

**CITY OF DELAWARE
FINANCE COMMITTEE
MEETING TO BE HELD VIRTUALLY VIA CISCO WEBEX **1:00 P.M.**

AGENDA


April 15, 2020

1. Roll Call
2. Approval of the Motion Summary for the meeting held February 11, 2020, as recorded and transcribed.
3. Public Comments
Due to the meeting being held virtually, public comment is requested to be received either before or during the meeting through email at emccloskey@delawareohio.net. Comments received on Facebook may have to be addressed by staff subsequent to the meeting.
4. Review of March Financial Report
5. Review of 2020 Budget Gauge
6. Discussion of Strategy for Addressing Financial Impact of COVID-19
7. Member Comments
8. Establish Monthly Meeting Dates/times for 2020
9. Adjournment

** This meeting will be a virtual meeting. Residents are encouraged to view online through the City of Delaware Facebook page. To comply with the CDC recommendation prohibiting group meetings, no in person attendance by Council, staff, or the public will be available.



MEMORANDUM

TO: Finance Committee
FROM: R. Thomas Homan, City Manager 
DATE: 04/10/20
RE: Finance Committee Meeting, April 15, 2020

Next Wednesday's Finance Committee meeting, which I would encourage all of Council to "attend", will provide staff an opportunity to discuss the City's current financial condition and the strategy being considered to address the impact the COVID-19 crisis will have on the City's finances. While it's too early to forecast the extent and scope of the impact, it's unquestionable that all the city's major revenues will, at a minimum, see declines over the next three quarters and into 2021. This is one of the reasons the City's Budget Gauge 2020 has been raised to "budget restraint".

The last recession, which was caused by a collapse of the financial markets, impacted the City's finances for at least three years. During that time, which is when the City developed the Budget Gauge, we put in place a financial mitigation strategy that helped us successfully navigate that period. To that end, I've enclosed a meeting packet from Council's September 2009 Special Meeting Session, which was devoted entirely to the City's finances. Please review the packet as I'll be recommending a similar strategy for addressing the impact of this recession.

Thank-you and please let me know if you have any questions.

cc: City Council
Directors

**FINANCE COMMITTEE
MOTION SUMMARY
February 11, 2020**

ITEM 1. Roll Call

Chairman Hellinger called the Finance Committee meeting to order at 4:30 p.m.

Members Present: Vice-Mayor Kent Shafer, Vice-Chairman Chris Jones and Chairman George Hellinger

Staff Present: Justin Nahvi, Finance Director, Rob Alger, City Accountant, Alycia Ballone, Budget Analyst

ITEM 2. Approval of the Motion Summary for the meeting held August 19, 2019 as recorded and transcribed.

Motion: Vice-Mayor Shafer moved to approve the Motion Summary from August 19, 2019, as recorded and transcribed, seconded by Vice-Chairman Jones. Motion approved by a 3-0 vote.

ITEM 3. REVIEW of 2019 Year-End Financial Report and January 2020 Financial Report

Mr. Nahvi discussed the General Fund Ending Balance for 2019 at \$6,229,721, which was an increase of 1.05 million from the beginning of 2019. He discussed increases in revenues from 2018 to 2019 in the Street Maintenance and Repair Operating Fund, which was related to the funds received from the gas tax. Total expenditures other Operating Funds was at \$39,563,413 which was down from 2018. Total cash funds increased from 2018 which was related to Fire/EMS Fund, Water, Sewer, and Water and Sewer Capacity Fund. He compared the 2009 General Fund Revenue with 2019 and total income taxes collected accounted for about 67% of all revenue. Most of General Fund Expenditures are allocated to Police/911 services in the past decade. He reviewed the overall revenues by source and that there was a decline in engineering fees reimbursement. These declines were off set by capacity fees. Ms. Ballone discussed the changes in the billing of engineering fees in 2019.

A discussion was held regarding the increase in fuel sales at the airport compared to 2018. The General Fund subsidy to the airport is around \$30,000. Mr. Nahvi discussed that this subsidy has been consistent since 2017. Mr. Homan discussed the expected timeline to receive the report on the Airport Strategic Plan. Mr. Jones questioned the decline in gross profit over the past four years.

Mr. Nahvi provided information on the Golf Course Fund, and discussion of the transition of payroll from one position to a different fund and created a positive cash flow. Information was provided on the enterprise funds. He discussed the total outstanding debt, which much of the debt is contributed to water and waste-water debt, recreation debt, and general obligations. A discussion on self-funded health insurance. Staff is evaluating the best plans for future health care to determine best savings.

Mr. Nahvi reviewed the January 2020 Finance Report. He discussed the income tax was up approx. 6%. Prosecutor reimbursements were not received in January but was received in February and will be included in the February report. This reflected in a decline in the General Fund. General Fund Expenditures decline was related to no transfer to the general fund to other operating funds in January. The February report will reflect this transfer. He reviewed the past three year of income tax revenues included individual withholdings, business and personal withholdings. The Committee reviewed a new format for future reports and were supportive of the change and feels the addition of a narrative will be helpful.

ITEM 4. DISCUSSION of Transportation Funding Options

Mr. Nahvi summarized the current funding and expenditures for roadway maintenance. The current deficit for funding for paving is approximately \$1.6 million which was identified by Public Works. He discussed the roadway maintenance policy for the City of Marysville, which is generally 1/25th of streets should be paved every year. It was recommended that bids for paving should be issued no later than February of each year to attain cheaper pricing.

Funding mechanisms to reduce or eliminate the deficit for paving was discussed with four different potential scenarios. The first mechanism would be the reduction by Council of the Income Tax Credit. This reduction in the credit would secondarily increase annual income tax collections for the Fire/EMS and Recreation portions of the overall tax rate. The second mechanism would be to seek voter approval for a property tax levy. Mr. Nahvi discussed that a 1 mill dedicated to annual paving levy would generate an additional \$892,950 and cost \$87 per year for a residential unit valued at \$249,500. The third mechanism would be a reallocation by Council of inside millage. The final mechanism presented was a special assessment for Road Maintenance.

Ms. Ballone discussed the special assessment and discussed research from a case study in Sheboygan, WI. The program would be a cost sharing program between the City and homeowners on the road needing pavement. Mr. Hellinger discussed his preference to eliminate the tax credit and request voters to reduce the fire/ems fund. Mr. Jones discussed reducing the reserve fund percentage. Vice-Mayor Shafer discussed needing to put the funding to the public to provide their voice. Mr. Homan discussed the cost to the City for a special election and

that the cost has significantly increased. The Committee discussed the best timeline for the issue to be placed on the ballot including discussion on the General Election of 2020 or the May Primary of 2021. Chairman Hellinger discussed the need to have a back up plan to residents if one plan fails then they are aware of the next options. Vice-Mayor Shafer recommended that the property tax levy be placed on the May 2021 ballot and not before due to the upcoming school levy renewals and the emotions of the presidential election. Chairman Hellinger recommended that the levy be at 2 mill to ensure funds are there to have a successful program. He discussed that state grants are not guaranteed funding and if the funds are not approved then there will still be a deficit. The Committee was in agreement to recommend a 2 mill. The Committee had a discussion relating to the permissive fee.

Vice-Chairman Jones exited the meeting at 5:27 p.m. Chairman Hellinger recommended that the recommendations of the Finance Committee regarding road maintenance be discussed at the March Work Session.

ITEM 5. Public Comments

There were no public comments.

ITEM 6. Member Comments

There were no other member comments.

ITEM 7. Future Meeting Date

The Committee discussed having meetings every other month.

ITEM 8. Adjournment

Motion: Chairman Hellinger moved to adjourn the Finance Committee meeting. The Finance Committee meeting adjourned at 5:33 p.m.

Chairman

Elaine McCloskey, Clerk



TO: TOM HOMAN, CITY MANAGER
FROM: JUSTIN NAHVI, FINANCE DIRECTOR
SUBJECT: MARCH 2020 FINANCIAL REPORT
DATE: 4/6/2020

BACKGROUND

The purpose of this report is to provide a brief review of the revenues and expenditures for the following funds: General Fund, Fire/EMS Income Tax Fund, Stormwater Fund, Water Fund, Wastewater Fund, and Refuse Fund.

Actual revenues and expenditures are compared to the budget to assess potential overages/shortages in budgeted categories. Comparisons with figures from last fiscal year are also included to indicate the differences by year, since budgeting techniques remain relatively uniform from one year to the next.

Appendix A details the year-to-date activity for all of the city's active funds. It is important to note the ending balance, encumbrances, and unencumbered balance. The unencumbered balance is the amount remaining in the fund if the city were to expend all the monies listed as encumbrances. The ending balance is the amount of funds available to the city as of March 31, 2020, and ties to the amount listed in Appendix B.

Appendix B is the Financial Statement for the city as of March 31, 2020. This statement provides a listing of the city's funds held at various financial institutions. Also presented are the interest earned to date, weighted average interest rate, and the weighted average maturity (days).

Appendix C is the Debt Schedule for the city through March 31, 2020. All principal and interest payments that have been paid to date are included in the schedule.

GENERAL FUND

The General Fund is the main operating fund for the city and is used to account for all financial transactions which are not reported in other funds. Major sources of revenue include income tax and property tax. Please refer to page three for a breakdown of the revenues and expenditures through March 31, 2020.

Revenues

The General Fund revenues are performing as expected. However, the following revenue sources require additional explanations:

- Property Taxes – Settlement revenue is received after the 1st and 2nd half real estate collection periods in March and August respectively. 1st half real estate collections were \$784,702 reflecting an increase of \$15,106 or 2.0% from the same period in the prior year.
- Income Tax – Year-to-date receipts total \$3,686,555 which is \$136,511 or 3.8%, greater than amount the City received during the same period in the prior year.
- Charges for Services – Chargebacks for the General Fund related services attributed to special revenue and enterprise funds for the 1st quarter of 2020 equaled \$380,479.

Expenditures

The General Fund expenditures are performing as expected. However, the following expenditures require additional explanations:

- Transfers – Transfers to the following funds have been made: Street Maintenance & Repair Fund (\$519,500), Capital Improvement Fund (\$462,500), Recreation Fund (\$371,919), Cemetery Fund (\$37,500), Recreation Fund (\$11,250) and the Airport Fund (\$7,500).

**GENERAL FUND
STATEMENT OF REVENUE AND EXPENDITURES
MARCH 2020**

	2019 ACTUAL YTD MAR 31	2020 ACTUAL YTD MAR 31	2020 TOTAL BUDGET	2020 % of BUDGET
REVENUES				
Property Taxes	769,596	784,702	1,548,000	50.69%
Intergovernmental Receipts	156,344	206,366	1,013,726	20.36%
Income Taxes	3,550,044	3,686,555	16,510,750	22.33%
Fines & Forfeitures	36,304	16,034	140,000	11.45%
Fees, Licenses, & Permits	510,107	681,165	2,998,000	22.72%
Miscellaneous	130,534	48,781	380,000	12.84%
Other Financing	16,175	5,013	0	0.00%
Earnings on Investments	82,320	161,603	950,000	17.01%
Charges for Services	551,037	380,479	2,299,603	16.55%
Total Revenues	5,802,460	5,970,699	25,840,079	23.11%
EXPENDITURES				
Council	40,792	40,458	187,299	21.60%
City Manager	184,718	203,131	927,910	21.89%
Admin Services	134,231	85,767	425,183	20.17%
Economic Development	76,867	58,006	528,655	10.97%
Legal Affairs	198,099	189,829	882,940	21.50%
Finance	501,767	638,630	2,353,870	27.13%
General Admin	1,610,575	1,674,189	6,508,792	25.72%
Risk Management	10,054	6,255	349,100	1.79%
Police	2,085,342	2,194,258	9,739,704	22.53%
Planning	271,014	288,924	1,551,146	18.63%
Engineering	381,371	390,736	2,349,511	16.63%
Building Maintenance	131,956	122,125	589,467	20.72%
Total Expenditures	5,626,785	5,892,308	26,393,576	22.32%

FIRE/EMS INCOME TAX FUND

The Fire/EMS Income Tax Fund is a Special Revenue Fund which means that the resources are restricted to only funding expenditures that support the Fire Department. Please refer to page five for a breakdown of the revenues and expenditures through March 31, 2020.

Revenues

Several sources of revenue support this fund, including intergovernmental as well as income tax collections.

- EMS Service Agreement - The city contracts with Delaware County to provide EMS services to certain unincorporated portions of the County. To date, the City has received \$171,931.
 - For the 2020 fiscal year, the per unit reimbursement rate will be \$220 for EMS transport and \$110 per non-transport runs.
- Income Tax – Year-to-date receipts total \$2,578,947 which is \$95,125, or 3.8%, greater than amount the City received during the same period in the prior year.

Expenditures

Fire/EMIS Income Tax Fund expenditures are performing as expected through March 31, 2020.

**FIRE/EMS INCOME TAX FUND
STATEMENT OF REVENUE AND EXPENDITURES
MARCH 2020**

	2019 ACTUAL YTD MAR 31	2020 ACTUAL YTD MAR 31	2020 TOTAL BUDGET	2020 % of BUDGET
REVENUES				
Intergovernmental Receipts	3,575	174,696	752,765	23.21%
Income Taxes	2,483,822	2,578,947	11,500,000	22.43%
Miscellaneous	1,412	632	39,195	1.61%
Other Financing	0	1,175	0	0.00%
Transfer In	117,991	0	240,717	0.00%
Total Revenues	2,606,799	2,755,449	12,532,677	21.99%
EXPENDITURES				
Personal Services	1,926,940	2,157,057	9,501,589	22.70%
Charges & Services	183,031	244,792	1,138,934	21.49%
Materials & Supplies	60,697	118,692	447,354	26.53%
Capital Outlay	819,457	30,738	1,463,030	2.10%
Refunds	97,104	103,055	500,000	20.61%
Transfer	0	0	848,044	0.00%
Debt	42,087	0	514	0.00%
Total Fire Expenditures	3,129,317	2,654,333	13,899,465	19.10%

STORMWATER FUND

The Stormwater Fund is an Enterprise Fund that was established to account for the costs of repairing, replacing, and improving the city's storm drainage system. User fees sustain the expenditures of this fund. Please refer to page thirteen for a breakdown of the revenues and expenditures through March 31, 2020.

Revenues

The Stormwater Fund revenues are performing as expected. However, the following revenue sources require additional explanations:

- Charges for Services – Year-to-date service charges totaled \$203,473, which is \$3,092 (1.4%) greater than this period last year.

Expenditures

The Stormwater Fund expenditures are performing as expected through March 31, 2020.

**STORMWATER FUND
STATEMENT OF REVENUE AND EXPENDITURES
MARCH 2020**

	2019 ACTUAL YTD MAR 31	2020 ACTUAL YTD MAR 31	2020 TOTAL BUDGET	2020 % of BUDGET
REVENUES				
Miscellaneous	630	967	500	193.33%
Charges for Services	227,381	230,473	900,200	25.60%
Total Revenues	228,010	231,440	900,700	25.70%
EXPENDITURES				
Stormwater Operations				
Personal Services	51,842	62,571	257,186	24.33%
Charges & Services	13,876	13,005	223,891	5.81%
Materials & Supplies	4,385	10,181	100,340	10.15%
Capital Outlay	8,524	0	20,000	0.00%
Refunds	9	20	2,000	1.01%
Total Ops Expenditures	78,636	85,777	603,416	14.22%
Stormwater Capital				
Capital Outlay	892	133,260	1,716,338	7.76%
Total Cap Expenditures	892	133,260	1,716,338	7.76%
Total Expenditures	79,528	219,037	2,319,754	9.44%

WATER FUND

The Water Fund was established to account for the treatment and distribution of water to resident and commercial users. This fund is also an Enterprise Fund, with user fees financing the expenditures. Please refer to page eleven for a breakdown of the revenues and expenditures through March 31, 2020.

Revenues

The Water Fund revenues are performing as expected. However, the following revenue sources require additional explanations:

- Charges for Services – Included in this category are Services Charges & Collections.
 - Meter Charges – Year-to-date meter charges for water consumption totaled \$1,349,421 which is \$19,041 or 1.4% greater than the same period from the prior year.
 - Capacity Fees – Year-to-date receipts total \$566,356 and these fees are deposited into the Water Capacity Fee Fund (Fund 536).

Expenditures

The Water Fund expenditures are performing as expected through March 31, 2020.

**WATER FUND
STATEMENT OF REVENUE AND EXPENDITURES
MARCH 2020**

	2019 ACTUAL YTD MAR 31	2020 ACTUAL YTD MAR 31	2020 TOTAL BUDGET	2020 % of BUDGET
REVENUES				
Miscellaneous	11,721	6,876	25,000	27.50%
Other Financing	0	6,549	11,000	59.54%
Earnings on Investments	26,161	64,362	300,000	21.45%
Charges for Services	1,358,908	1,382,634	6,220,000	22.23%
Total Revenues	1,396,791	1,460,421	6,556,000	22.28%
EXPENDITURES				
Water Administration				
Personal Services	85,245	71,847	325,759	0.00%
Charges & Services	75,829	59,015	276,520	21.34%
Materials & Supplies	242	71	775	0.00%
Capital Outlay	0	0	0	0.00%
Refunds	2,884	1,818	27,750	6.55%
Transfers	178,963	182,500	2,659,783	6.86%
Total Admin Expenditures	343,162	315,251	3,290,587	9.58%
Water Treatment				
Personal Services	194,314	203,205	930,138	21.85%
Charges & Services	212,236	236,005	812,894	29.03%
Materials & Supplies	79,734	85,329	448,903	19.01%
Capital Outlay	17,214	10,420	87,045	11.97%
Refunds	0	0	0	0.00%
Total Treat Expenditures	503,498	534,960	2,278,981	23.47%
Water Distribution				
Personal Services	134,255	132,423	617,833	21.43%
Charges & Services	21,765	20,211	121,283	16.66%
Materials & Supplies	64,267	67,175	300,470	22.36%
Capital Outlay	3,500	0	15,000	0.00%
Refunds	0	0	0	0.00%
Total Dist Expenditures	223,787	219,809	1,054,586	20.84%
Total Expenditures	1,070,447	1,070,019	6,624,154	16.15%

WASTEWATER FUND

The purpose of the Wastewater Fund is to provide wastewater collection and treatment service to resident and commercial users. This fund is also an Enterprise Fund, with user fees financing the expenditures. Please refer to page nine for a breakdown of the revenues and expenditures through March 31, 2020.

Revenues

The Sewer Fund revenues are performing as expected. However, the following revenue sources require additional explanations:

- Charges for Services – Included in this category are Services Charges & Collections.
 - Meter Charges – Year-to-date meter charges for wastewater treatment totaled \$1,621,044 which is \$19,382 or 1.2% greater than the same period from the prior year.
 - Capacity Fees – Year-to-date receipts total \$538,500 and these fees are deposited into the Wastewater Capacity Fee Fund (Fund 546).

Expenditures

The Wastewater Fund expenditures are performing as expected through March 31, 2020.

**WASTEWATER FUND
STATEMENT OF REVENUE AND EXPENDITURES
MARCH 2020**

	2019 ACTUAL YTD MAR 31	2020 ACTUAL YTD MAR 31	2020 TOTAL BUDGET	2020 % of BUDGET
REVENUES				
Miscellaneous	7	2,579	10,000	25.79%
Other Financing	0	7,423	0	0.00%
Earnings on Investments	23,037	61,929	275,000	22.52%
Charges for Services	1,659,044	1,671,948	7,426,500	22.51%
Total Revenues	1,682,088	1,743,879	7,711,500	22.61%
EXPENDITURES				
Sewer Administration				
Personal Services	44,443	63,619	323,556	0.00%
Charges & Services	38,700	18,933	247,743	7.64%
Materials & Supplies	379	100	1,000	0.00%
Capital Outlay	0	0	0	0.00%
Refunds	123	227	7,500	3.03%
Transfers	202,084	205,750	3,996,618	5.15%
Total Admin Expenditures	285,729	288,629	4,576,417	6.31%
Sewer Treatment				
Personal Services	208,116	209,478	975,531	21.47%
Charges & Services	222,959	217,822	1,004,447	21.69%
Materials & Supplies	51,795	48,548	238,770	20.33%
Capital Outlay	0	0	25,000	0.00%
Refunds	0	0	0	0.00%
Total Treat Expenditures	482,870	475,848	2,243,747	21.21%
Sewer Collection				
Personal Services	89,711	61,451	291,090	21.11%
Charges & Services	23,336	49,645	253,935	19.55%
Materials & Supplies	31,834	27,970	187,702	14.90%
Capital Outlay	14,300	0	16,100	0.00%
Refunds	0	0	0	0.00%
Total Col Expenditures	159,181	139,067	748,826	18.57%
Total Expenditures	927,780	903,544	7,568,991	11.94%

REFUSE FUND

The Refuse Fund accounts for the costs of providing refuse services. This fund is an Enterprise Fund which means that the main source of revenue is the monthly fees charged to residents for this service. Please refer to page seven for a breakdown of the revenues and expenditures through March 31, 2020.

Revenues

The Refuse Fund revenues are performing as expected. However, the following revenue sources require additional explanations:

- Charges for Services – Year-to-date receipts total \$909,759 which is \$11,243 or 1.3% more than the City received from the same period in the prior year.

Expenditures

The Refuse Fund expenditures are performing as expected through March 31, 2020.

REFUSE FUND
STATEMENT OF REVENUE AND EXPENDITURES
MARCH 2020

	2019 ACTUAL YTD MAR 31	2020 ACTUAL YTD MAR 31	2020 TOTAL BUDGET	2020 % of BUDGET
REVENUES				
Miscellaneous	-	3,365	260,000	1.29%
Other Financing	-	-	-	0.00%
Earnings on Investments	1,825	4,653	12,000	38.78%
Charges for Services	898,516	909,759	3,793,350	23.98%
Total Revenues	900,341	917,777	4,065,350	22.58%
EXPENDITURES				
Refuse Administration				
Personal Services	0	0	0	0.00%
Charges & Services	20,862	9,315	92,834	10.03%
Materials & Supplies	0	0	0	0.00%
Capital Outlay	14,046	5,985	9,287	64.44%
Refunds	297	131	1,000	13.10%
Transfers	90,575	92,795	371,180	25.00%
Total Admin Expenditures	125,780	108,226	474,301	22.82%
Refuse Collection				
Personal Services	173,590	175,155	784,850	22.32%
Charges & Services	249,076	275,015	1,332,353	20.64%
Materials & Supplies	20,597	23,427	203,514	11.51%
Capital Outlay	0	0	731,207	0.00%
Refunds	0	0	0	0.00%
Total Collect Expenditures	443,263	473,598	3,051,924	15.52%
Refuse Recycling				
Personal Services	109,915	106,548	474,996	22.43%
Charges & Services	43,252	72,157	300,209	24.04%
Materials & Supplies	10,376	7,213	86,650	8.32%
Capital Outlay	0	0	513,447	0.00%
Refunds	0	0	0	0.00%
Total Recycle Expenditures	163,543	185,919	1,375,302	13.52%
Total Expenditures	732,587	767,742	4,901,528	15.66%

APPENDIX A

YEAR TO DATE FUND REPORT
March 31, 2020

Fund #	FUND	BEGINNING BALANCE	YTD REVENUES	YTD EXPEND	ENDING BALANCE	ENCUMB	UNENCUMB BALANCE
101	General Fund	6,801,606.03	5,970,698.89	5,892,307.84	6,879,997.08	1,033,935.09	5,846,061.99
200	Street Maintenance & Repair	603,206.35	1,018,085.89	756,243.81	865,048.43	276,168.57	588,879.86
201	State Highway Improvement	353,397.37	42,307.28	186,086.63	209,618.02	259,937.37	(50,319.35)
202	License Fee	426,903.67	108,046.44	448,790.01	86,160.10	90,474.70	(4,314.60)
203	Stormwater	2,113,380.23	231,439.60	219,037.29	2,125,782.54	488,492.90	1,637,289.64
210	Recreation	266,459.06	473,293.91	279,666.51	460,086.46	50,627.64	409,458.82
212	Oak Grove Cemetery	276,700.20	56,021.23	53,586.43	279,135.00	152,813.37	126,321.63
215	Tree Replacement	119,237.10	32,450.00	0.00	151,687.10	0.00	151,687.10
222	Airport	184,988.85	185,397.99	195,663.77	174,723.07	53,951.79	120,771.28
223	Hangars	180,442.96	23,692.50	10,954.32	193,181.14	0.00	193,181.14
231	Fire/EMS Income Tax	9,399,949.67	2,755,449.91	2,654,332.77	9,501,066.81	1,261,322.84	8,239,743.97
233	Rec Center Income Tax	5,065,048.57	572,811.21	244,998.40	5,392,861.38	37,931.58	5,354,929.80
235	Airport TIF	136,735.75	13,326.15	0.00	150,061.90	0.00	150,061.90
236	Glenn Road TIF	2,011,525.35	439,522.80	20,617.33	2,430,430.82	623,978.32	1,806,452.50
237	Sky Climber TIF	0.00	23,619.40	0.00	23,619.40	0.00	23,619.40
238	Mill Run TIF	0.00	51,477.73	0.00	51,477.73	0.00	51,477.73
240	Municipal Court	2,861,453.86	707,352.69	640,987.37	2,927,819.18	20,421.85	2,907,397.33
241	Court IDIAM	14,674.86	9,077.23	4,997.00	18,755.09	1,000.00	17,755.09
250	Drug Enforcement	51,218.50	743.70	0.00	51,962.20	0.00	51,962.20
251	Court Alcohol Treatment	592,279.16	8,499.50	1,736.57	599,042.09	0.00	599,042.09
252	OMVI Enforcement/Education	4,520.65	270.00	0.00	4,790.65	0.00	4,790.65
253	Police Judgement	40,138.50	0.00	17,044.00	23,094.50	607.74	22,486.76
254	Police Fed Judgement	0.00	17,056.42	4,700.00	12,356.42	0.00	12,356.42
255	Park Exaction Fee	184,116.07	0.00	12,516.98	171,599.09	27,483.02	144,116.07
256	Court Computer Legal Research	757,780.68	60,184.60	33,835.15	784,130.13	65,717.99	718,412.14
257	Court Special Projects	749,712.50	60,682.91	65,276.73	745,118.68	27,632.14	717,486.54
259	Court Probation Services	614,641.81	81,071.81	5,405.86	690,307.76	4,617.55	685,690.21
261	Police Disability Pension	0.00	122,120.16	0.00	122,120.16	0.00	122,120.16
262	Fire Disability Pension	0.00	122,120.26	0.00	122,120.26	0.00	122,120.26
272	Community Promotion	84,603.77	14,147.16	64,464.75	34,286.18	6,164.60	28,121.58
291	CDBG	0.00	0.00	275.00	(275.00)	3,000.00	(3,275.00)
292	Police Fed Treasury Seizures	0.00	3,533.82	0.00	3,533.82	0.00	3,533.82
295	ED Revolving Loan	240,333.27	31,287.80	10,712.80	260,908.27	1,647.20	259,261.07
296	Housing Program Income	8,150.00	0.00	0.00	8,150.00	0.00	8,150.00

APPENDIX A

YEAR TO DATE FUND REPORT
March 31, 2020

Fund #	FUND	BEGINNING BALANCE	YTD REVENUES	YTD EXPEND	ENDING BALANCE	ENCUMB	UNENCUMB BALANCE
300	General Bond Retirement	621,579.51	2,415.34	0.00	623,994.85	1,411.93	622,582.92
301	Park Improvement Bond	111,104.83	15,759,048.72	15,696,812.62	173,340.93	9,000.00	164,340.93
302	SE Highland Bond	0.00	207,288.37	0.00	207,288.37	0.00	207,288.37
410	Capital Improvement	4,666,224.39	1,459,748.39	2,207,889.45	3,918,083.33	4,626,337.84	(708,254.51)
415	Point Project	933,691.72	233,286.48	255,319.83	911,658.37	1,960,405.63	(1,048,747.26)
431	FAA Alloc/Improvement Grant	95,193.38	34,627.14	38,474.61	91,345.91	31,206.04	60,139.87
440	Equipment Replacement	217,510.22	416,508.00	200,087.00	433,931.22	332,542.00	101,389.22
491	Parks Impact Fee	2,067,688.56	129,530.79	0.00	2,197,219.35	32,409.50	2,164,809.85
492	Police Impact Fee	429,784.34	17,724.20	0.00	447,508.54	164.93	447,343.61
493	Fire Impact Fee	544,494.17	33,233.09	0.00	577,727.26	168.79	577,558.47
494	Municipal Impact Fee	444,342.10	37,997.09	0.00	482,339.19	7,227.12	475,112.07
496	Glenn Rd S Construction	926,595.96	133,030.75	0.00	1,059,626.71	3,429.08	1,056,197.63
498	Glenn Rd N	330,020.80	0.00	0.00	330,020.80	2,780.24	327,240.56
501	Golf Course	81,056.66	5,234.00	8,373.98	77,916.68	7,972.32	69,944.36
520	Parking Lots	52,087.14	10,845.77	10,171.61	52,761.30	14,767.28	37,994.02
530	Water	1,504,060.97	1,460,420.56	1,070,019.38	1,894,462.15	280,247.80	1,614,214.35
531	Water Construction	2,479,462.37	0.00	671,190.36	1,808,272.01	755,947.63	1,052,324.38
533	Water Reserve	2,000,000.00	0.00	0.00	2,000,000.00	0.00	2,000,000.00
536	Water Capacity Fee	10,619,956.63	566,356.30	376,422.42	10,809,890.51	167,860.94	10,642,029.57
540	Wastewater	3,724,670.38	1,743,879.10	903,543.78	4,565,005.70	411,711.56	4,153,294.14
541	Wastewater Construction	3,088,062.39	0.00	174,959.75	2,913,102.64	253,106.71	2,659,995.93
543	Wastewater Reserve	2,000,000.00	0.00	0.00	2,000,000.00	0.00	2,000,000.00
545	Water Customer Deposit	228,317.60	(107.47)	954.79	227,255.34	0.00	227,255.34
546	Wastewater Capacity Fee	6,796,915.87	538,500.00	812,195.25	6,523,220.62	1,330.00	6,521,890.62
548	SE Highland Wastewater	268,389.54	105,600.00	207,079.98	166,909.56	0.00	166,909.56
550	Refuse	1,159,867.16	917,777.01	767,742.06	1,309,902.11	719,157.54	590,744.57
601	Garage Rotary	504,994.89	199,164.00	189,203.73	514,955.16	59,555.04	455,400.12
602	IT Rotary	655,372.98	376,444.20	582,833.64	448,983.54	208,639.22	240,344.32
610	Health Insurance	522,534.62	2,531,322.05	1,355,613.84	1,698,242.83	10,140.02	1,688,102.81
620	Workers Compensation	2,626,777.89	9,515.16	15,302.34	2,620,990.71	23,968.00	2,597,022.71
701	Fire Donation	1,083.36	200.00	0.00	1,283.36	0.00	1,283.36
702	Parks/Rec Donation	13,214.03	6,500.00	9,115.00	10,599.03	3,500.00	7,099.03
703	Police Donation	10,836.60	0.00	2,000.00	8,836.60	0.00	8,836.60
704	Mayors Donation	898.15	150.00	50.00	998.15	0.00	998.15
705	Project Trust	1,129,526.94	84,316.91	12,170.00	1,201,673.85	4,130.00	1,197,543.85

APPENDIX A

**YEAR TO DATE FUND REPORT
March 31, 2020**

707	Unclaimed Funds	18,620.57	0.00	0.00	18,620.57	0.00	18,620.57
708	Municipal Court Unclaimed Funds	86,376.18	555.02	0.00	86,931.20	0.00	86,931.20
709	Development Reserve	1,008,885.74	0.00	0.00	1,008,885.74	0.00	1,008,885.74
710	Reserve Account	1,188,864.04	0.00	0.00	1,188,864.04	0.00	1,188,864.04
711	Berkshire JEDD	84,717.65	116,793.33	85,044.33	116,466.65	414,955.67	(298,489.02)
750	Cemetery Perpetual Care	33,839.98	131.49	0.00	33,971.47	0.00	33,971.47
801	State Highway Patrol	4,866.99	14,301.94	19,168.94	(0.01)	0.00	(0.01)
803	State Building Permit	1,296.92	2,512.52	2,671.70	1,137.74	0.00	1,137.74
804	Performance Bond	694,227.73	50,800.00	122,615.24	622,412.49	0.00	622,412.49
		88,121,216.74	40,441,439.24	37,621,262.95	90,941,393.03	14,831,999.09	76,109,393.94

APPENDIX B

**CITY OF DELAWARE, OHIO
FINANCIAL STATEMENT
MARCH 31, 2020**

	Weighted Average Interest Rate	YTD Interest Earned	Weighted Average Maturity (Days)	Ending Balance
<u>Checking/Depository</u>				
Checking (Operating & Payroll)*		-		21,987,821
Total Bank Deposits		\$ -		\$ 21,987,821
 <u>Investments</u>				
Star Ohio	1.01%	332,916		68,953,572
Total Investments		\$ 332,916		\$ 68,953,572
 TOTAL BANK DEPOSITS & INVESTMENTS		 \$ 332,916		 \$ 90,941,393

* The city participates in an Earning Credit Allow ance program. The City maintains a minimum balance in the checking account so that a credit is earned that then offsets the monthly service charge.

I certify that the balances stated above are true to the best of my know ledge.

Justin Nahvi
Finance Director

MARCH 31, 2020
Date

Tom Homan
City Manager

MARCH 31, 2020
Date

APPENDIX C

CITY OF DELAWARE
DEBT SCHEDULE
MARCH 2020

	Outstanding Balance 3/31/2020	General	Fire/EMS	Rec Levy	Police Impact Impact Fee	Municipal Impact Fee	Glenn Rd. TIF/NCA	Water User Fee	Water Capacity Fee	Sewer User Fee	Sewer Capacity Fee
2019 GO Bonds	\$20,595,000	\$ 3,491,250				\$ 508,750	\$ 6,710,000				\$ 9,885,000
2017 General Obligation Bonds	\$ 5,805,000	\$ 631,877	\$ 2,665,000					\$ 1,957,654			\$ 550,469
2015 General Obligation Bonds	\$ 5,205,000		\$ 435,000	\$ 2,345,000			\$ 2,425,000				
2013 General Obligation Bonds	\$ 5,190,000		\$ 1,855,000		\$ 587,500	\$ 1,282,500	\$ 1,465,000				
2012 General Obligation Bonds	\$ 1,890,000	\$ 847,722	\$ 172,278								\$ 870,000
OWDA Water Projects	\$29,449,933							\$18,855,372	\$10,594,561		
OWDA Sewer Projects	\$11,327,491									\$ 976,430	\$10,351,061
2020 Recreation Levy Bonds	\$13,690,000			\$13,690,000							
Total Long Term Debt	\$93,152,424	\$ 4,970,849	\$ 5,127,278	\$16,035,000	\$ 587,500	\$ 1,791,250	\$10,600,000	\$18,855,372	\$12,552,215	\$ 976,430	\$21,656,530
Fund Balance Reserves 3/31/20		\$ 5,846,062	\$ 8,239,744	\$ 5,354,930	\$ 447,344	\$ 475,112	\$ 1,806,453	\$ 4,666,539	\$10,642,030	\$ 8,813,290	\$ 6,521,891
Annual Debt Service		\$ 767,721	\$ 702,262	\$ 2,431,580	\$ 136,700	\$ 353,500	\$ 999,126	\$ 1,285,727	\$ 964,722	\$ 152,695	\$ 3,003,987
2020 Revenue		\$25,840,079	\$12,532,677	\$ 2,521,500	\$ 80,000	\$ 222,500	\$ 3,051,300	\$ 6,205,500	\$ 4,050,000	\$ 7,430,300	\$ 4,080,000



2020 BUDGET GAUGE

MARCH 19, 2020

Current Budget Condition:

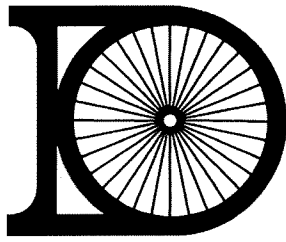
BUDGET RESTRAINT

Budget Gauge	What Each Level Means
SERVICE LEVEL REDUCTIONS	Forced service level reductions; program elimination; project deferrals; staff reductions
BUDGET CUTS	Mandatory budget cuts across departments to maintain fund balances; serious evaluation of budgets and programs
BUDGET RESTRAINT	Department head directed to be more cautious of spending; show restraint in purchases and implementation of new programs
ELEVATED MONITORING	Regular monthly monitoring among CMO and budget staff; consideration of changing economic conditions
NORMAL OPERATIONS	No indicators of changing financial condition

**NOTICE OF SPECIAL MEETING
DELAWARE CITY COUNCIL
THURSDAY, SEPTEMBER 17, 2009
5:30 P.M.
1 SOUTH SANDUSKY STREET
COUNCIL CHAMBERS**

AGENDA

1. Roll Call
2. Public Comment
3. 2009 Budget Update
4. 2010 Budget Update
5. **EXECUTIVE SESSION** pursuant to Ohio Revised Code Section 121.22 (G) (1) personnel.
6. Adjournment



**City of
Delaware
Ohio**

BUDGET MESSAGE

November 15, 2008

Dear Mayor Wheeler and City Council Members:

Pursuant to Section 76 of the City's charter, respectfully submitted herein is the proposed 2009 operating budget. The first reading and public hearing of the budget is scheduled for Monday, November 24 and the second public reading will be on Monday, December 8. The third and final public hearing where Council will adopt the budget ordinance will occur on Monday, December 29. In addition, several work sessions are scheduled to provide Council with the opportunity to review the budget in detail and hear from Department directors.

INTRODUCTION

Each year brings new challenges as the city prepares its annual budget. This year was no exception. 2008 has been a tumultuous year for the American and global economy resulting in rising oil and commodity prices, inflationary pressures, declining home values, reduced development activity, and tight credit markets. Our nation is moving toward a long and deep recession that will undoubtedly impact our state and local economy. New housing starts are just one indicator of the current recession. Through October, the city has issued 64 permits for single family homes, putting the city on track to issue less than 100 single family permits for the entire year – the lowest level in 15 years.

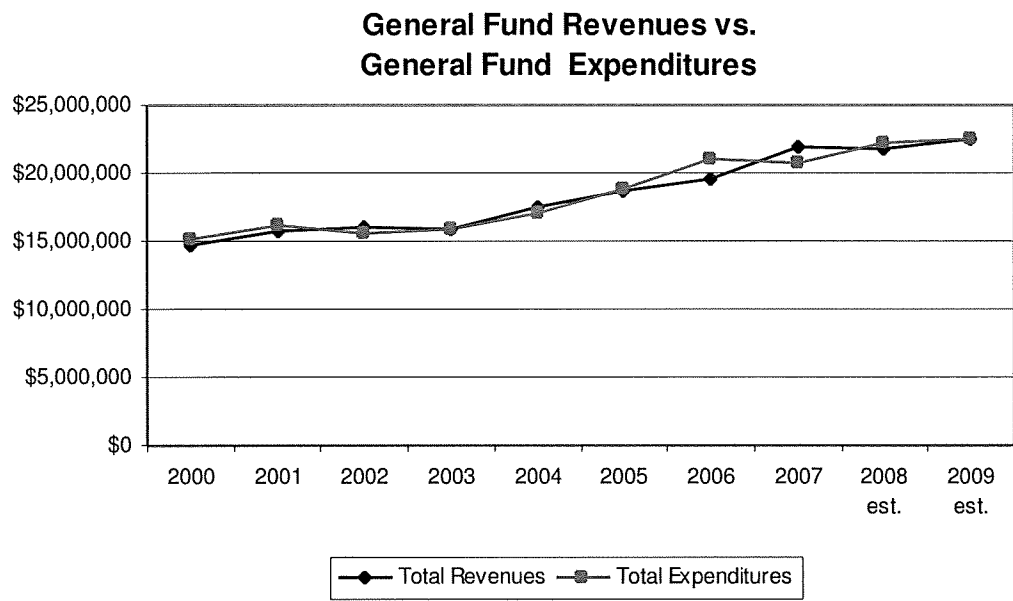
Given these dynamics, I felt it was imperative to propose a budget that was balanced, maintains mission critical city services, and focuses on targeted reductions in certain departments. Doing so resulted in staffing level reductions, elimination of existing vacant positions, sharing of administrative functions, and reviewing and restructuring certain department operations. From a citizen's perspective -- visible, daily services such as fire and police protection, refuse and recycling collection, recreation, street and traffic maintenance, park maintenance, and utility services are expected to operate without any significant change in levels of service.

Overall, the proposed 2009 budget is balanced, with general fund revenues totaling \$22.56 million and expenditures totaling \$22.53 million. The unreserved general fund balance is projected to be \$3.3 million, or 14.7% of total expenditures.

The table below shows a summary of the City's general fund revenues and expenditures. Also shown is the year end fund balance for each year and the percentage of that fund balance to total expenditures. In 2009, the budgeted revenues exceed expenditures by \$31,628.

Summary	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Proposed
Total Revenue	\$17,508,641	\$18,734,235	\$19,512,483	\$21,900,254	\$21,824,423	\$22,560,887
Total Expenditures	\$17,068,380	\$18,308,357	\$19,965,176	\$20,685,793	\$22,149,507	\$22,529,259
Year End Fund Balance	\$2,418,133	\$2,844,011	\$2,391,318	\$3,605,779	\$3,280,695	\$3,312,323
% Reserve of Total Expenditures	14.17%	15.53%	11.98%	17.43%	14.81%	14.70%
% Gain in Revenue	6.60%	7.00%	4.15%	12.24%	-0.35%	3.37%
% Gain in Expenditures	6.80%	7.26%	9.05%	3.61%	7.08%	1.71%

The graph below is another way to illustrate the City's general fund revenue and expenditure growth over the year.



To achieve a balanced budget significant reductions were made in discretionary, non-personnel items such as professional services, operating supplies, travel and training, new equipment and capital outlay. We also eliminated 10 full-time positions (4 of which are filled and 6 which are vacant), 2 permanent part-time positions (both of which are currently filled), and 5 intern positions. Seasonal hours were also reduced in several departments. Also, 2 current full-time positions will be converted to permanent part-time. Staff reductions were largely justified by reduced residential and commercial development activity as well as a combination of a thorough review of existing staffing levels, along with efforts to achieve operational efficiencies. The tables below display these staffing reductions. More details on staffing reductions can be found in the section titled, "Staffing and Operational Changes".

This table below shows the full-time positions that are eliminated in the budget. The first set of four employees currently hold positions at the city. The set of six positions below are full-time positions that are currently vacant but will be eliminated.

FULL-TIME POSITIONS	
Full-Time Positions Eliminated - <u>Filled</u>	Department
Administrative Assistant	Planning
Zoning Technician	Planning
Waste Water Manager	Public Utilities
Mechanic II	Public Works - Garage
Full-Time Positions Eliminated - <u>Vacant</u>	Department
Code Enforcement Inspector II	Planning
Project Manager I	Engineering
Tech 1	Public Works - Streets
Grounds & Facilities Director	Parks and Recreation
Deputy Utility Director	Public Utilities
Tech 1	Public Utilities

The Part-time position table shows 2 positions that are currently filled by employees that will be eliminated. Also, part-time hours are being reduced in both the Public Works Department and Finance.

PART-TIME POSITIONS	
Part-Time Positions Eliminated - <u>Filled</u>	Department
Parking Control Officer	Police
IT/Help Desk Technician	Information Technology

This chart shows the elimination of two intern positions that are currently filled in the City Manager's office and the Planning Department. Some seasonal hours are being reduced in Public Works and two vacant intern positions are being eliminated in Finance and Public Utilities.

INTERN/SEASONAL POSITIONS	
Intern/Season Positions Eliminated - <u>Filled</u>	Department
Intern	City Manager
Intern	Planning
Intern/Season Positions Eliminated - <u>Vacant</u>	Department
Intern	Finance
Intern	Public Utilities
Intern	Engineering

Before I get more into the budget details and the individual department impacts, it should be noted that preparation for the 2009 budget began in early 2008. We reviewed the city's financial condition with all directors -- given that real signs of a slowdown were beginning to show in 2007. We developed a budget gauge that the Finance Director began putting in his monthly financial report that gave department heads as well as City Council members an idea where the City stood financially. At the time we were at a level of "elevated monitoring." By mid 2008 we forecasted a need of an additional \$180,000 in fuel for our departments. We also began seeing signs of rising oil-based commodities, road salt, and water treatment chemicals. As fuel prices peaked over \$4.00 a gallon we began initiatives to conserve both fuel and energy. As we moved into the summer months and prepared our 2009-2013 Capital Improvement Plan we were faced with a limited general fund CIP allocation as well as declining revenues and fund balances in our water and sewer funds. This resulted in funding only priority capital projects such as the Point, the City's share of OPWC projects, the Hills Miller Waterline, and Penry Road Waterline. Meanwhile, we deferred and/or eliminated several important utility and transportation projects -- such as the upground reservoir. Then, moving into September we began preparing for the operating budget. We informed department heads that this year's budget would reflect a very conservative approach to spending. We cautioned that projected 2009 revenues would not include normal anticipated increases. Therefore, department heads were directed to submit their 2009 budget requests capped at the approved 2008 level. We knew this approach would present challenges for departments but we also knew it was necessary to present a balanced budget in order to control spending and increase the general fund balance. Department heads were asked to submit a separate narrative that addressed how capped spending levels would impact overall service level reductions. At the same time, I instructed department heads to hold off filling vacant positions in the 3rd and 4th quarters of 2008 until we had better estimates of our financial conditions. Finally, we increased our budget gauge level from "elevated monitoring" to "budget restraint" which directed department heads to be more cautious in spending, show restraint in purchases and implementing new programs.

As you read the remainder of this message and delve into the budget details, you will see my goals and priorities throughout. These include: 1) balancing revenues and expenditures in all operations, 2) minimizing service reductions, 3) looking at any revenue enhancements (fee increases) to offset service reductions, 4) focusing on expenditure reductions which impact internal operations first, 5) reviewing all position vacancies to determine which ones would not get filled, 6) looking at position reassignments, and finally 7) making necessary staffing cuts of current positions.

Again, this budget was especially challenging considering we had to eliminate real jobs. No employer wants to do that. However, should the financial condition of the city worsen and revenues continue to decline, we will have to revisit the budget again, as we did in May 2002 when \$1 million was cut from the 2002 budget.

GENERAL FUND REVENUES

The largest source of general fund revenue is the income tax. The current tax rate is 1.4%. Of this amount, .4%, which is \$4 million, is used to fund the city's Fire/EMS service, projected to cost \$5.09 million in 2008. The difference of \$1.09 million is made up by the City's 1 percent income tax and the EMS run reimbursement by the County, estimated to be \$540,000 in 2009. The .4% is deposited into the Fire/EMS income tax fund and is then transferred into the General Fund.

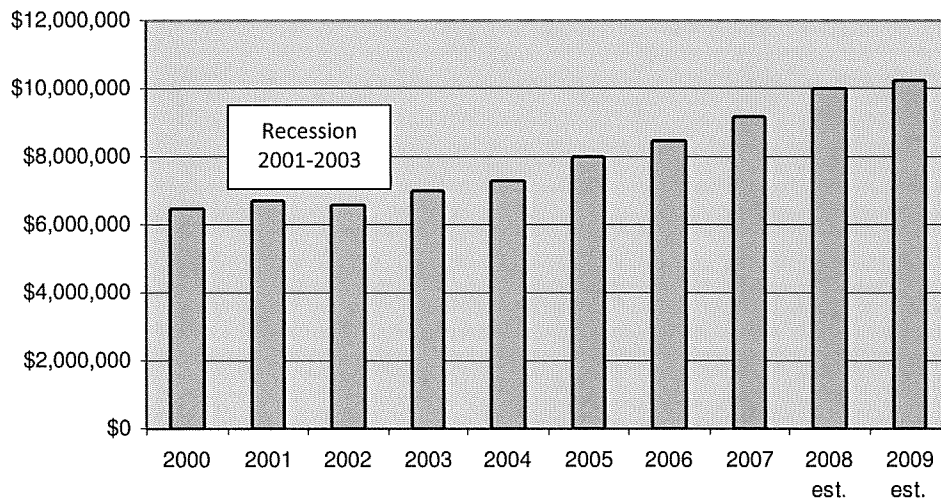
In 2009, the City estimates it will receive approximately \$10.2 million from the 1% rate and \$4 million from the 0.4% rate, for a total of \$14.2 million in 2009. Total income tax collections are projected to increase 4.4% above 2008 estimated amounts.

Starting in January 2009, the income tax rate is set to increase from 1.40% to 1.55%. The increase of .15% comes from the voter approved recreation levy in August 2008 that will fund the construction of the National Guard Training and Community Center and support other park improvements.

The chart below shows the growth in the City's 1% income tax that supports general fund operations. Note on the chart, the periods of 2001 to 2003 was the economic recession brought on by the collapse of the dot-com bubble, September 11th attacks, and accounting scandals. This recession was actually considered somewhat of a mild retraction. During that time the City saw income tax revenues decline 2% from 2001 to 2002. The City could experience a similar decline in 2009.

Looking back to 2002, the dominant theme then was the economic slowdown. The slowdown negatively impacted the City's income tax collections, especially business tax collections. The steep decline in these income tax collections resulted in across the board budget cuts of \$1 million which affected all city operations.

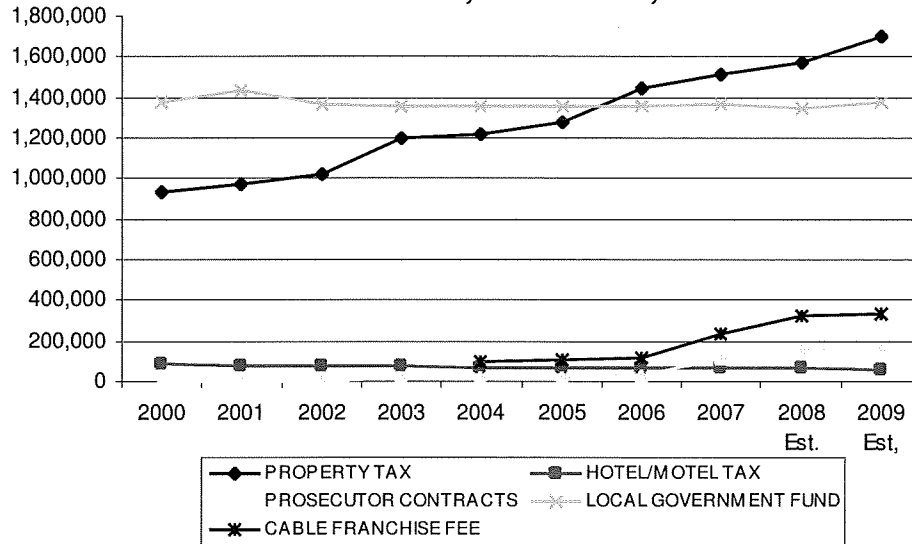
**City Income Tax - 1%
2000 - 2009 Est.**



Other General Fund Revenues

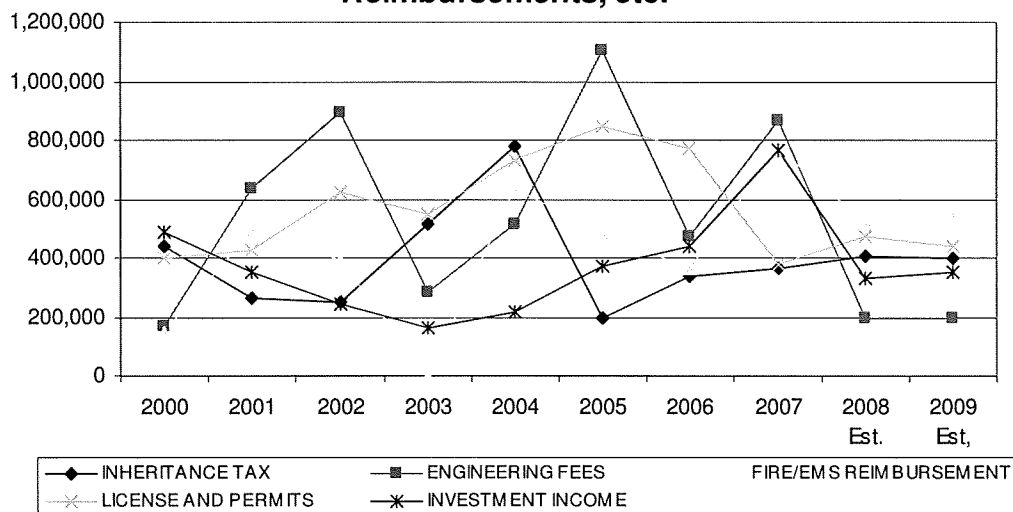
Other significant general fund revenues include property taxes, local government fund revenues and inheritance taxes. The budget projects an increase of 8.3% in property tax revenues from 2008 to 2009 and an increase of 1.9% in local government funds.

General Fund Revenue Sources - Property Tax, Local Govt Fund, Hotel/Motel, etc.



License and permit revenues are collected by the planning department, and engineering fee charges for plan review and inspection services. These revenues are driven by residential and commercial development. As changes in development activity fluctuates, so do these revenue sources. Our projections for license and permit revenues for 2009 show a decrease of 7% when comparing 2008 estimates to 2009 estimates. Engineering fee revenues are projected at \$200,000 for 2009, a 0% increase from 2008 levels. Comparing what we had budgeted in 2008 for engineering fees to what our estimate is by year-end 2008, we are down 50%. Using the same comparison for planning licenses and permits, we are down 9%. For 2009, these two revenue sources will be monitored closely as they are strong indicators of future development in the city.

General Fund Revenue Sources - Fees, Permits, Reimbursements, etc.



NON-GENERAL FUND REVENUES

The budget includes many other non-general fund revenues such as license fees, gas taxes, water and sewer fees, developer tree fees, court fines, impact fees, parking meter revenues, and other miscellaneous revenues. These revenues support various project related costs, new equipment, and capital outlays among other things.

We discussed the forecast of many of these funds during our review of the 2009-2013 Capital Improvement Plan. We will have further discussions of these funds as we review the "Miscellaneous Fund" portion of the budget in the coming weeks.

EXPENDITURE HIGHLIGHTS

With the requirement going into the budget that departments hold their 2009 budget requests to 2008 approved levels, departments took on more of a role in paring back operations on their own. This gave departments the opportunity to review their priorities and come back with reductions that were in compliance with the cap requirement.

When comparing the 2008 budget amount to the 2009 requested amount the total increase was only \$105,323. After my review of the budget the total 2009 proposed budget was \$24,999 lower than requested levels. Overall the 2009 budget amount increases less than 1 percent, .4% to be precise, over the 2008 budget amount. See the table below for more explanation.

Summary	2008 Budget	2009 Requested	2009 Budget
Total Expenditures	\$22,448,935	\$22,554,258	\$22,529,259
% Change 2008 Budget to 2009 Budget	0.40%		

More detail can be found on the "General Fund Summary" page of the budget. As you review that page you will also see all departments, with the exception of police and fire services, were reduced considerably from 2008 to 2009.

In the past, in order to achieve a sufficient balance of the budget, considerable time and effort was involved with reducing budget requests anywhere from \$1 million to \$2 million dollars. This year we were able to focus our review of the budget on policy changes, review utilization of staff time, and work closely with each department to ensure that certain services would continue to be maintained.

Below are some highlights of some of the major reductions that were made as we prepared the proposed budget.

Administrative Services

Professional services were reduced more than \$10,000 that otherwise would have gone to personnel recruitment. With limited hiring planned for 2009 this item was scaled back. We also reduced travel and training.

Professional services in Risk Management were reduced by \$10,000. This request was to bid the general liability brokerage services. We felt doing this was unnecessary at this time. Travel and training were provided for the Director of Administrative Services, though at a level \$2,000 less than requested.

Economic Development

Professional services, travel and training, and memberships were reduced to be more in line with past expenditures. Total reductions amount to \$4,000.

City Attorney

Professional services were reduced \$10,000 as we anticipated less use of outside counsel in 2009.

General Administration

Professional services were reduced by \$45,000 which in the past were targeted for development related legal and consulting fees. We also reduced special event expenditures by \$7,000 given that we will not hold significant events in 2009 like we did in 2008, i.e. the bicentennial. The transfer to the Tree Fund was increased by \$10,000 from a total of \$25,000 to \$35,000 for outside tree contracted services. With the retirement of our former Grounds and Facilities Director Steve Beard, we have not had the urban forestry expertise we once had. Therefore, an increase in contract services for tree services is recommended. Also, the general fund Transfer to the Airport is budgeted at \$80,000 compared to \$110,000 in the 2008 budget.

Engineering

The budget reduced Engineering's professional services from \$80,000 to \$40,000. In the past this line has been used to contract with outside firms for smaller studies, preliminary project designs, and other project related costs. With the transition of Engineering doing more in-house design this item was justifiably reduced. More on changes in the Engineering department is described in the "Staffing and Operational Changes" section of the Message.

Street Maintenance

Professional services was reduced by \$2,000 and operating supply reduced by more than \$50,000 to be more in line with past expenditure levels. Operating supplies were requested at higher levels due to commodity prices for salt, asphalt, etc. If prices continue to rise we will have to revisit our budgeted figures.

Parks and Recreation

The Parks and Recreation budget includes increased revenues for adult sports fees and youth program fees, as well as increases in golf course fees and facility reservation fees. These fee increases are recommended to bring our revenues more in line with actual expenditures. In many cases fees have not kept pace with inflation and have not been increased in more than 5 years. In comparison to neighboring communities our fees are typically lower while our services are

comparable or better. We will discuss the details of these recommendations during our budget review process. Also, reductions were made in the pool concession operation by \$3,425.

Public Utilities

Several reductions were made in this operation. Professional services were reduced by \$10,000 in Water Administration, by \$20,000 in Sewer Administration, and by \$10,000 in Sewer Collection. Water treatment chemicals were reduced by \$50,000 and Sewer Treatment chemicals were reduced by \$35,000. The proposed amounts include increases for inflation that may or may not occur. If we see chemical prices continue to increase we will have to revisit these budgeted line items.

STAFFING and OPERATIONAL CHANGES

City Manager

The City Manager's office will not fund a management intern position in 2009. The 2008 budget included funding to support an intern to assist with management research and analysis of special projects. In 2009 any research and projects will be performed by existing staff. This reduction amounts to \$6,711.

Finance

Staffing reductions in the finance department include elimination of an intern position that typically assists staff during tax season. Part-time hours for clerical staff that assist in the utility billing department and tax department throughout the year will also be reduced. These reductions amount to \$13,488.

Police Department

The Police Department currently has one vacant police officer position that was funded in 2008 but not filled. This position will carry over into 2009 and will be funded and filled. The current Community Service Officer has indicated that he will likely be retiring. When that happens we will be reclassifying his current full-time position to permanent part-time. Likewise with a current full-time Records Clerk Position – this position is currently full-time and will be converted to permanent part-time.

One of two current permanent part-time parking control officers will be eliminated in the budget. While this will probably result in a drop in current service levels, it is one which is manageable.

Due to the current uncertainty surrounding the City's efforts to consolidate its 911 center with the County, this budget does not reflect any staffing changes in the department's 911 operation.

Also, it should be noted that had the Police Department maintain 2008 appropriation levels, they would have had to make cuts totaling \$290,000. To achieve this level the Department proposed eliminating two patrol officers, the Community Service Officer, one vacant records clerk, and one part-time parking control officer. However this degree of cuts was unacceptable, and no patrol positions were eliminated.

Fire Department

The Fire Department currently has 2 vacant firefighter positions that were funded in 2008 but not filled. One of these positions will carry over into 2009 and will be funded and filled, whereas the other vacancy will be funded, but not until July 1, 2009. The budget does not fund promotions of firefighter to Battalion Chiefs; however, as in past years funding is available for lieutenant promotions and for the Apprenticeship program.

In order for the Fire Department to maintain 2008 appropriation levels per the budget guidance, two open firefighter positions would have to be eliminated as well as funding for the part-time firefighter program. Also one of the current inspectors in the department's Risk Reduction Program would have to fill in on front-line operations. The Chief's proposal also included a wage freeze on all personnel currently at the top of their step. Again, like police, this was unacceptable.

At the November 10 City Council meeting I was directed to develop a financial plan for the Fire Department which would result in the staffing of a third, and possibly fourth, fire station. This will require an increase to the city's .4% dedicated Fire/EMS tax levy. Only by increasing this dedicated tax levy can the city seriously address the current and future staffing needs of the department. I look forward to working with the City Council, the Fire Chief, and the community on developing this plan.

Planning and Community Development

Three full-time positions will be eliminated in the Planning Department, an Administrative Assistant position, a Zoning Technician position, and the currently vacant Code Enforcement Inspector II position. The budget also calls for the elimination of intern hours. Staff reductions in this department amount to \$182,429. These reductions were warranted due to the slowdown in development activity. If this activity picks back up in the future these positions will be re-evaluated. The Department will maintain an existing permanent part-time Code Enforcement Inspector and other staff inspectors will take on more code enforcement responsibilities. The Department's intern responsibilities were targeted toward research, mapping and special projects. These activities will have to be reduced or absorbed by existing staff. With the elimination of the Zoning Technician position, the current Development Planner and Planning and Zoning Administrator will likely take on more board and commission staffing, special projects, permit review and inspection duties that the Zoning Technician would have otherwise performed. With the elimination of one Administrative Assistant, the plan will be to split the time of the Administrative Assistant assigned to the Engineering Department so half of her time will be spent in Planning and the other half in Engineering. The Administrative Assistant in Engineering has skills that will be helpful in the Planning Department and will be a good fit as the two departments often coordinate activities and will be operating with the same software system in 2009.

Engineering

In 2008, a Project Manager I retired in the Engineering Department. The responsibilities were absorbed by existing staff members. This arrangement will remain and the Project Manager I position will be eliminated. This will save \$66,794. Another change in this department, as previously

mentioned, will be the cross utilization of the existing Administrative Assistant position between Engineering and Planning. All other employees in the Department will remain.

It is important to note that one significant change in department operations will be more in-house design for capital projects and more in-house plan development reviews. Given the development activity slowdown and fewer capital projects being programmed, we wanted to retain our expertise in that department and bring more work in-house rather than hire consultants. Two large projects that will be designed in-house will be The Point Phase 1 and the Penry Road Wellfield waterline. The design costs submitted by consultants for these projects totaled \$136,000 and \$143,125, respectively.

I reviewed what the City's cost will be to complete these designs compared to proposals from private firms and I feel our Engineering Department can provide the same product at or below the cost of consultants. The City Manager's office and Engineering will work closely on this effort to establish time line of completion dates and review design progress.

You will see on the "General Fund Summary" page of the budget that we have included a general fund transfer for project engineering. This will be a transfer of \$200,000 in 2009 out of the funds that would have paid for the contracted design.

Building Maintenance

The building maintenance function is administered by the Public Works Department. The budget recommends a reduction in permanent part-time hours from 32 to 24 hours per week, for a reduction of 412 hours. In addition there is a reduction in custodial services provided by an outside contractor from 5 to 3 days per week in the Engineering and the Public Works Building. City Hall and the Justice Center will still be cleaned 5 days a week.

Street Maintenance & Repair

The Street Maintenance and Repair Division will be impacted by the elimination of a Tech I position that is currently vacant. The budget also reduces seasonal part-time hours from 4,000 to 3,000. The operation primarily affected by this reduction will be the City's ADA sidewalk program. The department will likely reduce the number of months crews will be out working on these sidewalks. The months these crews are not working on sidewalks will now be spent working on asphalt and road repairs. Fewer seasonal hours will reduce general assistance in both concrete and asphalt work.

Parks and Recreation

After several years of transition, the Grounds & Facilities Department has once again merged with Recreation Services to create the Parks and Recreation Department. Darren Hurley began the duties of Director on June 30, 2008 and is charged with overseeing all aspects of Parks and Facilities Maintenance along with Street Trees, Bikeways, Parks and Right-of-Way Mowing, Pool, Mingo Recreation Center and Golf Course Operations and Recreation Programming in the City.

The biggest challenge facing the Department is staffing for an enthusiastic client base with funding levels below that of 2008. With the exit of both directors and replacing them with a single Parks and Recreation director position, there are sufficient funds remaining to make some needed

improvements in staffing and programming and stay well within the established budgetary guidelines for 2009.

For the first time in 2 years, the Grounds & Facilities Division will operate with a full complement of authorized staff including a Parks Superintendent (M12), Golf Course Superintendent (M8), Parks Division Supervisor (M8) and four (4) laborers. If you consider that the new Director 's salary and benefits replaces that of the former Grounds and Facilities Director, the Department organization chart is identical to the 2006 staffing level.

On the Recreation side the void left by the departure of the Recreation Services Director is being filled with an Aquatics/Program Coordinator position (M5) which will focus on Jack Florance Pool operations, Hidden Valley Golf Course concessions/programming along with supplemental Adult/Youth programming. This position can be easily funded from the savings derived from the Recreation Services Director vacancy. In addition, to further off-set departmental costs, \$16,074 was cut from the Pool operating budget, from the 2008 actuals, as a result of having a full-time position dedicated to Jack Florance Pool operations.

On a separate but related note, the passage of the .15% income tax levy dedicated to the National Guard Training and Community Center and park improvements will require a significant amount of staff time at both the Director and Assistant City Manager's level. Having a full staff at the Parks Division at Ross Street and additional manpower at the Recreation Office at Mingo Park will go a long way in assuring quality service at the best value to the citizens of Delaware.

Airport

Staffing changes at the Airport include converting 2 permanent part-time positions (PPT) into a single PPT position, and the elimination of seasonal hours. The seasonal hour reductions will impact the mowing operation at the airport and those duties will likely be absorbed by existing staff. Another 2009 change will be a general fund transfer reduction from \$110,000 in 2008 to \$80,000 in 2009. AvGas Fuel sales and Jet A fuel sales are estimated to bring in \$283,000 and \$288,750 in 2009, respectively. These fuel estimates are approximately 7.5 percent higher than 2008 fuel sales estimates and will help offset the reduction in the transfer from the general fund.

Refuse

Due to the on-going increases associated with providing Refuse Services for the City, such as fuel and tipping fees, as well as the increased cost of equipment and landfill monitoring costs, this fund continues to operate at a deficit. With the carryover fund balance for 2009 at an unacceptable level, a rate increase for 2009 must be strongly considered. The elimination of Yard Waste Bags made available to City residents is also recommended for an annual savings of \$28,000.

Looking ahead we may have to seriously consider a review of additional elective services in this operation and engage the community to review what services they expect and their willingness to pay for these services. Some of these elective services include spring and summer yard waste collection, Christmas tree collection, and spring and fall clean-up events. Again, no formal recommendations, with the exception of eliminating leaf bags and a rate increase, have been made to change this operation.

Garage

Due to the increased number of city fleet vehicles and equipment in recent years, the City Garage has increased by 2 mechanics since 2005. The Department's budget request included the reduction of 2 mechanics in order to meet budget guidelines of holding the 2009 budget request at 2008 approved levels. However, after further review and discussion of the garage budget, eliminating one mechanic, instead of two, is recommended. This will reduce the current number of mechanics from 4 down to 3.

Reducing the manpower capacity in this operation resulted in consideration of individual departments providing preventive maintenance for certain vehicles and equipment (sedans, pick-ups, tractors and mowers) either in-house or by outside contract. The Public Works Department estimates this will reduce the number of Garage labor by 395 hours. Moving more of the preventive maintenance out of the city garage and allowing departments to use their own crews for oil changes, filter changes, mower blade sharpening, lubes, etc., (or contract out for departments that do not have the means to do their own preventive maintenance) will hopefully free garage mechanics to focus their work on priority vehicles such as dump trucks used for snow and ice removal, refuse packers, fire apparatus, and non-routine work on police vehicles. Departments will be allocated a certain amount of preventive maintenance dollars in their fuel supply line item. We will be working on a uniform policy to direct departments on this initiative and we will be evaluating any efficiencies and cost savings as a result of this change.

In past budgets all expenditures for fuel, garage costs, and material costs were combined into one garage rotary account within each department. In 2009 we are separating the fuel supply out of the Garage Rotary line item so Departments have a better understanding of what their overall fuel budget is compared to their garage costs. Our hope is that this structure will allow departments to be more cognizant of their fuel consumption and preventive maintenance costs. We will also be reviewing our current fuel purchasing practices and determine whether it will be more cost effective for our departments to purchase fuel on their own rather than from a single source, as is the case now.

Public Utilities

The staffing reductions in Public Utilities operations include eliminating a vacant Tech I position in the Sewer Collection Division, not filling the vacant intern position, and eliminating the Plant Manager position at the waste water treatment facility. The Director of Public Utilities will step in and fulfill the Class IV operator requirements at the sewer treatment plant. At the water treatment facility, the plant manager plans to retire in March 2009; however, he will continue to work with the city on a 20 hour per week contractual basis. This arrangement will ensure the city is in compliance with the Class IV operator requirements similar to the situation at the waste water treatment plant.

The budget also recommends several reductions in operating supplies, professional services, new equipment, and chemicals. These reductions are necessary as expenditures continue to exceed available revenues in both the water and sewer operations. Water meter charges in 2009 are budgeted approximately \$120,000 less than 2008 budget amounts. Recent trends show that water consumption levels have been decreasing when comparing month-to-date revenues from 2008 to 2007. There is only so much discretion in this operation in reducing costs before we compromise the quality of our water and the integrity of our utility infrastructure. Certain EPA requirements must be

fulfilled from a staffing perspective as well as water quality standards. One option available to reduce expenditures in the water and sewer fund operations is a reduction in the transfers from the water and sewer funds to the CIP. However, reduction of this transfer will require deferring or eliminating planned projects in 2009.

In early 2009 we will have to revisit our utility rate charges to discuss the appropriate rate increases needed to sustain our operations and pay our debt service obligations. These obligations include our past sewer plant expansion, the Southeast Highland sewer and the future expansion of the water treatment plant.

Information Technology

One staffing change will occur in our Information Technology division. The proposed budget recommends the elimination of the IT Help/Desk Technician. The Municipal Court has recently informed the City that they will no longer need the services of City Hall for their information technology needs. Currently the City's Chief Information Officer's total salary cost is split 50/50 with the Court and the IT budget. If the court is no longer paying for half of this cost, this results in an added cost to the city, approximately \$60,000. Further, with the reduction in service at the Court, more of our IT staff time will be available to service other departments. These dynamics revealed the need to reduce staffing.

Municipal Court

As of this writing, staff has not had a chance to undertake a detailed review of the municipal court budget as it was only received earlier today. A cursory review, however, shows a negative budget gap of \$600,997. An imbalance of this magnitude is a serious problem that will need to be addressed during the budget process.

CONCLUSION

Preparing this budget was not easy. Tough choices had to be made. The end result, as proposed, forces our existing staff to do more with less, work smarter, more cooperatively and more creatively. The budget includes the elimination of 10 full-time positions, both filled and vacant. In addition it recommends several operational changes which will better prepare us for whatever lies ahead. In these uncertain times, I feel comfortable presenting a budget that increases our unreserved fund balance to 14.7% of budgeted expenditures and exceeds our policy of maintaining a balance of 10%.

Thank you for your consideration of this proposed 2009 budget. City staff and I look forward to discussing it in more detail in the coming weeks.

Sincerely,

R. Thomas Homan
City Manager

Special City Council Meeting

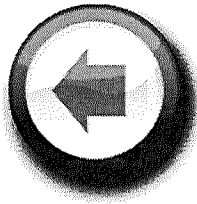
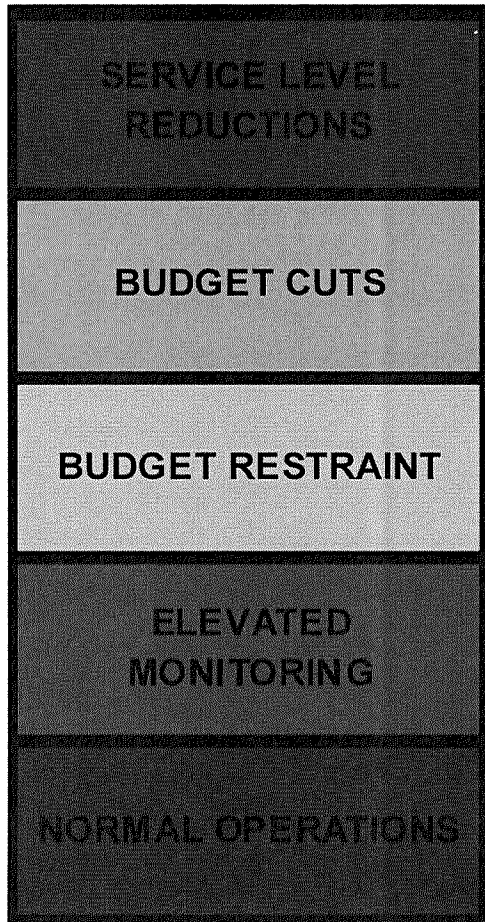
Thursday, September 17, 2009

- 2009 Financial Picture
- 2010 Budget Preview

Timeline of Budget Discussions

- **July 15** – Met to inform staff of city financial condition
- **July 20** – Provided City Council with budget summary showing increased budget gauge and year-end budget deficit
- **August 4** – Requested staff input for budget reduction ideas
- **August 24** – City Council budget update
- **September 8** – Finance Committee Meeting
- **September 17** – Special City Council Meeting

Budget Gauge



What Each Level Means

Forced service level reductions; program elimination; project deferrals; staff reductions

Mandatory budget cuts among departments to maintain fund balances; serious evaluation of budgets and programs

Department head directed to be more cautious of spending; show restraint in purchases and implementing new programs

Regular monthly monitoring among CMO budget staff; consideration of changing economic conditions

No indicators of changing financial condition

Current condition: Budget Cuts

Budget Facts

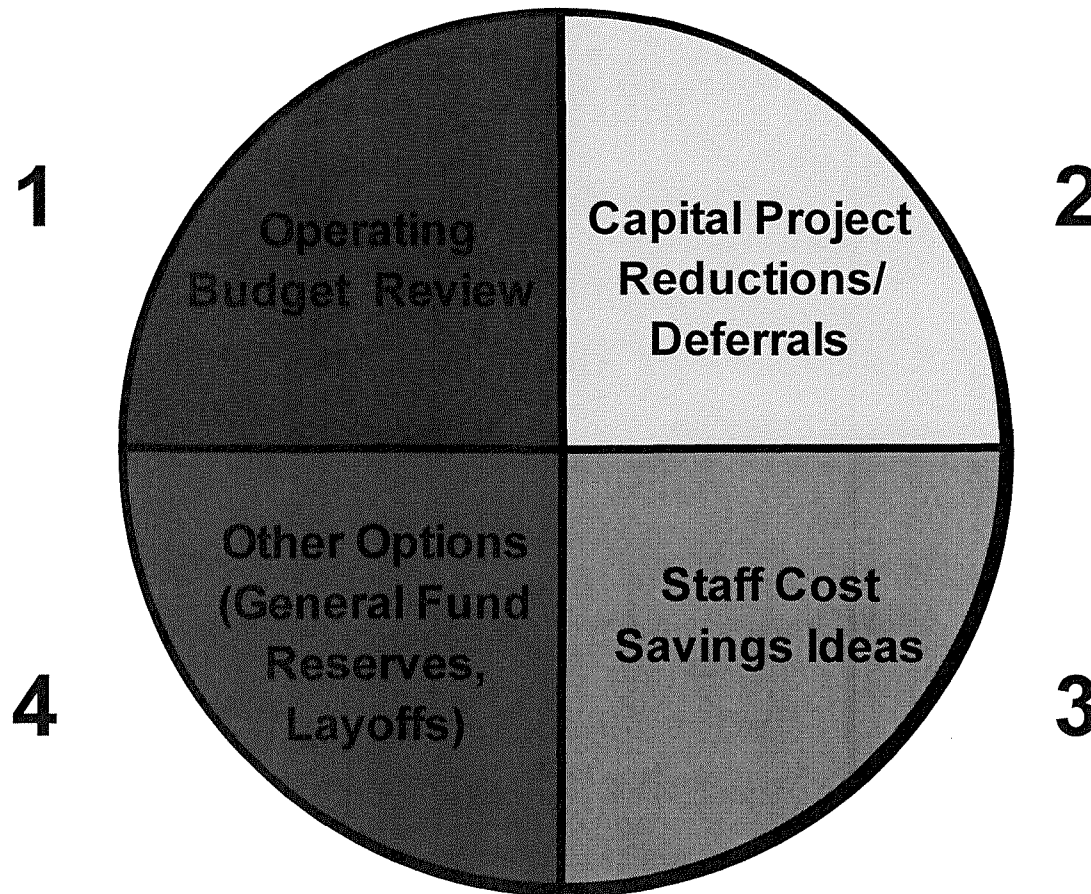
- Facing budget deficits of up to \$1.2 million in 2009 and \$1.6 million in 2010
- Cuts had to be made
- All departments would be affected
- Shortfalls could not be covered by non-personnel expenditures alone
- Levels of service may change
- We may have to use reserves

Budget Reduction Goals

- Minimize the impact to public services
- Maintain an adequate General Fund balance
- Provide equitable staff and benefit reductions
- Review revenues

Strategy to Accomplish Goals

Combination of:



2009 Financial Overview

	2008 Actual	2009 Budget	2009 Estimate	Difference (estimate-budget)
Total Revenue	21,860,645	22,560,887	21,171,195	(1,389,692)
Total Expenditure	21,918,567	22,383,167	21,571,195	(811,972)
Fund Balance - Jan 1	3,605,779	3,547,857	3,547,857	0
Fund Balance - Dec 31	3,547,857	3,725,577	3,147,857	(577,720)
	%			
	16.19%	16.64%	14.59%	

- Started out 2009 with revenues exceeding expenditures
- 2009 budget decline driven by reduced revenues
- 2009 expenditures projected to be below budgeted amount

General Fund Revenue Detail -- 2009

- Decline in property tax, income tax, state assistance & investment income

	2008 Actual	2009 Budget	2009 Estimate	Difference (est. - budget)
Property Tax	1,555,346	1,700,000	1,530,000	(170,000)
City Income Tax	10,113,222	10,250,000	9,950,000	(300,000)
Hotel/Motel Tax	65,827	63,000	52,000	(11,000)
Inheritance Tax	403,852	400,000	560,770	160,770
Local Government Fund	1,355,929	1,375,000	1,152,540	(222,460)
Intergovernmental	0	135,000	0	(135,000)
Grant Reimbursements	105,991	80,000	65,000	(15,000)
Fines & Forfeitures	130,613	150,000	87,500	(62,500)
Engineering Fees	140,627	200,000	115,000	(85,000)
Fire/EMS Reimbursement	526,066	540,000	535,000	(5,000)
Prosecutor Contracts	172,065	155,000	185,000	30,000
Parking Meters	36,987	35,000	28,500	(6,500)
Liquor Permits	31,732	36,000	37,500	1,500
Licenses & Permits	464,865	441,887	230,185	(211,702)
Cable Franchise Fee	322,921	330,000	332,500	2,500
Investment Income	334,253	350,000	65,000	(285,000)
Miscellaneous	153,483	100,000	110,000	10,000
Reimbursements	88,119	120,000	180,200	60,200
Transfer Project Eng.	0	200,000	200,000	0
Transfers	5,858,747	5,900,000	5,754,500	(145,500)
TOTAL	21,860,645	22,560,887	21,171,195	(1,389,692)

2009 Budget Strategy

- Avoid reduced external services to the public
- Look for expenditure reductions in all budgets
- Reduce capital expenditures
- Review staffing (both filled & vacant)
- Solicit input from staff and City Council
- Use a portion of the general fund reserve balance

2009 Recommendations

Projected Shortfall in 2009	(1,211,972)
1) In-house engineering (reimbursement to the General Fund)	75,000
Fuel Reductions	180,000
2) Non-union wage reduction (budgeted 3% only gave 2%)	46,263
3) Permanent part-time Firefighters not hired in 2009	47,750
4) CIP reductions - equipment (\$69k), projects (\$100k)	169,000
5) Engineering development professional services	110,000
6) Economic development coordinator	44,804
7) Miscellaneous line item reductions	124,155
8) Reduce overtime	15,000
	<hr/>
Subtotal	811,972
9) Use of General Fund Reserve Balance	400,000
	<hr/>
TOTAL	1,211,972

- Recommendations were approved by the Finance Committee
- Adjustments will require an amendment to the appropriations ord.

2010 Budget

GENERAL FUND SUMMARY

	2008 Actual	2009 Budget	2009 Estimate	2010 Projected	% <input type="checkbox"/> Prior Budget	% <input type="checkbox"/> Prior Actual
REVENUES						
PROPERTY TAX	1,555,346	1,700,000	1,530,000	1,625,000	-4.4%	6.2%
CITY INCOME TAX - 1%	10,113,222	10,250,000	9,950,000	10,000,000	-2.4%	0.5%
HOTEL/MOTEL TAX	65,827	63,000	52,000	52,000	-17.5%	0.0%
INHERITANCE TAX	403,852	400,000	560,770	350,000	-12.5%	-37.6%
LOCAL GOVERNMENT FUND	1,355,929	1,375,000	1,152,540	1,100,000	-20.0%	-4.6%
INTERGOVERNMENTAL	0	135,000	0	270,000	100.0%	0.0%
GRANT REIMBURSEMENTS	105,991	80,000	65,000	45,000	-43.8%	-30.8%
FINES & FORFEITURES	130,613	150,000	87,500	115,000	-23.3%	31.4%
ENGINEERING FEES	140,627	200,000	115,000	150,000	-25.0%	30.4%
FIRE/EMS REIMBURSEMENT	526,066	540,000	535,000	535,000	-0.9%	0.0%
PROSECUTOR CONTRACTS	172,065	155,000	185,000	185,000	19.4%	0.0%
PARKING METERS	36,987	35,000	28,500	32,000	-8.6%	12.3%
LIQUOR PERMITS	31,732	36,000	37,500	37,500	4.2%	0.0%
LICENSE AND PERMITS	464,865	441,887	230,185	350,000	-20.8%	52.1%
CABLE FRANCHISE FEE	322,921	330,000	332,500	341,750	3.6%	2.8%
INVESTMENT INCOME	334,253	350,000	65,000	150,000	-57.1%	130.8%
MISCELLANEOUS	153,483	100,000	110,000	150,000	50.0%	36.4%
REIMBURSEMENTS	88,119	120,000	180,200	100,000	-16.7%	-44.5%
TRANSFER PROJECT ENGINEERING	0	200,000	200,000	0	-100.0%	-100.0%
TRANSFERS	5,858,747	5,900,000	5,754,500	5,750,000	-2.5%	-0.1%
TOTAL REVENUE	21,860,645	22,560,887	21,171,195	21,338,250	-5.4%	0.8%
EXPENDITURES						
CITY COUNCIL	75,202	78,649	0	78,946	0.4%	
CITY MANAGER	606,157	593,231	0	612,568	3.3%	
ADMINISTRATIVE SERVICES	325,702	334,434	0	348,022	4.1%	
ECONOMIC DEVELOPMENT	120,167	127,821	0	125,353	-1.9%	
LEGAL AFFAIRS	155,700	181,913	0	176,698	-2.9%	
PROSECUTOR	441,819	457,711	0	454,627	-0.7%	
FINANCE	1,260,108	1,308,449	0	1,349,592	3.1%	
INCOME TAX REFUNDS	456,700	325,000	0	325,000	0.0%	
GENERAL ADMINISTRATION	2,838,265	2,721,250	0	2,802,888	3.0%	
CIP TRANSFER	1,625,000	1,700,000	0	1,751,000	3.0%	
RISK MANAGEMENT	80,262	136,250	0	140,338	3.0%	
POLICE	5,813,550	6,097,906	0	6,381,149	4.6%	
POLICE 911	753,808	772,709	0	766,455	-0.8%	
FIRE/EMS	4,833,818	5,088,254	0	5,243,070	3.0%	
PLANNING	1,006,063	952,597	0	985,172	3.4%	
ENGINEERING	1,231,900	1,181,569	0	1,062,814	-10.1%	
BUILDING MAINTENANCE	294,346	325,424	0	337,652	3.8%	
TOTAL EXPENDITURES	21,918,567	22,383,167	21,571,195	22,941,343	2.5%	6.4%
Unfilled Vacancies				(176,965)		
Non-Personnel Line-Item Reductions				(300,000)		
Dispatch Centralization				(400,059)		
Personnel/Wage/Benefit Reductions				(326,069)		
				<u>21,738,250</u>		0.8%
FUND BALANCE - JANUARY 1ST	3,605,779	3,547,857	3,547,857	3,147,857		
GENERAL FUND REVENUES	21,860,645	22,560,887	21,171,195	21,338,250		
GENERAL FUND EXPENDITURES	21,918,567	22,383,167	21,571,195	21,738,250		
FUND BALANCE - DECEMBER 31ST	3,547,857	3,725,577	3,147,857	2,747,857		
		16.64%	14.59%	12.64%		
Budget Deficit			(400,000)	(400,000)		

2010 Budget Strategy

- Avoid reduced services to the public
- Hold non-personnel budgets to 0% growth
- Reduce personnel costs equitably
- Prudent application of general fund reserve balance

Conclusion

- Questions
- Discussion