enforcement Division	1,638,869	1,671,774	2.0%	32,905
Police Department	16,425,316	17,024,680	3.6%	599,364
Finance Department	276,705	335,634	21.3%	58,929
Planning Division	917,708	1,332,286	45.2%	414,578
Municipal Parking Division	2,173,723	2,191,306	0.8%	17,583
Facilities Maintenance Division	845,440	1,012,114	19.7%	166,674
Administrative Department	1,115,126	1,253,472	12.4%	138,346
Legislative Department	1,211,693	1,413,377	16.6%	201,684
Judicial Department/Alderman's Court	608,230	636,453	4.6%	28,223
Parks and Recreation Department	3,805,144	3,966,763	4.2%	161,619
Community Development Fund	202,885	669,329	229.9%	466,444
Law Enforcement Fund	382,214	352,885	-7.7%	(29,329)
Special Parks Fund	41,100	41,195	0.2%	95
Unicity Transportation Fund	268,958	273,961	1.9%	5,003
Self Insurance Fund	230,000	140,000	-39.1%	(90,000)
OPEB Expense Funding	662,300	659,300	-0.5%	(3,000)
Less: Inter-Dept. Electric Sales	(413,100)	(529,251)	28.1%	(116,151)
Total Operating Expenditures	\$ 88,250,575	\$ 91,345,613	3.5%	\$ 3,095,038

OPERATING EXPENDITURE OVERVIEW - DEBT SERVICE

- 2022 Debt Service increases \$973K
- ESCO project (City HVAC, solar, LED streetlight upgrade, etc.) – full payment in 2022
- Approved 2018 Referendum projects are estimated to result in \$1.3M in debt service payments in 2022
- Lease payments for the replacement of vehicles/equipment to preserve cash

DEBT	ENDING DATE	* as amended	** as proposed	\$ FROM 2021 BUDGET	COMMENTS
		2021 * BUDGET	2022 ** BUDGET		
GOB Series 2011	9/14/2022	1,305,150	1,313,250	8,100	Last year of Bond Payments
Energy Conservation Loan	7/1/2022	68,438	51,329	(17,109)	Last year of Loan
Smart Meters	9/1/2022 1/1/2028	1,046,189	960,480	(85,709)	ARRA/DNREC (\$257,130) BOA (\$703,350)
Fiber Lease	8/5/2027	49,255	49,255	-	
Office Equipment		-	50,568	50,568	Canon Copier Leases
ESCO	8/12/2040	190,671	508,195	317,524	2.345%, 20 year term, offset by other revenue, energy savings.
2021 Vehicle Lease Program (6 Units)		91,865	139,545	47,680	Police Units: 914, 923, 924 and 931 Street Unit: 528 Water Unit: 207.
2022 Vehicle Lease Program (11 Units)		-	111,701	111,701	Code Enf. Units: 803 and 838 Facilities Maint. Unit: 641 Refuse Unit: 423 Parks and Recreation Units: 1401 and 1426 Police Units: 911, 913, and 920 Street Unit: 554 Water Unit: 2694
Total:		\$ 2,751,568	\$ 3,184,323	\$ 432,755	

ESTIMATED DEBT FROM REFERENDUM	ENDING DATE	* as amended	** as proposed	\$ FROM 2021 BUDGET	COMMENTS
		2021 * BUDGET	2022 ** BUDGET		
Rodney Stormwater Park		200,000	470,000	270,000	Project completed 2021. 20 payment schedule.
Sanitary Sewer Repairs		85,000	100,000	15,000	Phase 1 - \$1.3mm total will be completed in 2021. Contracts are underway or near award phase. Budget P&I on \$1.3mm for all of 2022. Phase 2 - \$2.6mm assumes interest only on \$600k for 2022.
Air Stripper Replacement - South Well Field		260,000	255,000	(5,000)	\$4mm completed in 2021, project complete. P&I on all \$4mm for 2022.
Water Tank Maintenance		25,000	25,000	-	One tank complete at SWF as part of this project. Budget interest on \$350,000 for 2022. No forgiveness until the entire project is completed.
Water SCADA System		63,000	63,000	-	Budget P&I for \$550,000 in 2022, project complete.
Water Main Replacement Program		56,000	88,025	32,025	Phase 1 - \$1mm completed in 2021. Work on Phase 2 wil begin in late 2022.
General Fund Projects		112,000	340,000	228,000	2018 Referendum General Fund Projects.
Referendum Payments Total:		\$ 801,000	\$ 1,341,025	\$ 540,025	
Budgeted Debt Service:		\$ 3,552,568	\$ 4,525,348	\$ 972,780	

City of Newark FY2022 Capital Budget Recommendation

* as amended

** as proposed

BUDGET OVERVIEW	2021 * BUDGET	2022 ** BUDGET	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,056,529	\$ 73,723,500	2.3%	\$ 1,666,971
Real Estate and Other Taxes	10,305,000	10,981,000	6.6%	676,000
Fees for Service	9,341,310	10,427,656	11.6%	1,086,346
Intergovernmental Revenue	2,112,027	2,953,005	39.8%	840,978
Other Revenue	1,094,350	1,002,600	-8.4%	(91,750)
Appropriation of Prior Year Reserves	-	25,000	100.0%	25,000
Total Operating Revenue	\$ 94,909,216	\$ 99,112,761	4.4%	\$ 4,203,545
Expenditures				
Personnel Services	\$ 35,775,622	\$ 36,469,453	1.9%	\$ 693,831
Utility Purchases	36,804,486	37,430,531	1.7%	626,045
Materials and Supplies	2,416,195	2,481,390	2.7%	65,195
Contractual Services	10,623,413	11,940,258	12.4%	1,316,845
Equipment Depreciation	1,443,987	1,808,826	25.3%	364,839
Debt Service	3,552,568	4,525,348	27.4%	972,780
Other Expenses	1,186,872	1,215,155	2.4%	28,283
Total Operating Expenses	\$ 91,803,143	\$ 95,870,961	4.4%	\$ 4,067,818
Capital Improvements				
Gross Capital Improvements	\$ 23,184,702	\$ 16,886,425	-27.2%	\$ (6,298,277)
Less: Use of Reserves	(1,461,690)	(1,603,654)	9.7%	(141,964)
Equipment Replacement	(614,497)	(1,140,600)	85.6%	(526,103)
Grants	(3,956,563)	(708,016)	-82.1%	3,248,547
Bond Issues	(646,888)	(450,178)	-30.4%	196,710
State Revolving Loan (SRL)	(6,007,000)	(3,725,000)	-38.0%	2,282,000
American Rescue Plan Act (ARPA)	(48,478)	(5,834,490)	11935.3%	(5,786,012)
Other Sources	(8,905,965)	(394,654)	-95.6%	8,511,311
Net Capital Improvements	\$ 1,543,621	\$ 3,029,833	96.3%	\$ 1,486,212
Net Current Surplus/(Deficit)	\$ 1,562,452	\$ 211,967	-86.4%	\$ (1,350,485)
Total Expenditures and Surplus/(Deficit)	\$ 94,909,216	\$ 99,112,761	4.4%	\$ 4,203,545



Operating Budget By Type

Expense Budget Overview – Capital Improvements

	* as amended	** as proposed		
BY DEPARTMENT/DIVISION	2021 * BUDGET	2022 ** BUDGET	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET
Capital Improvements				
Gross Capital Improvements	\$ 23,184,702	\$ 16,886,425	-27.2%	\$ (6,298,277)
Less: Use of Reserves	(1,461,690)	(1,603,654)	9.7%	(141,964)
Equipment Replacement	(614,497)	(1,140,600)	85.6%	(526,103)
Grants	(3,956,563)	(708,016)	-82.1%	3,248,547
Bond Issues	(646,888)	(450,178)	-30.4%	196,710
State Revolving Loan (SRL)	(6,007,000)	(3,725,000)	-38.0%	2,282,000
American Rescue Plan Act (ARPA)	(48,478)	(5,834,490)	11935.3%	(5,786,012)
Other Sources	(8,905,965)	(394,654)	-95.6%	8,511,311
Net Capital Improvements	\$ 1,543,621	\$ 3,029,833	96.3%	\$ 1,486,212

- The Gross CIP Budget decreased by \$6.3M (-27.2%) to \$16.9M
- Net CIP Budget increased by \$1.5M (94.4%) to \$3.0M. *This represents the portion of the capital budget that is supported by current revenues (taxes, fees, etc.)*
- Use of all City funds (Reserves + Equipment Replacement) increased by \$668K compared to 2021, due primarily to the carryover of projects and scheduled equipment replacement

2022 CIP Requested/Funding Sources:

New Funding:	\$ 15,058,117	\$ 13,997,643	\$ 29,107,824	\$ 8,313,840	\$ 8,038,089	\$ 74,515,513
*Prior Authorized Balance:	\$ 1,828,308	\$ 2,063,640	\$ 1,106,400	\$ 1,532	\$ -	\$ 4,999,880
2022-2026 Funding:	\$ 16,886,425	\$ 16,061,283	\$ 30,214,224	\$ 8,315,372	\$ 8,038,089	\$ 79,515,393

*Prior Authorized Balance includes 2021 carryover funding only.

	2021 BUDGET AS AMENDED	2022		PROPOSED BUDGETS					TOTAL PROPOSED AMOUNTS
		RESERVES AND OTHER FUNDING	CURRENT FUNDING	2022	2023	2024	2025	2026	
ELECTRIC FUND	\$ 670,000	\$ 1,718,212	\$ 1,033,821	\$ 2,752,033	\$ 3,588,000	\$ 17,325,000	\$ 715,000	\$ 265,000	\$ 24,645,033
WATER FUND	4,635,019	2,650,267	318,733	2,969,000	4,029,000	4,400,000	2,185,000	2,160,000	15,743,000
SEWER FUND	800,000	1,800,000	150,000	1,950,000	2,270,355	2,400,000	1,000,000	1,000,000	8,620,355
STORMWATER FUND	2,221,104	350,000	575,000	925,000	945,000	1,285,000	725,000	650,000	4,530,000
PUBLIC WORKS DEPARTMENT - GENERAL FUND DIVISIONS	2,243,164	2,067,798	519,712	2,587,510	2,929,357	3,095,000	3,200,000	2,695,000	14,506,867
POLICE DEPARTMENT	361,432	198,004	123,228	321,232	509,071	709,224	188,372	490,089	2,217,988
PARKS AND RECREATION DEPARTMENT	2,335,788	2,018,057	94,339	2,112,396	1,154,213	785,000	302,000	483,000	4,836,609
PARKING FUND	156,200	-	-	-	30,000	40,000	-	60,000	130,000
INFORMATION TECHNOLOGY DIVISION	132,700	1,922,155	215,000	2,137,155	100,000	-	-	-	2,237,155
MAINTENANCE FUND	9,499,295	454,850	-	454,850	540,000	25,000	-	-	1,019,850
OTHER DEPARTMENTS/DIVISIONS	130,000	677,249	-	677,249	40,000	150,000	-	175,000	1,042,249
GROSS CAPITAL IMPROVEMENTS	\$ 23,184,702	\$ 13,856,592	\$ 3,029,833	\$ 16,886,425	\$ 16,134,996	\$ 30,214,224	\$ 8,315,372	\$ 7,978,089	\$ 79,529,106
PLANNED FINANCING SOURCES									
GROSS CAPITAL IMPROVEMENTS	\$ 23,184,702	\$ 13,856,592	\$ 3,029,833	\$ 16,886,425	\$ 16,134,996	\$ 30,214,224	\$ 8,315,372	\$ 7,978,089	\$ 79,529,106
LESS: USE OF RESERVES	(1,461,690)	(1,603,654)	-	(1,603,654)	(2,007,640)	(1,106,400)	(1,532)	-	(4,719,226)
VEHICLE & EQUIPMENT REPLACEMENT	(614,497)	(1,140,600)	-	(1,140,600)	(1,287,780)	(1,528,526)	(1,180,311)	(703,385)	(5,840,602)
GRANTS	(3,956,563)	(708,016)	-	(708,016)	(817,916)	(849,673)	(684,000)	(724,073)	(3,783,678)
BOND ISSUES	(646,888)	(450,178)	-	(450,178)	(56,000)	-	-	-	(506,178)
STATE REVOLVING LOANS	(6,007,000)	(3,725,000)	-	(3,725,000)	-	-	-	-	(3,725,000)
AMERICAN RESCUE PLAN ACT	(48,478)	(5,834,490)	-	(5,834,490)	(5,590,000)	(5,500,000)	-	-	(16,924,490)
OTHER FINANCING SOURCES	(8,905,965)	(394,654)	-	(394,654)	(180,000)	(14,780,000)	(180,000)	(180,000)	(15,714,654)
NET CAPITAL IMPROVEMENTS	\$ 1,543,621	\$ -	\$ 3,029,833	\$ 3,029,833	\$ 6,195,660	\$ 6,449,625	\$ 6,269,529	\$ 6,370,631	\$ 28,315,278

Capital Projects – Priority 1 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2022	2023	2024	2025	2026	TOTAL
E2201	Electric	Electric	New Lines and Services	140,000	145,000	145,000	145,000	145,000	720,000
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	-	125,000	125,000	125,000	-	375,000
W0503	Water	Water	Well Restoration Program	29,000	29,000	-	-	-	58,000
W9308	Water	Water	Water Main Replacement Program	-	2,000,000	2,400,000	2,000,000	2,000,000	8,400,000
Q1301	Stormwater	Stormwater	Storm Drainage Improvements	550,000	525,000	550,000	550,000	550,000	2,725,000
Q0101	Stormwater	Stormwater	Stormwater Quality Improvements (NPDES Phase II Permit)	75,000	75,000	85,000	100,000	100,000	435,000
S0904	Sewer	Sewer	Sanitary Sewer Study and Repairs	1,800,000	2,000,000	2,050,000	1,000,000	1,000,000	7,850,000
C1601	Police	Capital Projects	Taser X26P Replacement	24,692	25,927	27,223	28,584	30,013	136,439
C1401	Police	Capital Projects	Ballistic Vests	12,720	7,644	15,736	12,738	32,211	81,049
N2201	Facilities Maintenance	Maintenance	City Hall Access Safety and Security Upgrades	245,000	-	-	-	-	245,000
*Includes Grant Funding				\$ 2,996,412	\$ 5,052,571	\$ 5,517,959	\$ 4,081,322	\$ 3,977,224	\$ 21,625,488

- Descriptions of the capital projects can be found within the departmental budget presentations on [Budget Central](#)

Capital Projects – Equipment

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2022	2023	2024	2025	2026	TOTAL
EEQSF	Electric	Electric	Equipment Replacement Program	706,350	273,000	100,000	450,000	-	1,529,350
WEQSF	Water	Water	Equipment Replacement Program	40,000	75,000	50,000	35,000	135,000	335,000
QEQSF	Stormwater	Stormwater	Equipment Replacement Program	-	45,000	250,000	75,000	-	370,000
SEQSF	Sewer	Sewer	Equipment Replacement Program	-	195,355	350,000	-	-	545,355
REQSF	Refuse	Capital Projects	Equipment Replacement Program	151,775	200,000	600,000	600,000	300,000	1,851,775
HEQSF	Street	Capital Projects	Equipment Replacement Program	180,845	635,000	350,000	150,000	-	1,315,845
TEQSF	Engineering	Capital Projects	Equipment Replacement Program	-	35,000	-	50,000	-	85,000
MEQSF	Fleet Maintenance	Maintenance	Equipment Replacement Program	-	-	-	-	60,000	60,000
CEQSF	Police	Capital Projects	Equipment Replacement Program	128,592	450,000	640,000	120,000	400,000	1,738,592
KEQSF	Parks & Recreation	Capital Projects	Equipment Replacement Program	104,121	185,000	25,000	35,000	210,000	559,121
AEQSF	Management	Capital Projects	Equipment Replacement Program	-	35,000	-	-	-	35,000
BEQSF	Code Enforcement	Capital Projects	Equipment Replacement Program	32,914	40,000	-	-	-	72,914
UEQSF	Unicity Transportation	Transportation	Equipment Replacement Program	-	-	150,000	-	175,000	325,000
VEQSF	Parking	Parking	Equipment Replacement Program	-	30,000	40,000	-	60,000	130,000
NEQSF	Facilities Maintenance	Maintenance	Equipment Replacement Program	14,196	-	-	-	-	14,196
*Includes Grant Funding				\$ 1,358,793	\$ 2,198,355	\$ 2,555,000	\$ 1,515,000	\$ 1,340,000	\$ 8,967,148

- Descriptions of the capital projects can be found within the departmental budget presentations on [Budget Central](#)

Capital Projects – Priority 2 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2022	2023	2024	2025	2026	TOTAL
E2204	Electric	Electric	Vehicle #110 - 3-Wheel Wire Trailer Replacement	130,000	-	-	-	-	130,000
E2205	Electric	Electric	Fleet addition: #117 - Small Trencher	50,000	-	-	-	-	50,000
E2002	Electric	Electric	New Substation	440,000	2,000,000	15,700,000	-	-	18,140,000
E1807	Electric	Electric	Relay Replacements - Kershaw Substation	50,000	50,000	-	-	-	100,000
W2204	Water	Water	Curtis WTP - Treatment Units 4/5 Rehabilitation	350,000	-	-	-	-	350,000
W2205	Water	Water	Curtis WTP - Raceway and Backwash Lagoon Rehabilitation	150,000	400,000	-	-	-	550,000
W2103	Water	Water	New London Water Tank Chlorination	100,000	-	-	-	-	100,000
W2001	Water	Water	Newark Reservoir Upgrades	-	100,000	1,500,000	-	-	1,600,000
W1701	Water	Water	Valve Inspection, Exercising and Rehabilitation	100,000	150,000	-	-	-	250,000
W1702	Water	Water	Source Water Protection	-	50,000	25,000	25,000	25,000	125,000
W1703	Water	Water	Laird Tract Well Field Restoration	1,925,000	-	-	-	-	1,925,000
W8605	Water	Water	Water Tank Maintenance	-	500,000	-	-	-	500,000
Q2201	Stormwater	Stormwater	Outfall and City Owned SWM Facility Repair	300,000	300,000	400,000	-	-	1,000,000
S2202	Sewer	Sewer	Backup Sewer Pump Purchase	75,000	-	-	-	-	75,000
H2201	Street	Capital Projects	Annual Street Program	1,451,675	1,772,916	1,795,000	2,145,000	2,145,000	9,309,591
H2202	Street	Capital Projects	ADA Accessibility Transition Plan	162,278	166,441	175,000	175,000	175,000	853,719
H2203	Street	Capital Projects	City Hall Parking Lot Rehabilitation	545,937	-	-	-	-	545,937
H1503	Street	Capital Projects	Newark Transportation Plan Implementation	50,000	100,000	80,000	80,000	75,000	385,000
M2201	Fleet Maintenance	Maintenance	In-Ground Vehicle Lift Replacement	-	130,000	-	-	-	130,000
C2201	Police	Capital Projects	Police Handgun Upgrade	66,153	-	-	-	-	66,153
C2204	Police	Capital Projects	Police Motorcycle Computer Upgrade	23,426	-	-	-	-	23,426
C2205	Police	Capital Projects	Portable Radio Replacement	33,649	25,500	26,265	27,050	27,865	140,329
K2203	Parks & Recreation	Capital Projects	Dickey and George Wilson Center Pool Resurfacing	20,000	20,000	-	-	-	40,000
K2004	Parks & Recreation	Capital Projects	Facilities Accessibility (ADA Compliance)	30,000	30,000	30,000	20,000	20,000	130,000
K1301	Parks & Recreation	Capital Projects	Hard Surface Facilities Improvements	377,000	154,000	202,000	177,000	197,000	1,107,000
K0908	Parks & Recreation	Capital Projects	Children's Play Equipment	40,000	56,000	60,000	40,000	56,000	252,000
B2201	Code Enforcement	Capital Projects	EnerGov Civic Services Software	644,335	-	-	-	-	644,335
I2201	Information Technology	Capital Projects	Network Enhancement Project	205,000	-	-	-	-	205,000
I2203	Information Technology	Capital Projects	Virtual Environment Upgrade	250,000	-	-	-	-	250,000
I2204	Information Technology	Capital Projects	Data Protection	225,000	100,000	-	-	-	325,000
I2205	Information Technology	Capital Projects	Tropos Mesh Network Replacement	1,000,000	-	-	-	-	1,000,000
*Includes Grant Funding				\$ 8,794,453	\$ 6,104,857	\$19,993,265	\$ 2,689,050	\$ 2,720,865	\$ 40,302,490

Capital Projects – Priority 3 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2022	2023	2024	2025	2026	TOTAL
E2202	Electric	Electric	Electric Warehouse	-	80,000	800,000	-	-	880,000
E2206	Electric	Electric	Secondary Cable Replacement/ Rejuvenate at Villa Belmont	125,000	-	-	-	-	125,000
E1912	Electric	Electric	35kV Disconnect Switches Replacement - Kershaw Substation	160,000	160,000	160,000	-	-	480,000
E0503	Electric	Electric	SCADA and Automatic Switching	460,683	225,000	-	-	-	685,683
W2201	Water	Water	Water Facilities Security Improvements	-	100,000	-	-	-	100,000
W2202	Water	Water	South Well Field Roof Replacements	-	100,000	-	-	-	100,000
W2203	Water	Water	Well and Wellhouse Facility Upgrades	-	300,000	-	-	-	300,000
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	25,000	-	-	-	-	25,000
W1503	Water	Water	Academy Street Interconnection Pump Station	-	-	300,000	-	-	300,000
S2201	Sewer	Sewer	FOG Program Development	75,000	75,000	-	-	-	150,000
R2201	Refuse	Capital Projects	Roll Off Dumpster Purchase	20,000	20,000	20,000	-	-	60,000
H1903	Street	Capital Projects	Skid Steer Purchase	-	-	75,000	-	-	75,000
T2201	Engineering	Capital Projects	Survey Equipment Purchase	25,000	-	-	-	-	25,000
K2202	Parks & Recreation	Capital Projects	Dickey Park Improvements	-	50,000	400,000	-	-	450,000
K1203	Parks & Recreation	Capital Projects	Old Paper Mill Park Improvements	1,500,000	-	-	-	-	1,500,000
I2206	Information Technology	Capital Projects	Upgrade Server OS and Migrate Applications to New Server	52,155	-	-	-	-	52,155
I2207	Information Technology	Capital Projects	Virtualize MDM Server and Migrate Database to Postgres	50,000	-	-	-	-	50,000
N2001	Facilities Maintenance	Maintenance	City Hall - Electric Vehicle Charging Station Wiring	45,654	-	-	-	-	45,654
N1803	Facilities Maintenance	Maintenance	Exterior Paint and Powerwash	100,000	-	-	-	-	100,000
*Includes Grant Funding				\$ 2,888,492	\$ 1,210,000	\$ 1,755,000	\$ -	\$ -	\$ 5,853,492

- Descriptions of the capital projects can be found within the departmental budget presentations on [Budget Central](#)

Capital Projects – Priority 4 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2022	2023	2024	2025	2026	TOTAL
E1911	Electric	Electric	35kV Line 3402 Capacity Upgrade	-	300,000	300,000	-	-	600,000
E1805	Electric	Electric	Line Extension Across UD Farm	370,000	-	-	-	-	370,000
C1903	Police	Capital Projects	NPD Ethernet Rewiring Project	32,000	-	-	-	-	32,000
K2201	Parks & Recreation	Capital Projects	Kubota Mule	-	15,500	-	-	-	15,500
K2205	Parks & Recreation	Capital Projects	George Wilson Center School Hill History Display	-	20,000	-	-	-	20,000
K2002	Parks & Recreation	Capital Projects	Olan Thomas Sidewalk Improvement	-	120,000	-	-	-	120,000
K2003	Parks & Recreation	Capital Projects	Handloff Park Trail	-	200,000	-	-	-	200,000
K2005	Parks & Recreation	Capital Projects	Track Loader/Mini-Skid Steerer	-	-	36,000	-	-	36,000
K1704	Parks & Recreation	Capital Projects	Lumbrook Park Pavilion	41,275	-	-	-	-	41,275
K1605	Parks & Recreation	Capital Projects	Redd Park Trail Improvements	-	-	32,000	30,000	-	62,000
K1501	Parks & Recreation	Capital Projects	Iron Glen Park Master Plan	-	50,000	-	-	-	50,000
K1202	Parks & Recreation	Capital Projects	Kershaw Park Improvements	-	200,000	-	-	-	200,000
I2202	Information Technology	Capital Projects	Remote Access System	140,000	-	-	-	-	140,000
I1801	Information Technology	Capital Projects	Citywide Fiber (Phase II)	140,000	-	-	-	-	140,000
N2002	Facilities Maintenance	Maintenance	City Hall - Carpet and Lobby Floor Upgrades	50,000	40,000	-	-	-	90,000
N1806	Facilities Maintenance	Maintenance	FOC - Master Plan	-	180,000	-	-	-	180,000
N1809	Facilities Maintenance	Maintenance	TRN - New Windows	-	150,000	-	-	-	150,000
*Includes Grant Funding				\$ 773,275	\$ 1,275,500	\$ 368,000	\$ 30,000	\$ -	\$ 2,446,775

- Descriptions of the capital projects can be found within the departmental budget presentations on [Budget Central](#)

Capital Projects – Priority 5 Projects

PROJECT NUMBER	DEPARTMENT / DIVISION	FUND	PROJECT DESCRIPTION	FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM RECOMMENDED FUNDING					
				2022	2023	2024	2025	2026	TOTAL
E1810	Electric	Electric	Lightning Arrestor Replacement	-	235,000	-	-	-	235,000
K2206	Parks & Recreation	Capital Projects	Wi-Fi in Parks	-	53,713	-	-	-	53,713
I1804	Information Technology	Capital Projects	Harris Automation Platform	75,000	-	-	-	-	75,000
N2202	Facilities Maintenance	Maintenance	Miscellaneous Entryway Repairs and Improvements	-	40,000	25,000	-	-	65,000
				\$ 75,000	\$ 328,713	\$ 25,000	\$ -	\$ -	\$ 428,713

- Descriptions of the capital projects can be found within the departmental budget presentations on [Budget Central](#)

City of Newark 2022 Revenue Budget



	* as amended	** as proposed		
BUDGET OVERVIEW	2021 * BUDGET	2022 ** BUDGET	% FROM 2021 BUDGET	\$ FROM 2021 BUDGET
Revenue/Other Funding Sources				
Utility Sales	\$ 72,056,529	\$ 73,723,500	2.3%	\$ 1,666,971
Real Estate and Other Taxes	10,305,000	10,981,000	6.6%	676,000
Fees for Service	9,341,310	10,427,656	11.6%	1,086,346
Intergovernmental Revenue	2,112,027	2,953,005	39.8%	840,978
Other Revenue	1,094,350	1,002,600	-8.4%	(91,750)
Appropriation of Prior Year Reserves	-	25,000	100.0%	25,000
Total Operating Revenue	\$ 94,909,216	\$ 99,112,761	4.4%	\$ 4,203,545
Expenditures				
Personnel Services	\$ 35,775,622	\$ 36,469,453	1.9%	\$ 693,831
Utility Purchases	36,804,486	37,430,531	1.7%	626,045
Materials and Supplies	2,416,195	2,481,390	2.7%	65,195
Contractual Services	10,623,413	11,940,258	12.4%	1,316,845
Equipment Depreciation	1,443,987	1,808,826	25.3%	364,839
Debt Service	3,552,568	4,525,348	27.4%	972,780
Other Expenses	1,186,872	1,215,155	2.4%	28,283
Total Operating Expenses	\$ 91,803,143	\$ 95,870,961	4.4%	\$ 4,067,818
Capital Improvements				
Gross Capital Improvements	\$ 23,184,702	\$ 16,886,425	-27.2%	\$ (6,298,277)
Less: Use of Reserves	(1,461,690)	(1,603,654)	9.7%	(141,964)
Equipment Replacement	(614,497)	(1,140,600)	85.6%	(526,103)
Grants	(3,956,563)	(708,016)	-82.1%	3,248,547
Bond Issues	(646,888)	(450,178)	-30.4%	196,710
State Revolving Loan (SRL)	(6,007,000)	(3,725,000)	-38.0%	2,282,000
American Rescue Plan Act (ARPA)	(48,478)	(5,834,490)	11935.3%	(5,786,012)
Other Sources	(8,905,965)	(394,654)	-95.6%	8,511,311
Net Capital Improvements	\$ 1,543,621	\$ 3,029,833	96.3%	\$ 1,486,212
Net Current Surplus/(Deficit)	\$ 1,562,452	\$ 211,967	-86.4%	\$ (1,350,485)
Total Expenditures and Surplus/(Deficit)	\$ 94,909,216	\$ 99,112,761	4.4%	\$ 4,203,545

2021 Budget vs. 2022 Recommended Budgeted Revenue

SUMMARY	* as amended	** as proposed	\$ FROM 2021 BUDGET	% FROM 2021 BUDGET
	2021 * BUDGET	2022 ** BUDGET		
Utility Revenue				
Electric	\$ 54,067,229	\$ 54,644,000	\$ 576,771	1.1%
Water	8,744,200	9,157,000	412,800	4.7%
Sewer	6,872,100	7,322,500	450,400	6.6%
Stormwater	2,373,000	2,600,000	227,000	9.6%
Total Utility Revenue	\$ 72,056,529	\$ 73,723,500	\$ 1,666,971	2.3%
Other				
Real Estate Transfer Tax	\$ 1,450,000	\$ 1,650,000	200,000	13.8%
Property Tax	7,960,000	8,246,000	286,000	3.6%
Penalties	20,000	60,000	40,000	200.0%
Franchise Tax	425,000	425,000	-	0.0%
Lodging Tax	450,000	600,000	150,000	33.3%
Fees for Service	9,341,310	10,427,656	1,086,346	11.6%
Intergovernmental Revenue	2,112,027	2,953,005	840,978	39.8%
Other Revenue	1,094,350	1,002,600	(91,750)	-8.4%
Appropriation of Prior Year Reserves	-	25,000	25,000	100.0%
Total Non-Utility Revenue	\$ 22,852,687	\$ 25,389,261	\$ 2,336,574	10.2%
Total Revenue/Other Funding Sources	\$ 94,909,216	\$ 99,112,761	\$ 4,203,545	4.4%

- Revenue in 2022 is anticipated to rebound to 2019 levels
- Utilities up (\$1.6M), or 2.3% as presented on prior pages
- Real Estate Transfer Tax \$1.65M, +\$200K
- Property Tax \$8.2M, +286K (growth + proposed tax increase)
- Lodging Tax \$600K, +\$150K
- Fees for Service \$10.4M, +\$1M
- Intergovernmental Revenue \$2.9M, +841K
- Prior Year Reserves \$25K, +100%

Revenue - General Fund

- Real Estate Transfer Tax – ebbs and flows, past reliance has been on large commercial transactions
 - 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
- Hotel Lodging Tax – beginning to rebound, industry is still lacking corporate travelers
- 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 0.56% in July of 2022 (less than 1%)
 - 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 \$40,125 in Year 1, and \$80,250 annually afterwards
 - Every penny (\$.01) is equal to \$44,000 in Year 1, and \$88,000 annually afterwards
- Estimated transfer from the utilities in 2022 will be \$16.9 million
 - Includes transfers primarily to general fund (\$14.3M), OPEB (\$659K), self-insurance (\$128K), capital (\$902K), debt service (\$751K)

Revenue – Utilities

- Utility fees must continue to be balanced between customer charges and volumetric charges to ensure the City is meeting its revenue requirements
 - In 2020, 8% of an average City residential utility bill was based on fixed customer charges
 - In 2021, 14% of an average City residential utility bill is based on fixed customer charges
- Cost recovery issue became more evident and critical during the Coronavirus pandemic and subsequent states of emergency
- Customer charges guarantee consistent and fair cost recovery across user classifications

2020	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%

2021	STORMWATER	ELECTRIC	WATER	SEWER	TOTAL
Consumption (kWh/Gallons)	Tier 2	750	3,667	3,667	
Customer Charge	\$ 3.54	\$ 10.00	\$ 7.28	\$ 5.94	\$ 26.76
Consumption Bill	\$ -	\$ 109.02	\$ 24.44	\$ 28.87	\$ 162.32
Total	\$ 3.54	\$ 119.02	\$ 31.72	\$ 34.81	\$ 189.08
% Fixed	100%	8%	23%	17%	14%
% Not Fixed	0%	92%	77%	83%	86%

TO BE CONSIDERED

Action Items To Be Considered for 2022 Budget

- Customer Charge Adjustment: Stormwater - Fund revenue requirements for 2018 Referendum
 - To recover \$270,000 in debt service
 - Average annual residential impact is \$4.25 (35 cents per month)
- Customer Charge Adjustment: Water – Fund revenue requirements for 2018 Referendum
 - To recover \$32,000 in debt service
 - Average annual residential impact is \$6.36 (53 cents per month)
- Customer Charge Adjustment: Sewer – Fund revenue requirements for 2018 Referendum
 - To recover \$15,000 in debt service
 - Average annual residential impact is \$1.44 (12 cents per month)
- 5% Tax increase – Fund revenue requirements for 2018 Referendum and help offset rising police expenses
 - Will raise \$200,000 in revenue to cover obligations
 - 12-month all items Consumer Price Index was 5.3% in August 2021
 - No tax increase in 2021
 - Average annual impact is \$30.19
- **Total average residential annual impact is \$42.24 (\$3.52/month)**

To Be Considered – Customer Charge/Tax Rate Adjustment

Utility Rate/Property Tax Adjustments included in the 2022 Budget:

	STORMWATER	ELECTRIC	WATER	SEWER	TAX	TOTAL
Change	YES	NO	YES	YES	YES	
Revenue Requirement	\$ 270,000.00	\$ -	\$32,000	\$15,000	\$200,000	\$517,000
Current Residential Customer Charge/Tax	\$ 3.54		\$ 7.28	\$ 5.94	\$ 0.9120	
2022 Change	\$ 0.35		\$ 0.53	\$ 0.12	\$ 0.0456	
Total Residential Customer Charge/Tax	\$ 3.89		\$ 7.81	\$ 6.06	\$ 0.9576	\$ -
Avg. Residential Monthly Impact:	\$ 0.354		\$ 0.53	\$ 0.12	\$ 2.52	\$ 3.52
Total Avg. Residential Annual Impact:	\$ 4.25		\$ 6.36	\$ 1.44	\$ 30.19	\$ 42.24

- No change to Electric rates proposed
- \$3.52 average monthly impact for tax, water, stormwater and sewer proposal (\$42.24 annual impact)

Action Items To Be Considered for 2022 Budget - Continued

Emergency Services Fee

- Modeled after current building permit fees
- Applications for building permits issued by the City of Newark would be subject to an additional surcharge of based on construction value.
 - Revenue derived from this fee would support the City's annual subvention to Aetna
 - Previously approved but unimplemented ambulance fee would be repealed following request from State Fire Commission
- Fee can be determined once Council gives revenue target or other feedback on reasonableness of charge
- Revenue from this fee would reduce the amount of ARPA funds used for revenue replacement

Recommended Direction for Lobbyist

- Coordination with state legislators for cost sharing of 2023 City Projects
 - Items that support miscellaneous facilities projects, South Well Field roof project, historic Newark Train Station upgrades
- Infrastructure Bill funding mechanisms
- State Revolving Fund Loans Program vs. Grants
- Electric Vehicles (EV)
 - Grants to support EV charging infrastructure
- Payment in Lieu of Taxes (PILOT)
 - PILOT-lite has been \$400,000 annually from 2019 through 2021
- Statewide Municipal Aid from the State to support the rising costs of Police services
- Owner-occupied homestead tax credit

Budget Process – Next Thirty Days

10/11/2021	Draft Version of CIP on Budget Central
10/15/2021	Deadline to advertise budget summary
10/19/2021	Draft CIP Presented to the Planning Commission
10/25/2021	Final Version of CIP & Operating Budgets for Council
11/01/2021	Budget Hearing
11/15/2021	Budget Hearing #2 (if needed)