

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

**New Castle County Government Center - April 21, 2009**

**Attendance:**

<b>Member</b>	<b>Present</b>
Richard F. Davis	Yes
David Blowman	No
George Danneman	Yes
Glenn Kocher, Jr.	No
Joseph Larotonda	Yes
Mark Oller	Yes
Richelle Vible	Yes

**Members in Attendance: 5**

**Members Absent: 2**

**Others Present:** Joseph Oddo, Jim Parks, George Smiley, Russell Morris, Ed Milowicki, James Boyle, Lynne Howard, Steve Cunliffe, Rich Piekarski, Jr., David DelGrande, and Shelley Cook.

**Opening Business:**

Chairman Rich Davis called the meeting to order at 3:38 p.m. The minutes from the March meeting were approved as submitted.

**Review FY2009 and FY2010 General Fund Revenue Forecast:**

Acting NCC Chief Financial Officer Edward Milowicki noted that Chairman Davis asked that any proposed tax or fee increases be not included in the estimates. Mr. Milowicki then introduced NCC Finance Department members David DelGrande and Russ Morris to review the revenue forecast.

Mr. Morris presented NCC's General and Sewer Fund Revenue Summary as of March 31, 2009. He noted that the numbers are truncated by \$1000, whereas \$1,000,000 would be reflected as \$1,000 on the following reports/graphs. It was noted again that the revenues do not include any proposed increase in taxes or fees. He pointed out that actual FY2008 General Fund is \$161,653.1 and the estimated FY2009 General Fund is down to \$140,592.6, which means a loss of 12.0%.

## **Real Estate Taxes**

Mr. Morris noted that the FY2008 actual total was \$87,115.5 and the estimated FY2009 is \$88,533.7, which represents an increase of 1.6%.

## **Real Estate Transfer Tax**

Mr. Morris noted the decline from the FY2008 total of \$31,872.0 to the FY2009 estimated total of \$16,600.0, representing a 47.9% reduction. Mr. Morris presented graphs representing RTT revenue from July 2006 through estimates to June 2009, which included revised estimates of \$16.6 million for April 2009. Mr. Morris presented the monthly 10-year RTT average chart, which shows significantly lower revenues during FY2009 year than the 10-year average. Mr. Morris presented the actual RTT collections as a percent of the average month, which showed March 2009 collections at just above 40%.

Ms. Vible asked Mr. Morris and Mr. Milowicki what their sense was for the reason for the decrease and whether it was related to volume or the dollar amount of the sales. Mr. Milowicki said both are down and noted that first-time homebuyers are exempt from the County's share of RTT, which also affects the figures. Ms. Vible asked if commercial sales were down as much as residential and Mr. Milowicki said they were.

Mr. Oller said first-time home buyers might have a "ripple effect" on other buyers, causing an increase in sales. He also noted that the economy is at the bottom of a "U" shape and we do not know how long we will drag at the bottom, but that there might be "pent up" demand.

Mr. Larotonda also noted the "pent up" demand and said buyers are still waiting for the market to bottom out. Mr. Milowicki noted that the value of homes is still less than it was previously.

Chairman Davis noted that at the April 20, 2009, DEFAC meeting, John Stapleford predicted in his presentation that from a U.S. standpoint, housing sales will bottom out this quarter, the construction of new homes will bottom out later in 2009, and that prices will bottom out during calendar year 2010. However, Mr. Stapleford also said that for Delaware, the numbers will likely not begin to improve until the end of 2009, two quarters later than the rest of the U.S. Chairman Davis said that, according to this presentation, the news is good that the economy will begin to improve soon, but that it will be a slow process.

Mr. Smiley noted that as a county councilman in the 7<sup>th</sup> District, he has seen a surge of first-time homebuyers, but that the homes they are buying are foreclosed homes.

Ms. Vible noted that at Catholic Charities they provide emergency financial assistance and the number of calls have doubled and tripled with no signs of stopping.

### **Service Charges & Fees**

Mr. Morris noted that the FY2008 actual fees were \$20,063.7 and the estimate for FY2009 are \$17,713.0, which represents an 11.7% decrease. Mr. Morris noted that deeds are down 32.2%, Tax Certification Searches are down 19.2%, and Zoning Reviews are down 19.7%. He noted that the Middletown Police Services will not be included in next year's figures because they are no longer contracting with the county.

Presenting a chart for the Recorder of Deeds Revenue, Mr. Morris noted that the revenues will plateau at a higher level than expected and he said that the March 2009 was the highest month of FY2009. Mr. Morris also reviewed the revenues for the Sheriff's Office, Register of Wills and Subdivision Review, where he noted that one large corporate subdivision is the only sign of fluctuation.

Mr. Oller asked for clarification about why there is a drop in the estimates for Instant Ticketing. Mr. Morris said it is due to the possible establishment of a revolving fund for this program. Mr. Morris noted Miscellaneous Fees & Income do not include Insurance Proceeds as part of the FY 2010 projection.

### **Recreation**

Mr. Morris noted the 57.7% decrease in the Golf Course revenue from the actual FY2008 figures to the estimated FY2009 figures. He noted that management of the Porky Oliver Golf Course will be taken over in July by the City of Wilmington. He also noted that Recreation Income is down 51.0% and Recreation Rentals are down 6.0%, which includes rentals at Carousel Park. He noted that the spike in the fees noted "Development Revolving" is due to the publication and sale of the new version of the Building Code and that these sales represent a one-year jump.

### **Licenses and Permits**

Mr. Morris noted that while permit fees have been down for a while, they are starting to increase now. Mr. Morris said that business and contractor license fees are continuing to be slow. Mr. Morris presented charts showing Commercial Permits and said that they reached a low point in November of 2008 and that some permits for known projects have not been pulled yet, which will increase future figures.

### **Use of Money & Property**

Mr. Morris noted that the estimated FY2009 figures are 35.6% lower than in FY2008.

Mr. Morris presented a chart showing Interest and Investment Revenue from the General and Sewer Funds and noted that they rose during the first quarter of 2009 and have leveled off.

## **Intergovernmental Revenues**

Mr. Morris noted that Real Estate Transfer Tax Fees have decreased 35.6% from FY2008 to the estimates for FY2009.

Chairman Davis asked for discussion about the General Fund revenues. Ms. Vible said the numbers were "realistic." Mr. Oller said he was "hesitant" regarding the RTT numbers, saying they might need to be higher. Mr. Danneman said he thought the RTT projections might need to be lower.

Chairman Davis asked that for future projections, that the Marriage License fee increase be backed out until implemented.

### **Approval of FY2009 and FY2010 General Fund Revenue Forecast:**

A motion was made, seconded and approved to accept the New Castle County General Fund revenue estimate of \$136,520.9 for FY2009 and \$132,682.7 for FY2010. This estimate does not include any proposed tax or fee increases, except for Marriage Licenses.

### **Review of FY2009 and FY2010 Sewer Fund Revenue Forecast:**

#### **Sewer Fund**

Mr. Morris noted that the estimated FY2009 total is 3.1% lower than the FY2008 total of \$60,548.0.

Mr. Vible asked if the corpus is bigger and Mr. Milowicki said it is because a bond was issued.

Mr. Morris said septic hauler revenues have increased so far, but they will balance out by the end of the year. He said Survey and Inspection Fees are down significantly because fewer new homes and clarified that Stormwater/Groundwater fees are paid by developers.

Mr. Morris concluded by noting that the FY2009 estimates are only down \$1,861.9 or 3.1% from the FY2008 total of \$60,548.0.

### **Approval of FY2009 and FY2010 Sewer Fund Revenue Forecast:**

A motion was made, seconded and approved to accept the New Castle County Sewer Fund revenue estimate of \$58,686.0 for FY2009 and \$59,576.4 for FY2010.

### **Review FY2009 and FY2010 General Fund Expenditure Forecast:**

Mr. Milowicki said the 5% salary reduction for three unions representing county employees is reflected in the 2010 figures.

**Grants/Fixed Charges**

Mr. Milowicki said that figures have increased because of the county's new responsibility for dog control. Mr. Milowicki also discussed the rise in Employee Benefits from the actual FY2008 cost of \$35.0 to the estimated FY2009 cost of \$36.2.

Mr. Oller asked if the county is self insured, and Mr. Milowicki said they are.

Mr. Larotonda asked about Other Post Employment Benefits. Mr. Oller also asked how many positions the county has, and Mr. Milowicki said the county employs about 1,500 positions. There was a discussion about the number of vacant positions and whether they have been unfunded.

**Approval of FY 2009 and FY 2010 General Fund Expenditure Forecast:**

A motion was made, seconded and approved to accept the New Castle County General Fund Expenditure \$163.6 for FY 2009.

**Review FY 2009 and FY 2010 Sewer Fund Expenditure Forecast:**

Mr. Milowicki said that estimated FY2009 total is \$61.8 and the FY2010 budget is \$64.8.

**Approval of FY 2009 and FY2010 Sewer Fund Expenditure Forecast:**

A motion was made, seconded and approved to accept the New Castle County Sewer Fund Expenditure \$61.8 for FY2009. The council members did not feel they have the ability to accurately project future expenditures and agreed unanimously not to make any expenditure projections for FY2010 since that is under the purview of the Executive and Council.

**Other Business:**

Chairman Davis suggested and the members approved a tentative schedule of NCC FAC meetings for the next year as being the third Tuesday of September, November, February and April. The next meeting will be September 15, 2009.

There being no further business, Chairman Davis adjourned the meeting at 5:26 p.m.

NEW CASTLE COUNTY  
GENERAL AND SEWER FUNDS REVENUES  
SUMMARY AS OF MARCH 31, 2009

(IN THOUSANDS)	A FY2008 YTD THRU MARCH	B FY2009 YTD THRU MARCH	C FY2008 ACTUAL 6/30/2008	D FY2009 ESTIMATED 6/30/2009	E D over C \$	F D over C %	G FY2010 FORECAST 6/30/2010	H G over D \$	I G over D %
<b>GENERAL FUND</b>									
Real Estate Taxes	86,659.4	87,879.6	87,115.5	88,533.7	1,418.3	1.6%	88,784.7	251.0	0.3%
Real Estate Transfer Tax	24,847.0	13,450.7	31,872.0	16,600.0	-15,272.0	-47.9%	14,940.0	-1,660.0	-10.0%
Service Charges & Fees	14,874.9	13,597.2	20,063.7	17,713.0	-2,350.6	-11.7%	16,984.0	-729.1	-4.1%
Recreation	1,332.0	1,230.9	1,725.1	1,539.1	-186.0	-10.8%	1,340.3	-198.8	-12.9%
Licenses and Permits	4,294.1	3,486.2	5,905.4	4,976.3	-929.2	-15.7%	4,969.3	-7.0	-0.1%
Use of Money & Property	6,899.7	4,448.2	8,467.1	5,450.8	-3,016.4	-35.6%	4,754.3	-696.5	-12.8%
Intergovernmental Revenues	4,711.4	4,261.5	6,504.3	5,779.7	-724.6	-11.1%	4,235.1	-1,544.6	-26.7%
<b>SUBTOTAL: GENERAL FUND</b>	143,618.7	128,354.3	161,653.1	140,592.6	-21,060.5	-13.0%	136,007.7	-4,584.9	-3.3%
<b>LESS: INTERFUND TRANSFER</b>	-2,648.1	-2,989.5	-5,257.9	-4,071.7	1,186.2	-22.6%	-3,325.0	746.7	-18.3%
<b>TOTAL GENERAL FUND</b>	140,970.5	125,364.8	156,395.2	136,520.9	-19,874.3	-11.6%	132,682.7	-3,838.2	-2.8%
<b>SEWER FUND</b>									
Sewer Current	40,732.6	40,265.2	51,170.7	50,645.8	-524.9	-1.0%	50,901.9	256.1	0.5%
Sewer Delinquent	2,241.3	1,967.9	3,014.1	2,500.0	-514.1	-17.1%	2,800.0	300.0	12.0%
Other Fees	2,919.9	2,925.8	4,270.6	4,258.0	-12.5	-0.3%	4,335.5	77.5	1.8%
Use of Money and Property	1,625.2	836.3	2,092.6	1,282.2	-810.4	-38.7%	1,539.0	256.8	20.0%
<b>TOTAL SEWER FUND RESOURCES</b>	47,519.1	45,995.3	60,548.0	58,686.0	-1,861.9	-3.1%	59,576.4	890.4	1.5%
<b>TOTAL GENERAL &amp; SEWER FUNDS</b>	188,489.6	171,360.1	216,943.2	195,206.9	-21,736.3	-10.0%	192,259.1	-2,947.8	-1.5%

**Does not include projected revenues from proposed tax and sewer rate increase for FY 2010**

**New Castle County  
General Fund Activity  
A/O 3-31-2009**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>D over C</b>	<b>D over C</b>	<b>FY 2010</b>	<b>G over D</b>	<b>G over D</b>
	<b>YTD Thru</b>	<b>YTD Thru</b>	<b>ACTUAL</b>	<b>ESTIMATED</b>	<b>\$</b>	<b>%</b>	<b>BUDGET</b>	<b>\$</b>	<b>%</b>
	<b>March</b>	<b>March</b>	<b>6/30/2008</b>	<b>6/30/2009</b>			<b>6/30/2010</b>		
<b><i>Expenditures/Encumbrances</i></b>									
<b>Salaries and Wages</b>	\$63.1	\$61.7	\$86.3	\$85.4	-\$0.9	-1.1%	\$82.4	-\$3.0	-3.6%
<b>Employee Benefits</b>	\$22.0	\$24.2	\$35.0	\$36.2	\$1.2	3.3%	\$40.8	\$4.6	11.3%
<b>Training/Travel</b>	\$0.4	\$0.3	\$0.6	\$0.4	-\$0.2	-50.0%	\$0.4	\$0.0	0.0%
<b>Communications/Utilities</b>	\$3.3	\$3.2	\$4.2	\$4.0	-\$0.2	-5.0%	\$4.4	\$0.4	9.1%
<b>Materials/Supplies</b>	\$5.0	\$4.6	\$5.7	\$5.2	-\$0.5	-9.6%	\$5.0	-\$0.2	-4.0%
<b>Contractual Services</b>	\$11.8	\$10.9	\$12.9	\$11.7	-\$1.2	-10.3%	\$10.5	-\$1.2	-11.4%
<b>Contractual-Cross Charges</b>	\$13.6	\$13.6	\$17.7	\$17.3	-\$0.4	-2.3%	\$16.1	-\$1.2	-7.5%
<b>Grants/Fixed Charges</b>	\$10.6	\$11.5	\$11.5	\$11.7	\$0.2	1.7%	\$10.8	-\$0.9	-8.3%
<b>Equipment</b>	\$0.6	\$0.8	\$1.2	\$1.1	-\$0.1	-9.1%	\$0.8	-\$0.3	-37.5%
<b>Debt Service</b>	\$15.0	\$19.2	\$16.8	\$20.9	\$4.1	19.6%	\$21.1	\$0.2	0.9%
<b>Contingencies</b>	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	100.0%	\$1.1	\$0.6	54.5%
<b>IGS Credit</b>	-\$17.5	-\$18.0	-\$22.9	-\$23.2	-\$0.3	1.3%	-\$21.2	\$2.0	-9.4%
<b>General and Admin Credit</b>	-\$5.7	-\$5.7	-\$7.6	-\$7.6	\$0.0	0.0%	-\$7.2	\$0.4	-5.6%
<b>Total</b>	<b>\$122.2</b>	<b>\$126.3</b>	<b>\$161.4</b>	<b>\$163.6</b>	<b>\$2.2</b>	<b>1.3%</b>	<b>\$165.0</b>	<b>\$1.4</b>	<b>0.8%</b>