

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

**New Castle County Government Center - February 16, 2010**

**Attendance:**

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

\*Conferenced in at 4:14 p.m.

**Members in Attendance:** 4

**Members Absent:** 4

**Others Present:** Jim Parks, Michael Finnigan, Rich Piekarski, Steve Cunliffe, Bob Wasserbach, Lynne McIntosh, David Del Grande, Russ Morris, Michael McGowan, Joanna Ewbank

**Opening Business:**

George Danneman will be acting as chairman in the absence of Richard Davis. Mr. Danneman called the meeting to order at 3:39 p.m. The minutes from the November 17, 2009 meeting were approved as submitted.

**Review FY2010 General Fund Revenue and Expenditure Activity A/O January:**

**REVENUE ACTIVITY**

Mr. Morris from the NCC Finance Office reviewed NCC's General and Sewer Funds Revenues Summary as of January 31, 2010.

Mr. Morris noted that at Recorder of Deeds' budget hearing it was indicated that they are prepared to increase their revenue estimates as a result of increased activity.

Mr. Morris noted that Zoning Fees and Subdivision Review show an increase of \$519.0 as a result of a major subdivision plan filed for Barley Mill Plaza that resulted in a payment Subdivision review of over \$800.0.

Mr. Morris noted that Recreation may be decreased again depending on what fees are collected. Mr. Oller questioned if there is an audit process in place for the golf courses.

Mr. Finnigan from the NCC Finance Office commented that their contract states that their books will be audited by an independent CPA.

Mr. Morris noted that most of the increases in Licenses and Permits come from Building Permits and that we should continue to see permits issued for new construction projects at Christiana Mall.

Mr. Del Grande from the NCC Finance Office noted that the County has officially taken control of dog licensing for New Castle County, as mandated by the State.

Mr. Morris noted that the decrease in Interest is mostly from investment loss. Mr. Oller questioned what were they types of investment loss. Mr. Piekarski from the NCC Finance Office explained they were securities and distressed assets. He also noted that the portfolios are actively managed and the managers felt it was in the best interest of the County to sell some securities at the time based on the fiscal crisis. Mr. Cunliffe from the NCC Finance Office added that this is on a cash basis therefore we have unrealized gains that are greater than the realized losses.

Mr. Morris presented a chart on RTT Revenue. He noted that the two peaks are a result of two large transactions.

Mr. Morris presented a chart on RTT Actual Collected as % of Average Month. He noted that this is based on a budget of 51% and we have generally been above this mark except for August.

Mr. Morris presented a chart on Recorder of Deeds Revenue.

Mr. Morris presented a chart on the Mortgage Refinance Estimate. He noted that Recorder of Deeds does not track refinances separately but they have been estimated in this chart.

Mr. Morris presented a chart on Sheriff Revenue. He noted that this is using a three month moving average instead of actuals because it depends on when the money hits the system.

Mr. Morris presented a chart on the Register of Wills Revenue.

Mr. Morris presented a chart on Subdivision & Zoning Review Revenue. He noted that one large transaction created the spike.

Mr. Morris presented a chart on Building Permit Revenue. He noted that the past two months have been above the budget or estimate line.

Mr. Morris presented a chart on Business & Contractor Licenses. He noted that they have had a slow February as a result of the snow days.

## **EXPENDITURE ACTIVITY**

Mr. Del Grande reviewed NCC's General Fund Budget vs. Estimate as of January 31, 2010.

Mr. Del Grande noted that in Salaries & Wages there is an estimated savings of \$1.0 million at year-end due to vacancies. Mr. Danneman questioned if there are any vacancies in fee-generating positions. Mr. Del Grande responded that the Executive Office reviews every position and any position that creates revenue essentially pays for itself and does not stay open long.

Mr. Del Grande noted that there has been a decrease in Training/Travel as departments find new ways to train employees without spending as much money.

Mr. Del Grande noted that overall utility expenses are projected below budget and that there have been significant savings on green initiatives at the City/County building.

Mr. Del Grande noted that gasoline is anticipated to be \$0.1 million under budget as a result of gasoline prices but this could change because the market is volatile.

Mr. Del Grande noted that the savings in Contractual Services is a result of departments revisiting existing contracts due to the fiscal crisis and contractors coming back with revised prices.

Mr. Kocher questioned what impact the recent snow has had on expenditures. Mr. Del Grande noted there are costs associated with a sewer truck flipping over during the storm and the clean up of the snow. He also noted that we are unsure how the State of Emergency will impact the County and if there will be any reimbursement. Mr. Del Grande noted that the majority of the snow removal is done by County employees and Mr. Morris added that the State is responsible for roads and the County is mainly responsible for facilities.

### **Review FY2010 Sewer Fund Revenue and Expenditure Activity A/O January:**

#### **REVENUE ACTIVITY**

Mr. Morris reviewed NCC's General and Sewer Funds Revenues Summary as of January 31, 2010.

Mr. Morris noted that the total estimated sewer revenues (\$62,376.1) have been reduced from the original budget (\$64,838.7).

Mr. Morris noted that preliminary residential billing data indicates that NCC will bill less than expected in FY2010; as a result the Residential Sewer Estimate has been reduced by \$700.0 to reflect lower billing numbers. He also noted that water consumption is used as a metric for sewer billing estimates and since water consumption throughout the County is down, the billing estimates are lower. Mr. Del Grande added that the decrease in consumption could be the result of conservation on the residential side and unoccupied construction. He explained that there is a system in ground that cost a set amount of money to operate and as a result it hurts the County when consumption goes down because the expenses stay the same regardless. Mr. Larotonda questioned the rates for new developments versus established users. Mr. Cunliffe stated that new developments would pay the same rate as others in the area. Mr. Morris noted that there are fees charged before connection to the system.

**EXPENDITURE ACTIVITY**

Mr. Del Grande reviewed NCC's Sewer Fund Budget vs. Estimate as of January 31, 2010.

Mr. Del Grande noted that the potential expenditures associated with the City of Wilmington arbitration and the Fox Pointe Park settlement has not been included in these estimates, per the decision of the Board previously. He noted there is a deadline for the end of the month regarding arbitration with the City of Wilmington. He also noted that the County could be liable for contaminated soil cleanup. Mr. Danneman questioned if there are funds earmarked to cover this. Mr. Del Grande stated that there are not funds earmarked and in that situation they would need to go back to Council.

Mr. Del Grande noted that the County Executive's budget address is scheduled for March 16, after which they can discuss the FY2011 budget and estimates.

**Review FY2011 General and Sewer Fund Revenue Forecast:**

Mr. Morris reviewed NCC's General and Sewer Funds Revenues FY2011 Summary.

Mr. Del Grande noted that there is an assumption of no increase in property taxes or sewer fees. Mr. Morris noted that they are limited to 90% of last year's actual for RTT.

Mr. Larotonda questioned if this assumes 100% collection for crossing guards. Mr. Morris responded that is correct.

Mr. Morris noted there are modest changes in Service Charges/Fees from FY2010 estimates to the FY2011 estimates.

Mr. Morris noted that Zoning Fees, Subdivision Review and Zoning Review show significant drops because they are not taking into account here the few very large projects from this year.

Mr. Morris noted that they have capped the Instant Ticket Fines.

Mr. Morris noted that Carousel is down overall because of a decrease in activities.

Mr. Morris noted that there are going to be changes to County code so new books will need to be printed. There will be increased costs for the printing of new books but there will also be revenue from the book sales.

Mr. Morris noted that Other Income includes one time donations that are hard to budget for because they are non-recurring.

Mr. Morris noted that overall the FY2011 General Fund revenue estimate (\$157,054.0) shows a modest increase of 1% over the FY2010 estimate (\$155,471.4).

Mr. Morris noted that overall the FY2011 Sewer Fund revenue estimate (\$64,274.3) shows a modest increase of 3% over the FY2010 estimate (\$62,376.1).

Mr. Del Grande noted that this is a comparison of estimates not comparison to budget.

**Other Business:**

The next meeting will be April 20, 2010 at 3:30 p.m. at the Government Center in the Large Executive Conference Room.

There being no further business, Mr. Danneman adjourned the meeting at 5:11 p.m.