

# City of Wilmington Delaware



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## Revenue Budget FY 2020

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Prepared by the  
Office of Management and Budget

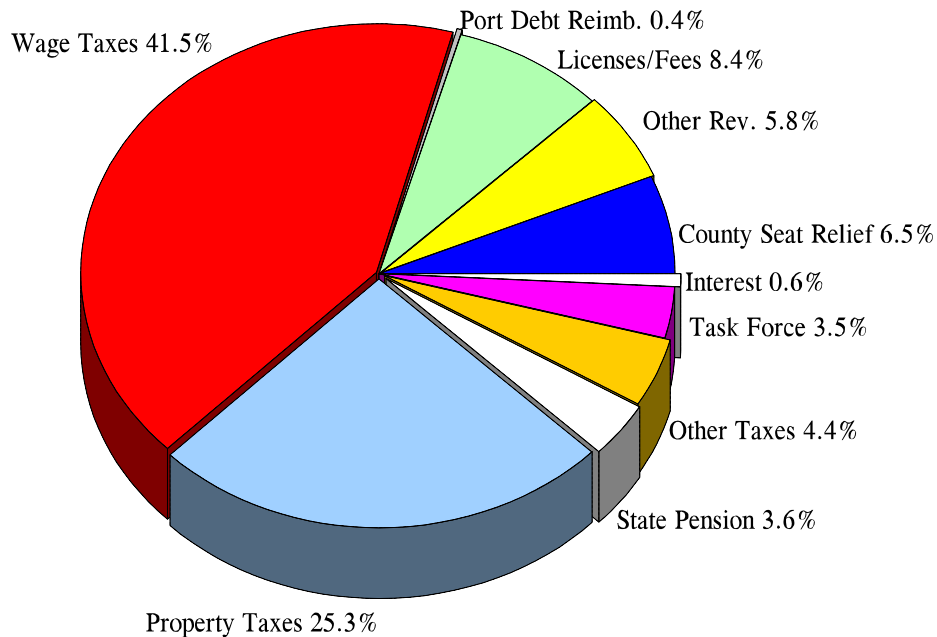
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## SUMMARY OF GENERAL FUND FISCAL YEAR 2020

<u>Revenues</u>	<u>Actual FY 2017</u>	<u>Actual FY 2018</u>	<u>Budget FY 2019</u>	<u>Budget FY 2020</u>	<u>Percent Change FY'20-'19</u>
Wage Tax	\$66,911,828	\$67,374,157	\$68,416,600	\$70,461,600	3.0%
Property Tax	40,596,911	43,266,138	42,567,487	42,915,724	0.8%
Other Taxes	9,234,072	7,764,784	7,599,790	7,523,291	-1.0%
Licenses, Permits, Fees & Fines	10,682,706	11,472,285	12,880,000	14,207,290	10.3%
Interest	506,098	989,567	550,000	1,031,000	87.5%
Other Revenues	7,129,835	7,154,239	7,510,304	9,775,027	30.2%
Task Force Revenues	5,113,278	5,497,897	5,484,226	5,883,626	7.3%
County Seat Relief	10,216,881	10,390,282	10,858,339	11,088,839	2.1%
State Pension Contr.	5,349,684	6,189,899	5,789,528	6,189,900	6.9%
Port Debt Reimburse.	840,060	389,234	396,574	596,356	50.4%
Transfers In/(Out)	275,000	275,000	275,000	275,000	0.0%
Use of Fund Balance	0	0	0	0	0.0%
<b>Total Revenues</b>	<b><u>\$156,856,353</u></b>	<b><u>\$160,763,482</u></b>	<b><u>\$162,327,848</u></b>	<b><u>\$169,947,653</u></b>	<b><u>4.7%</u></b>

Other Taxes include Franchise Fees, Head Tax, and Real Estate Transfer Tax. Other Revenues include indirect cost allocations, miscellaneous user charges, and rental fees. Task Force Revenues include the State Corporate and LLC filings, Lodging Tax, and Natural Gas Franchise Fees. County Seat Relief is a revenue enhancement package from the State that includes a Payment-in-Lieu-of-Taxes for State-owned properties and Uniform Commercial Code Filing Fees. State Pension Contr., previously booked directly into pension trust funds, is shown now as a General Fund revenue to comply with GASB pronouncement #24, concerning the treatment of "on-behalf" payments. Port Debt Reimbursement was previously in the now defunct Commerce Fund.

## General Fund Revenues Fiscal Year 2020

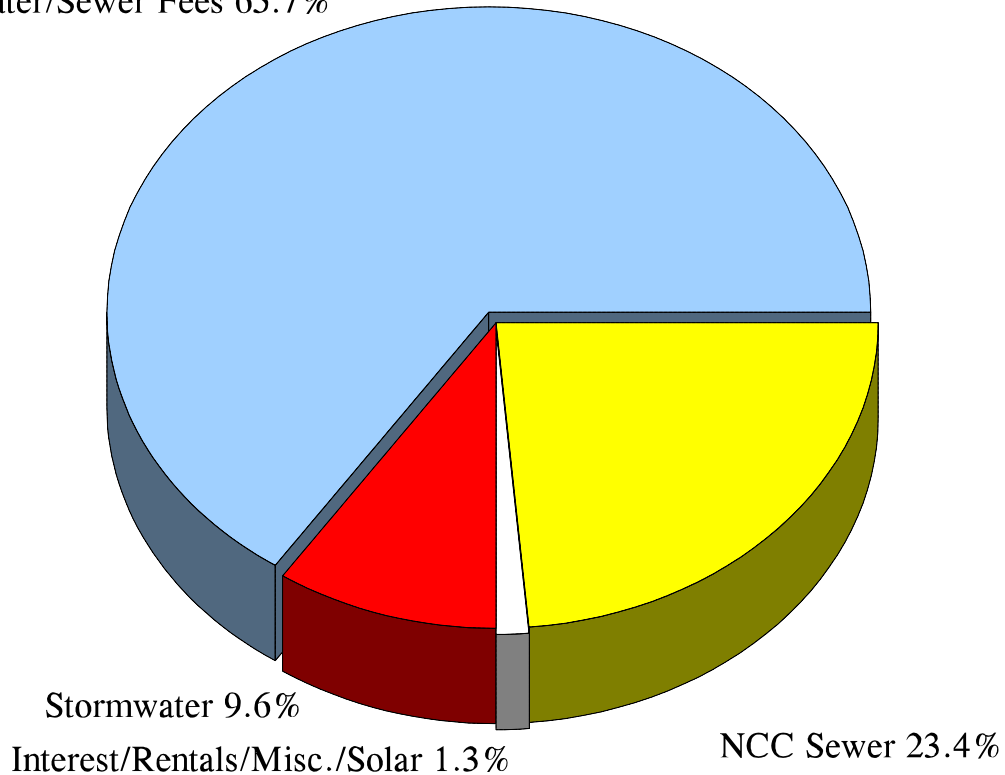


**SUMMARY OF WATER/SEWER FUND  
FISCAL YEAR 2020**

<b>Revenues</b>	<b>Actual FY 2017</b>	<b>Actual FY 2018</b>	<b>Budget FY 2019</b>	<b>Budget FY 2020</b>	<b>Percent Change FY'20-'19</b>
Water/Sewer					
User Fees	\$51,245,529	\$52,047,403	\$52,375,000	\$54,940,000	4.9%
Stormwater Billings	6,557,031	8,756,776	8,046,000	8,030,000	-0.2%
New Castle County					
Sewer Services	22,543,855	21,522,899	19,634,665	19,578,000	-0.3%
Interest	0	0	0	0	0.0%
Rentals/Misc.	3,171,860	981,737	1,062,000	1,085,000	2.2%
Solar Panels	72,610	21,142	31,000	30,000	-3.2%
<b>Total Revenues</b>	<b><u>\$83,590,885</u></b>	<b><u>\$83,329,957</u></b>	<b><u>\$81,148,665</u></b>	<b><u>\$83,663,000</u></b>	<b><u>3.1%</u></b>

## Water/Sewer Fund Revenues Fiscal Year 2020

Water/Sewer Fees 65.7%



# FISCAL YEAR 2020 REVENUES

## Overview

### GENERAL FUND

Total revenue before transfers is projected to increase by a net \$7,619,805 or 4.7% above the FY 2019 budget, to a new total of **\$169,672,653**. The net change from budget to budget (FY 2020 vs. FY 2019) by revenue category is shown in the following table:

REVENUE	INCREASE/ (DECREASE)	TOTAL
Other Revenues	\$2,264,723	\$9,775,027
Wage & Net Profits Tax	\$2,045,000	\$70,461,600
Fines	\$1,062,000	\$9,142,000
Other Governments	\$600,154	\$6,786,256
Interest Earnings	\$481,000	\$1,031,000
Task Force Revenues	\$399,400	\$5,883,626
Property Taxes	\$348,237	\$42,915,724
Licenses, Permits & Fees	\$265,290	\$5,065,290
County Seat Relief Package	\$230,500	\$11,088,839
Other Taxes	(\$76,499)	\$7,523,291
<b>TOTAL</b>	<b>\$7,619,805</b>	<b>\$169,672,653</b>

### WATER/SEWER FUND

Total Water/Sewer Fund revenues are projected to increase by \$2.5 million, to a new total of almost \$83.7 million in FY 2020. Water/Sewer revenues are a combination of Water/Sewer User Fees, Stormwater Billings, and New Castle County (NCC) Sewer, along with the smaller revenue categories of Interest, Rentals, and Solar Panel Revenue. The FY 2020 budget includes proposed revisions to some customer classes and rates (see Water/Sewer User Fees and Stormwater Billings) equivalent to an across-the-board rate increase of 2.7%.

# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

### WAGE & NET PROFITS TAX

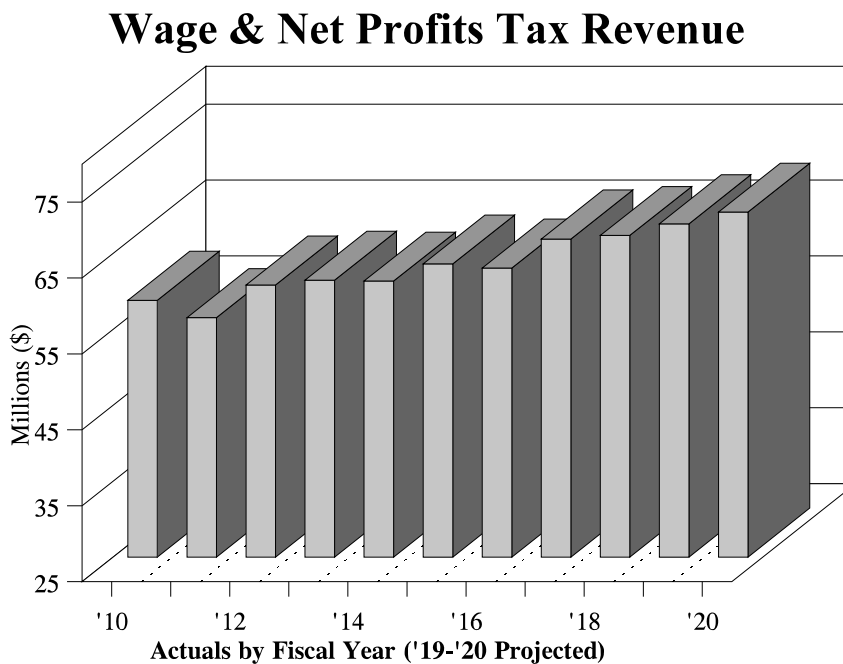
**Basis:** Growth of local economy

**Critical Assumption:** Wage and Net Profits Tax revenues for FY 2020 are projected to total almost \$70.5 million, an increase of \$2.0 million from FY 2019.

Wage Tax revenue is projected to be slightly less than \$64.0 million. This is built on an adjusted starting Wage Tax base of \$61.2 million, which includes \$65,000 expected to be added to the base by FY 2019 audit activities. While job growth is assumed to be flat for FY 2020, higher employee compensation is projected to increase taxable wages by 2.5%, further expanding the base revenue by \$1.5 million. (For comparison, DEFAC’s March 2019 report projects State wages and salaries growth to be 3.7% in FY 2020.) Finally, audit and collection efforts in FY 2020 are expected to yield \$1.25 million in one-time revenue, the same as the current fiscal year.

Net Profits revenue, which is remitted by business partnerships, professional associations, and limited liability corporations, is expected to remain stable in FY 2020, for a total of \$6.5 million.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$66,911,828	\$67,374,157	\$68,416,600	\$68,916,600	\$70,461,600



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

### PROPERTY TAX

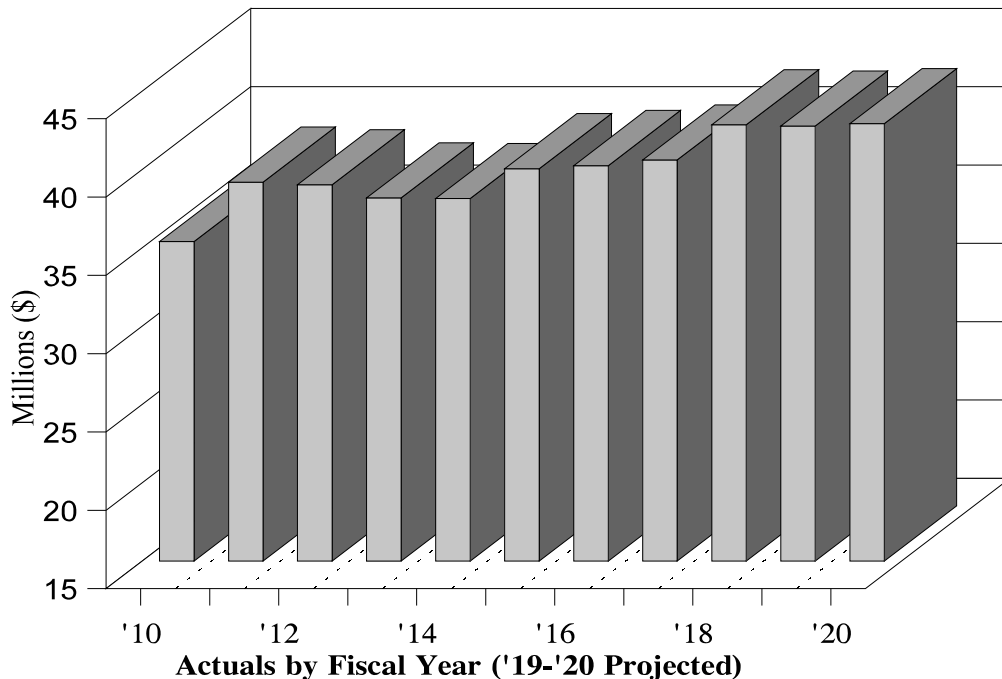
**Basis:** Assessment rolls

**Critical Assumption:** Property Taxes are projected to total slightly more than \$42.9 million, an increase of \$348,237. Projected base billings for FY 2020 are \$42.8 million, which is inclusive of \$371,000 in incentives expiring in FY 2019. This base is reduced by a projected \$250,000 resulting from reassessment appeals, though this is partially offset by a combined \$52,972 in additional revenue due to expiring tax incentives and projected property improvements. The usual 2.0% allowance for doubtful accounts further reduces revenue by \$851,000. Lastly, one-time revenue from Penalty and Interest is expected to be \$1.2 million, up \$200,000 over FY 2019 due to improved collection efforts.

There is no Property Tax rate increase included in the FY 2020 budget.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$40,596,911	\$43,266,138	\$42,567,487	\$42,767,487	\$42,915,724

### Property Tax Revenue



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

### OTHER TAXES

**Basis:** Contractual / trend analysis minus one-time events / growth of local economy

**Critical Assumption:** Other Taxes are projected to decrease by \$76,499 in FY 2020. The breakout is as follows:

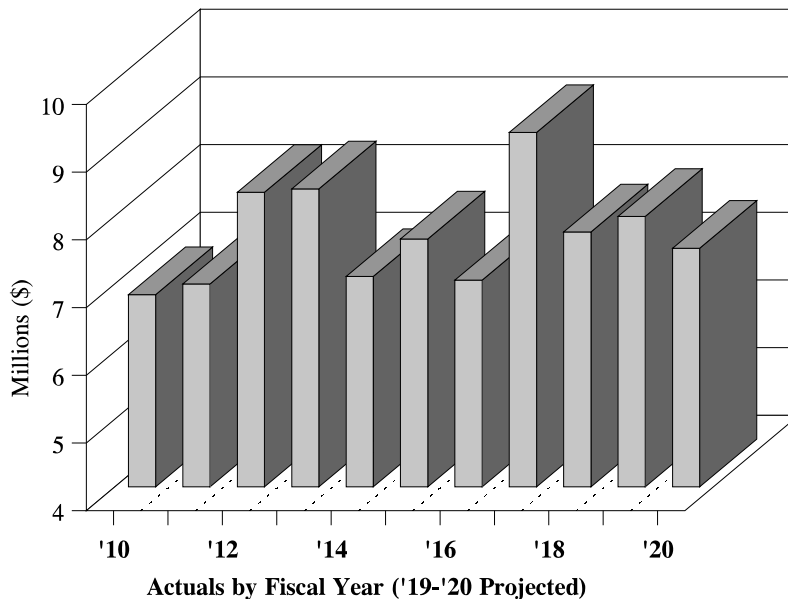
**Franchise Fees** revenue previously consisted of 2% of gross revenues from electricity sales in the City and 5% of gross revenues from cable television service sales in the City. In Wilmington, Delmarva Power is the sole distributor of electricity and Comcast is currently the only provider of cable TV service. However, in FY 2014, City Council transferred the Comcast franchise revenue into the special CATV Fund. The annual Delmarva Power payment remains the sole source of revenue in this category. It is projected to be \$919,113 in FY 2020, which is down slightly from FY 2019 and consistent with historical trends.

**Real Estate Transfer Tax** revenues are projected to decline by \$74,472 to a new total of \$2.7 million, conservatively based on historical residential and commercial transfers, net of one standard deviation.

**Head Tax** revenue is projected to remain at \$3.87 million for FY 2020, as the projection assumes flat job growth.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$9,234,072	\$7,764,784	\$7,599,790	\$7,995,140	\$7,523,291

### Other Taxes



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

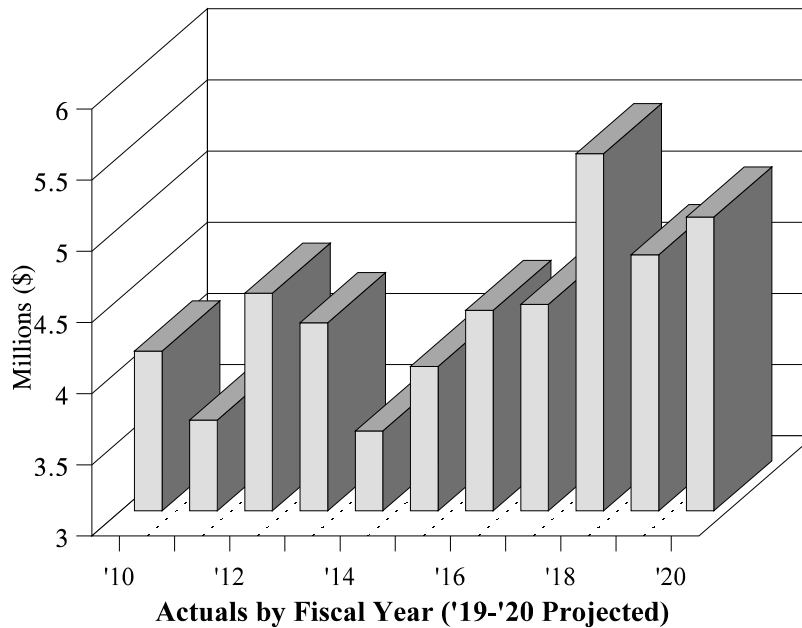
### LICENSES, PERMITS, AND FEES

**Basis:** Trend analysis

**Critical Assumption:** Licenses, Permits, and Fees revenue is projected to be up by a net \$265,290 in FY 2020. Business License revenue is expected to be up by \$863,290 to a new total of just under \$2.5 million. This is inclusive of the effect of the proposed increase in the Rental Business License fee, which is projected to result in an additional \$815,290 in FY 2020. However, the increase in Licenses revenue is largely offset by a projected reduction in the revenue from Permits, which is down \$600,000 relative to FY 2019, to a new total of \$2.1 million. The inflating effect of several large one-time construction projects in FY 2019 was removed for FY 2020, returning Permits revenue back to more historic levels. Finally, Fees are expected to remain nearly flat at \$500,000.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$4,449,962	\$5,510,432	\$4,800,000	\$4,800,000	\$5,065,290

### Licenses, Permits, and Fees





# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

### FINES

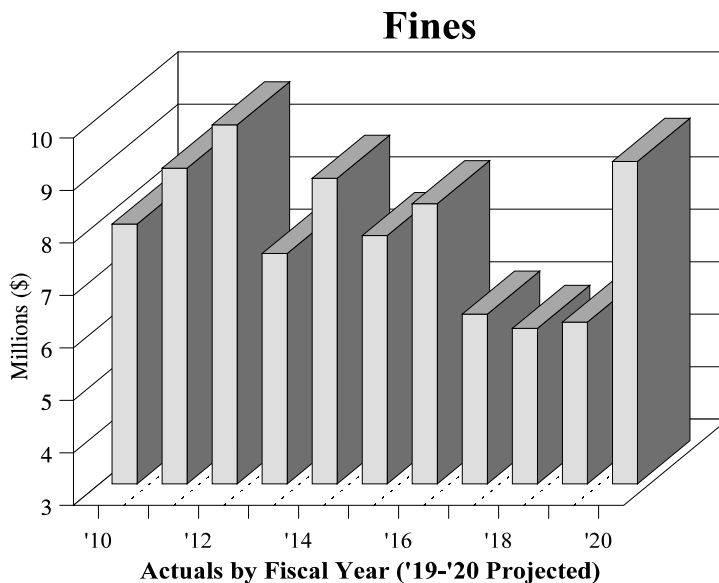
**Basis:** Trend analysis

**Critical Assumption:** Fines are projected to increase by slightly more than \$1.0 million, to a total of \$9.1 million. The breakout is as follows:

**Criminal/Traffic Fines** revenue consists of red light camera fines, other miscellaneous traffic and criminal fines, and the L&I Instant Ticketing Program. Revenue is projected to total \$6.1 million in FY 2020, up \$1.0 million from the FY 2019 budget. The largest portion of Criminal/Traffic Fines is derived from red light camera citations, which is up by slightly more than \$1.0 million in FY 2020, for a new total of \$5.45 million. This includes 17 new red light cameras that are anticipated to be in service by the beginning of FY 2020. While the total annual revenue from these cameras is expected to be \$3.0 million, half a year of revenue had been budgeted in FY 2019, for a net FY 2020 budget increase of \$1.5 million. This is partially offset by the removal of seven existing cameras, for a reduction of \$500,000. Criminal Fines and L&I Instant Ticketing are expected to remain flat, at \$230,000 and \$400,000, respectively.

**Parking Tickets/Booting Fines** are projected to total slightly over \$3.0 million in FY 2020, which is a \$62,000 increase over FY 2019. This change is net of a \$238,000 decline in projected citations, offset by a \$300,000 increase due to improved collections of existing receivables.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$6,232,744	\$5,961,853	\$8,080,000	\$6,080,000	\$9,142,000



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

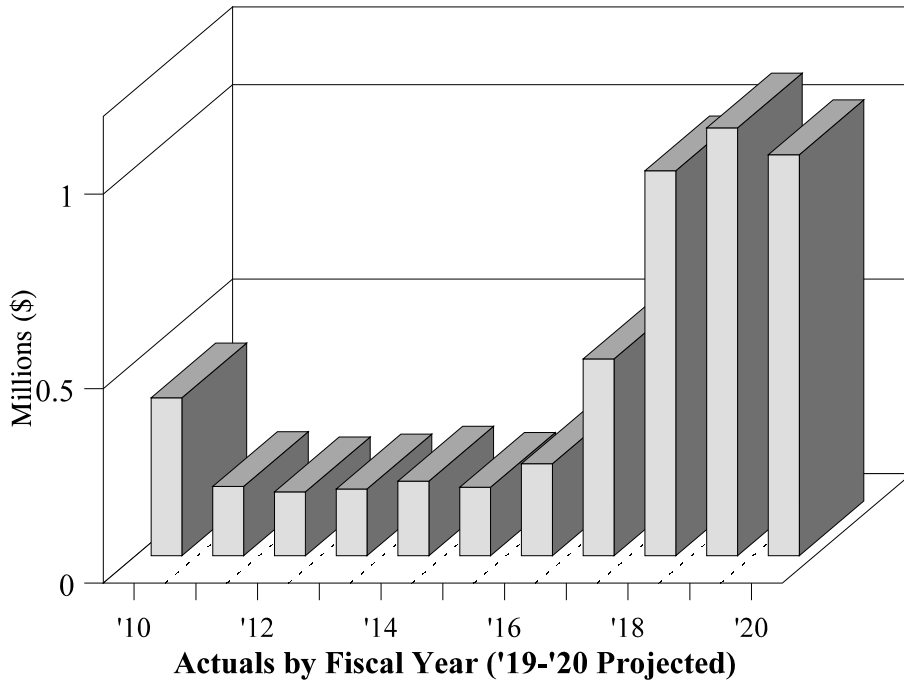
### INTEREST

**Basis:** Trend analysis / cash flow analysis / bond issuance

**Critical Assumption:** As interest rates continue to increase, the interest earned by the City on cash balances is projected to grow significantly. Given existing fund balances, net of spend down of outstanding capital funds, interest revenue is expected to increase by \$481,000 in FY 2020, for a new total of \$1.0 million.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$506,098	\$989,567	\$550,000	\$1,100,000	\$1,031,000

### Interest Revenue



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

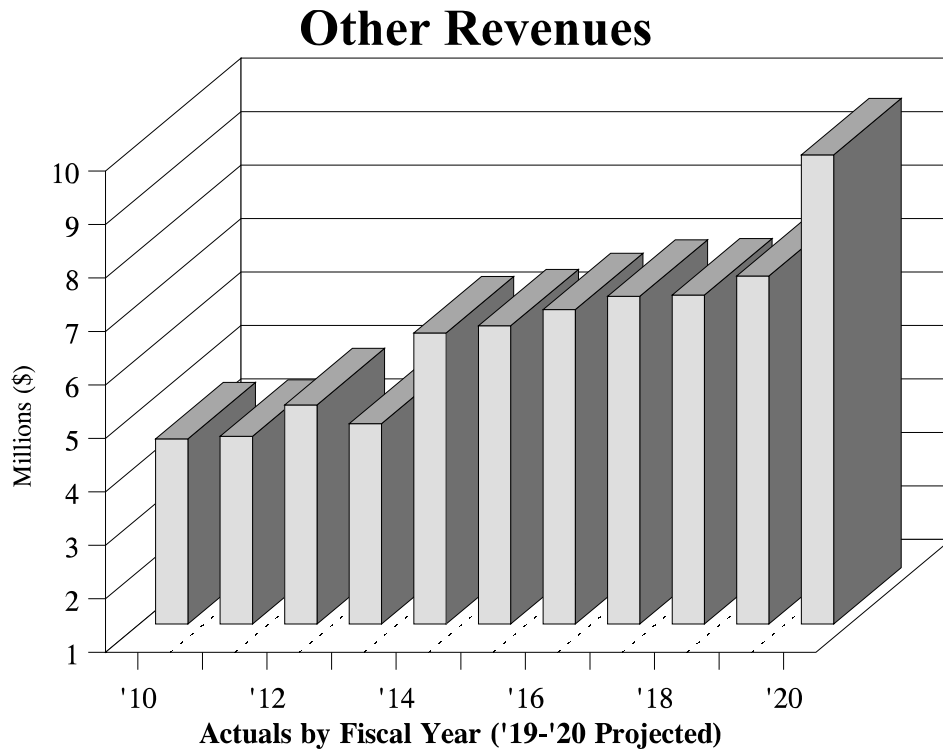
## General Fund Revenues Fiscal Year 2020

### OTHER REVENUES

**Basis:** Trend analysis / contractual

**Critical Assumption:** Other Revenues is comprised of Indirect Costs, General Government Charges, Rentals, and other miscellaneous revenues. The largest component of this category are Indirect Costs, which are charges to the Water/Sewer Fund reimbursing costs incurred by the General Fund in support of the water, sewer, and stormwater utilities. Indirect Costs will rise by almost \$2.3 million, to a new total of \$8.0 million, reflecting the Water/Sewer Fund’s reimbursement of various internal services charges transferred to the General Fund beginning in FY 2020. Other items in this category are budgeted as per historical trend, and are collectively expected to decrease by \$15,000.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$7,129,835	\$7,154,239	\$7,510,304	\$7,510,304	\$9,775,027



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

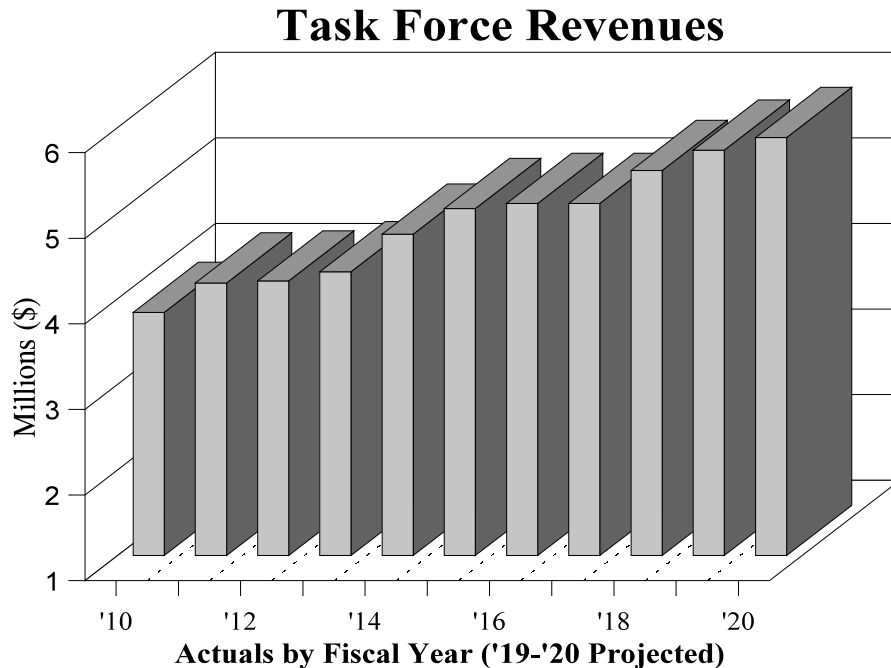
### TASK FORCE REVENUES

**Basis:** Governor’s Task Force Report analysis / trend analysis / agreement with State

**Critical Assumption:** Task Force Revenues are the revenue sources that were created as a result of the 2003 Governor’s Task Force, which took effect early in FY 2004. As a result, each county seat (Wilmington is the county seat of New Castle County) in the State receives the revenue derived from the State filing fee for Corporations and Limited Liability Companies (LLC). The State also passed enabling legislation that allowed the City to create a 2% Lodging Tax and a 2% Natural Gas Franchise Fee on gross sales of natural gas in the City.

In total, Task Force Revenues are projected to be \$399,400 higher in FY 2020. The largest component of this increase is the LLC Filing Tax, which (per DEFAC growth projections) is projected to grow by \$385,600, to a new total of \$3.4 million. Lodging Tax and Corporate Filing Tax are project to increase by \$2,400 and \$11,400, respectively, while Natural Gas Tax is expected to remain flat.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$5,113,278	\$5,497,897	\$5,484,226	\$5,734,226	\$5,883,626



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

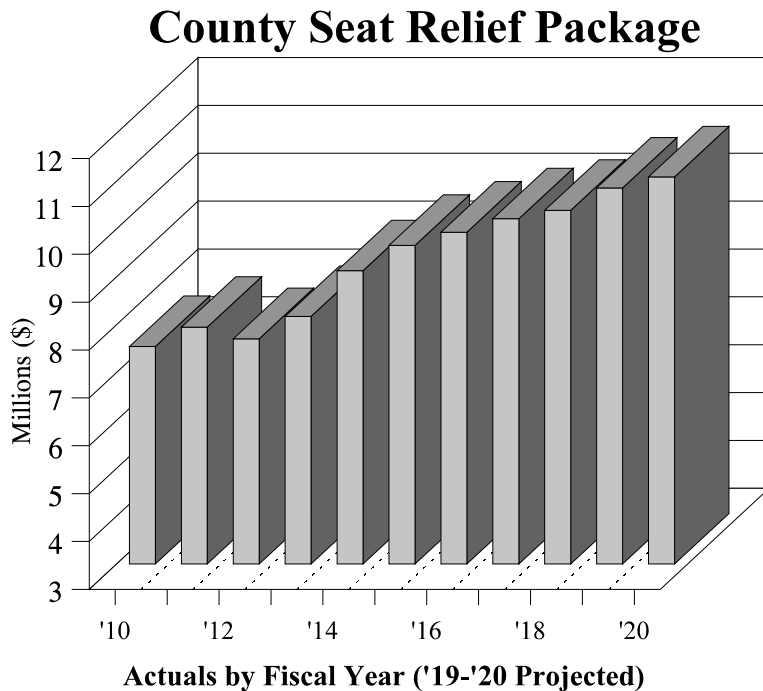
### COUNTY SEAT RELIEF PACKAGE

**Basis:** Estimates from the State Finance Secretary’s Office

**Critical Assumption:** The County Seat Relief Package is a bundle of escalating revenue enhancements that built on the work of the Governor’s Task Force (see the Task Force Revenues section above) and was intended to provide further diversified revenue support to the three county seats in the State of Delaware. The FY 2020 projections total \$11.1 million, which is a \$230,500 increase from the FY 2019 budget. The breakout is as follows:

- \$2.5 million for a payment in lieu of taxes (PILOT) by the State on what would usually be tax-exempt properties in the City (no change from the FY 2019 budget).
- \$6.3 million as part of the State’s Uniform Commercial Code (UCC) filing fees (up \$230,500 from the FY 2019 budget).
- \$1.0 million (the capped amount) in Statutory Trust Filing Fees (no change from the FY 2019 budget).
- \$1.3 million in New Castle County Corporate Filing Fees (no change from the FY 2019 budget).

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$10,216,881	\$10,390,282	\$10,858,339	\$10,858,339	\$11,088,839



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

### OTHER GOVERNMENTS

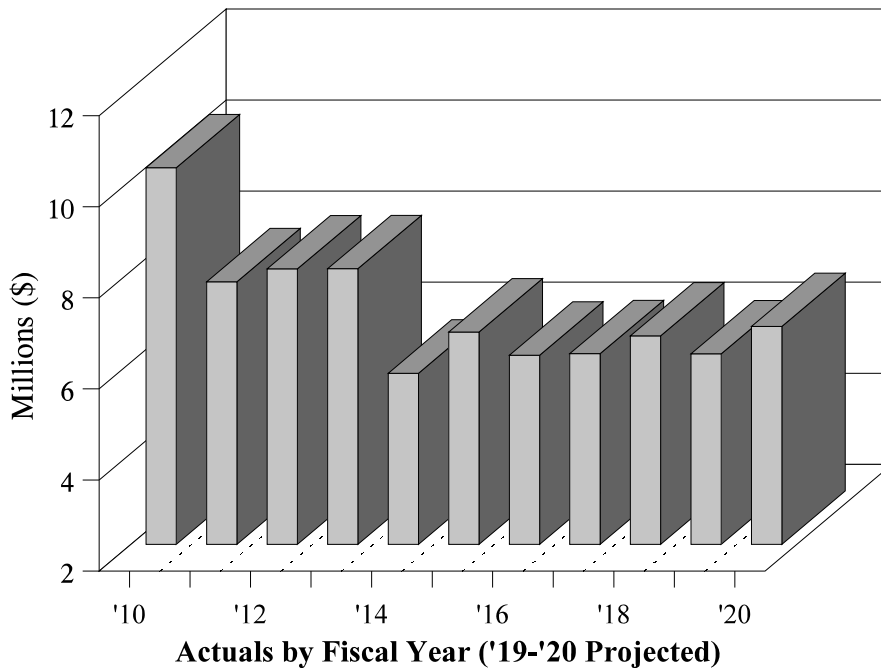
**Basis:** Estimates from the Delaware State Board of Pension Trustees / current debt schedules

**Critical Assumption:** Other Governments consists of the State Pension Contribution and the State Port Debt Reimbursement. The State Pension Contribution is a pass-through grant that is offset against an equal amount appropriated for pension contribution expenses in the Fire and Police Departments. The City’s pension actuary has projected that the FY 2020 contributions will total nearly \$6.2 million, an increase of \$400,372 above the current fiscal year estimate.

The State Port Debt Reimbursement is related to the 1996 sale of the Port from the City to the State. Per the sale agreement, the outstanding Port debt remains as a liability on the City’s books. Following their long-term lease of the Port, the State provided the City with full payment for the outstanding debt. The City has amortized these funds and will continue to budget debt reimbursement payments for the remaining life of the associated bonds. For FY 2020, the Reimbursement is \$596,356, a \$199,782 increase from FY 2019.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$6,189,744	\$6,579,133	\$6,186,102	\$6,186,102	\$6,786,256

### Other Governments



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## General Fund Revenues Fiscal Year 2020

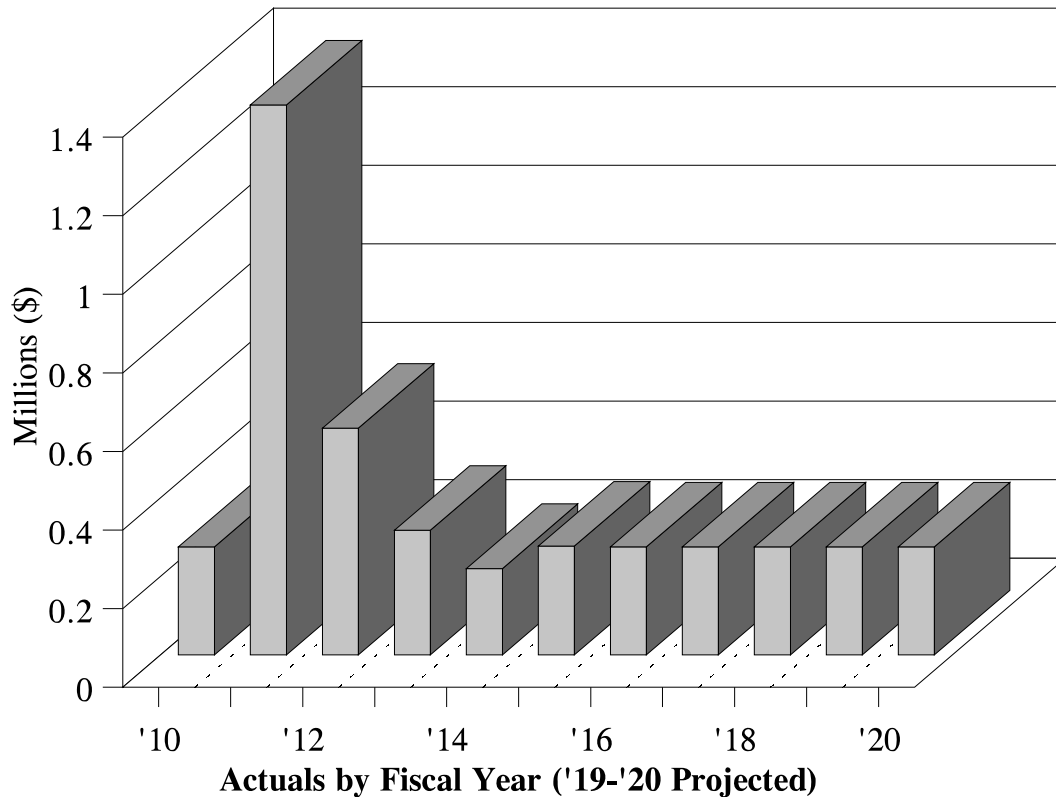
### TRANSFERS AND USE OF FUND BALANCE

**Basis:** Authorized transfers from other funds / budgeted expenditures minus projected revenues

**Critical Assumption:** There are no prior year designations in FY 2020. There is only the usual transfer from the Wilmington Parking Authority (WPA) in the amount of \$275,000.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$275,000	\$275,000	\$275,000	\$275,000	\$275,000

## Transfers & Use of Fund Balance



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Special Funds Revenues Fiscal Year 2020

### MUNICIPAL STREET AID

**Basis:** State of Delaware grant award letter

**Critical Assumption:** This grant is used to offset electricity costs for street lighting and is anticipated to increase \$190,443 over the FY 2019 level.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$1,071,213	\$1,055,870	\$1,070,165	\$1,070,165	\$1,260,608

### COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

**Basis:** Estimate from Federal Government (HUD)

**Critical Assumption:** Funding is expected to decrease by almost \$643,000 compared to the FY 2019 award.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$2,041,023	\$1,551,181	\$2,381,804	\$2,381,804	\$1,738,806

### COMCAST FRANCHISE FEES

**Basis:** Trend analysis and growth of local economy

**Critical Assumption:** Comcast Franchise Fees revenue consists of 5.0% of gross revenues from cable television service sales in the City. In Wilmington, Comcast is currently the only provider of cable TV service. In FY 2014, for the first time, Franchise Fees were budgeted as a special revenue fund, a result of City Council transferring the Comcast franchise revenue into the CATV Fund. For FY 2020, this revenue source is expected to decrease by \$100,000 relative to the FY 2019 budgeted level.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$1,223,061	\$1,133,900	\$1,200,000	\$1,200,000	\$1,100,000



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Special Funds Revenues Fiscal Year 2020

### HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS GRANT (HOPWA)

**Basis:** Estimate from Federal Government (HUD)

**Critical Assumption:** The Housing Opportunities for Persons With AIDS is a Federal program dedicated to the housing needs of people living with HIV/AIDS and their families. The budget is expected to decrease by \$2,450 for FY 2020.

FY 2017 Actual	FY 2018 Actual	FY 2018 Budget	FY 2019 Projected	FY 2020 Budget
\$698,977	\$685,088	\$725,614	\$725,614	\$723,164

### EMERGENCY SHELTER GRANTS (ESG)

**Basis:** Estimate from Federal Government (HUD)

**Critical Assumption:** This ESG program is intended to assist in the operation and rehabilitation of emergency and transitional shelters. It is expected to increase slightly in FY 2020.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$190,621	\$181,101	\$182,615	\$182,615	\$184,465

### PARKS ASSISTANCE

**Basis:** Estimate from Federal Government

**Critical Assumption:** These funds are used for the Summer and Evening Food Programs. Funding is currently projected to increase by \$21,658 over the FY 2019 budget.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$1,075,945	\$1,080,529	\$1,082,889	\$1,082,889	\$1,104,547

# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Special Funds Revenues Fiscal Year 2020

### PARKS TRUST FUND

**Basis:** Trust Administrator / trust guidelines

**Critical Assumption:** Fund revenues are derived from a private trust and are based on qualified expenditures.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$54,016	\$101,865	\$135,265	\$135,265	\$134,525

### STATE AID TO LOCAL LAW ENFORCEMENT (SALLE)/LOCAL LAW ENFORCEMENT BLOCK GRANT (LLEBG)

**Basis:** State of Delaware and U.S. Department of Justice award letters based on committee recommendations

**Critical Assumption:** These grants are anticipated to increase by \$183,133 from FY 2019.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$1,782,320	\$2,699,425	\$535,766	\$535,766	\$718,899

### PENSION ADMINISTRATION

**Basis:** Estimates from Pension Coordinator

**Critical Assumption:** Funding represents amounts equal to the expected administrative costs of the various pension plans of the City, along with the medical costs incurred for eligible retirees, and is derived from the income of the pooled pension assets.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$4,611,719	\$4,598,761	\$5,087,421	\$5,087,421	\$5,197,218

# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Special Funds Revenues Fiscal Year 2020

### HOME PARTNERSHIP FUND

**Basis:** Estimate from Federal Government (HUD)

**Critical Assumption:** The Home Partnership Program is awarded through HUD and is expected to decrease by \$260,799 in FY 2020.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$200,275	\$406,581	\$671,808	\$671,808	\$411,009

### WORKFORCE INVESTMENT BOARD GRANT

**Basis:** Estimate from State of Delaware

**Critical Assumption:** The Workforce Investment Board Grant provides funding for the City's Youth Career Development Program. Revenues are expected to increase slightly in FY 2020.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$369,687	\$269,624	\$248,617	\$248,617	\$253,589

### MISCELLANEOUS GRANTS

**Basis:** State of Delaware award letters

**Critical Assumption:** Miscellaneous Grants is a combined total of three State grants: the Local Emergency Planning Committee Grant (\$72,767 in FY 2020), the State Fire Grant (\$201,369), and the Neighborhood Stabilization Program (\$0 in FY 2020, but with actuals in prior years).

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$777,266	\$245,696	\$268,924	\$268,924	\$274,136

# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Water/Sewer Fund Revenues Fiscal Year 2020

### WATER/SEWER USER FEES

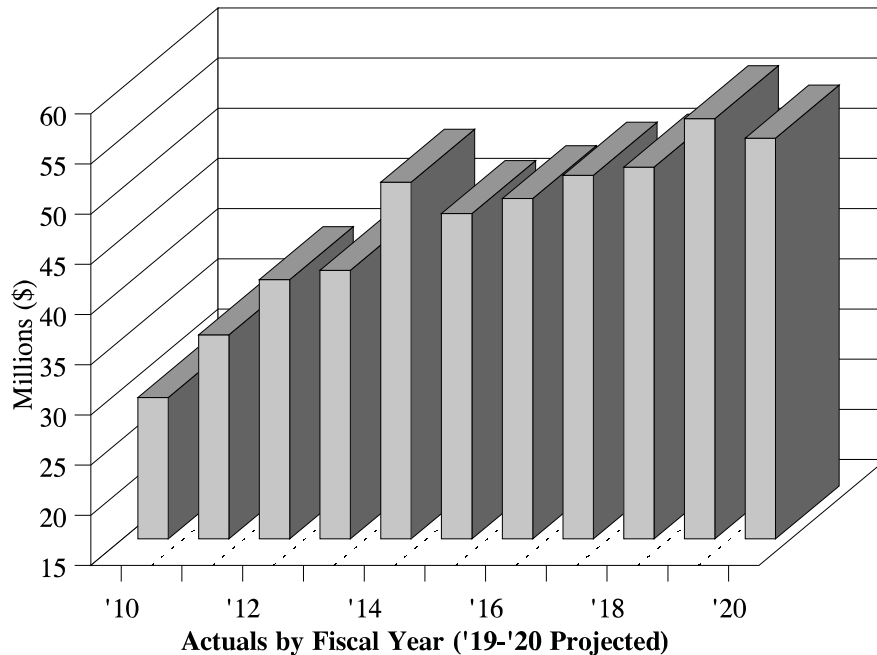
**Basis:** Trend analysis / management initiatives / proposed rate increase

**Critical Assumption:** The base amount of Water/Sewer User Fees had been growing in recent years as a result of rate increases to stabilize the Fund. For FY 2020, base billings, forecasted through financial modeling using current consumption data, are projected to be \$49.8 million. Proposed revisions to some customer classes and rates are projected to yield an additional \$1.2 million in revenue, equivalent to a weighted average increase of 2.7%. Revenue from special sewer fees and other miscellaneous sources will contribute \$4.9 million, up \$666,000 from FY 2019. Finally, subtracting the allowance for doubtful accounts (\$1.02 million) results in a net total User Fees projection of \$54.9 million, an increase of \$2.57 million from the FY 2019 budget.

For the average City residential customer, this increase (combined with unchanged stormwater rates, see below) results in a total bill increase of 3.82%, or \$2.21 per month. There is no increase for County water customers.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$51,245,529	\$52,047,403	\$52,375,000	\$56,875,000	\$54,940,000

### Water/Sewer User Fees



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

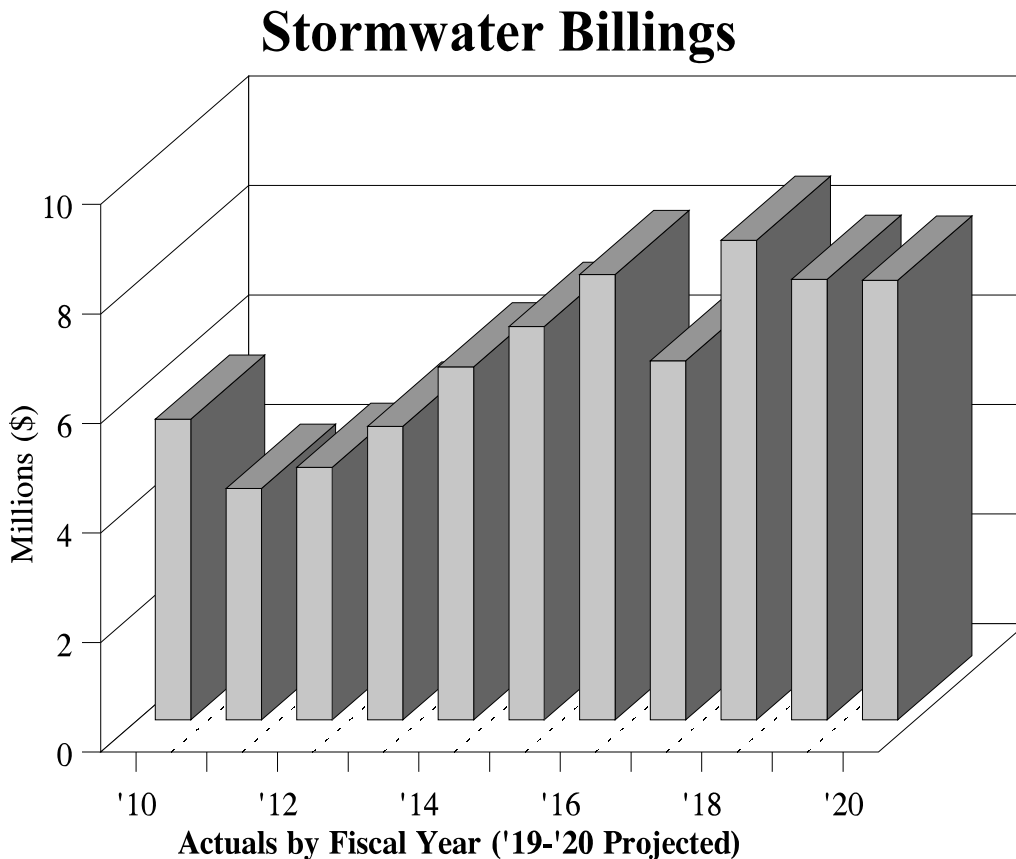
## Water/Sewer Fund Revenues Fiscal Year 2020

### STORMWATER BILLINGS

**Basis:** Trend analysis / management initiatives

**Critical Assumption:** The Stormwater Property Fee is charged to all property owners in the City. The fee is not based on a consumption factor, but rather on the size of a property and the characteristics of that parcel's land and buildings as they relate to the generation of stormwater runoff. The Stormwater Billings base for FY 2020 is \$8.45 million. After allowing a total of \$423,000 for uncollectible accounts, \$8.03 million in revenue is projected for FY 2020, a net decrease of \$16,000 relative to the FY 2019 budget. There is no increase to stormwater rates for FY 2020.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$6,557,031	\$8,756,776	\$8,046,000	\$8,046,000	\$8,030,000



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Water/Sewer Fund Revenues Fiscal Year 2020

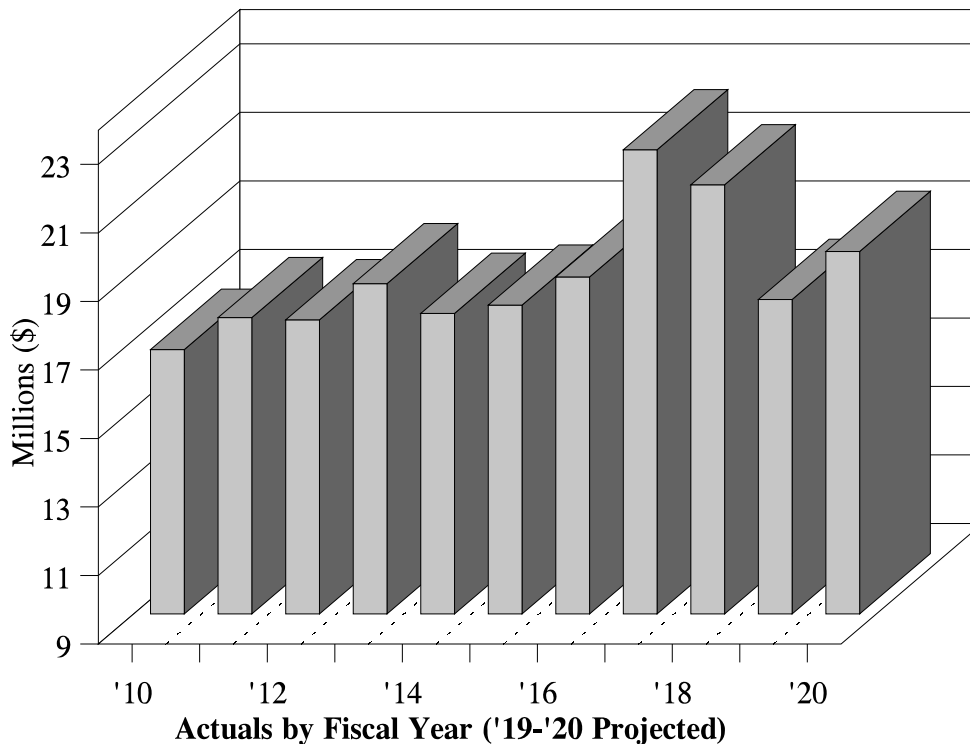
### NEW CASTLE COUNTY SEWER SERVICES

**Basis:** Contract with New Castle County

**Critical Assumption:** Revenues associated with the City’s treatment of New Castle County sewage total \$19.6 million in FY 2020, down \$56,665 from the FY 2019 budget. This decrease is inclusive of an offsetting contingency to account for potential arbitration between the City and the County, as the County has been acting out of contract since 2015.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$22,543,855	\$21,522,899	\$19,634,665	\$18,175,352	\$19,578,000

### NCC Sewer Services



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Water/Sewer Fund Revenues Fiscal Year 2020

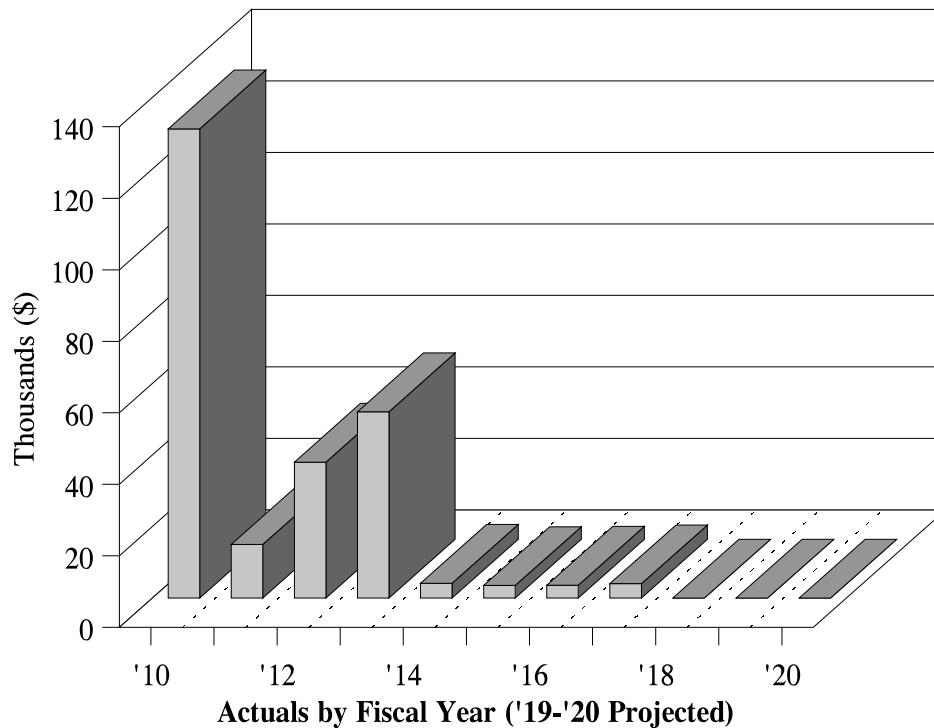
### INTEREST

**Basis:** Trend analysis / cash flow analysis

**Critical Assumption:** Previously, all interest earned on City cash balances, regardless of the source, was booked as revenue to the General Fund. Starting in FY 2007, to help bolster the Water/Sewer Fund, interest earned on unspent Water/Sewer capital cash balances was booked as revenue to the Water/Sewer Fund. As there is an ongoing discussion regarding the handling and calculation of interest in the Water/Sewer Fund, no actuals have been booked since FY 2016 and no revenue is budgeted for FY 2020.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$0	\$0	\$0	\$0	\$0

### Interest Income



# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Water/Sewer Fund Revenues Fiscal Year 2020

### RENTALS/MISCELLANEOUS

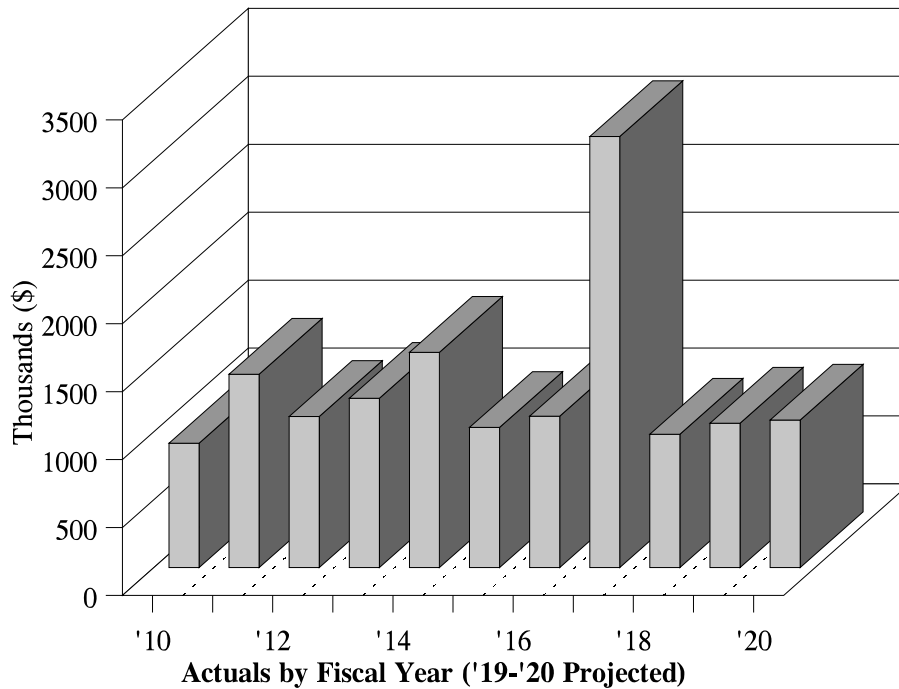
**Basis:** Lease / contracts

**Critical Assumption:** Rental income, which is derived by charging fees to telecommunications companies that rent space on the City’s water tanks for antennae and transmitters, is projected to increase by \$23,000 to a total of \$1.09 million in FY 2020.

Actuals in FY 2017 reflect the one-time \$2.2 million EPA fine of the International Petroleum Corporation for Clean Water Act violations.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$3,171,860	\$981,737	\$1,062,000	\$1,062,000	\$1,085,000

### Rentals/Miscellaneous





# REVENUE BUDGET AND CRITICAL ASSUMPTIONS

## Water/Sewer Fund Revenues Fiscal Year 2020

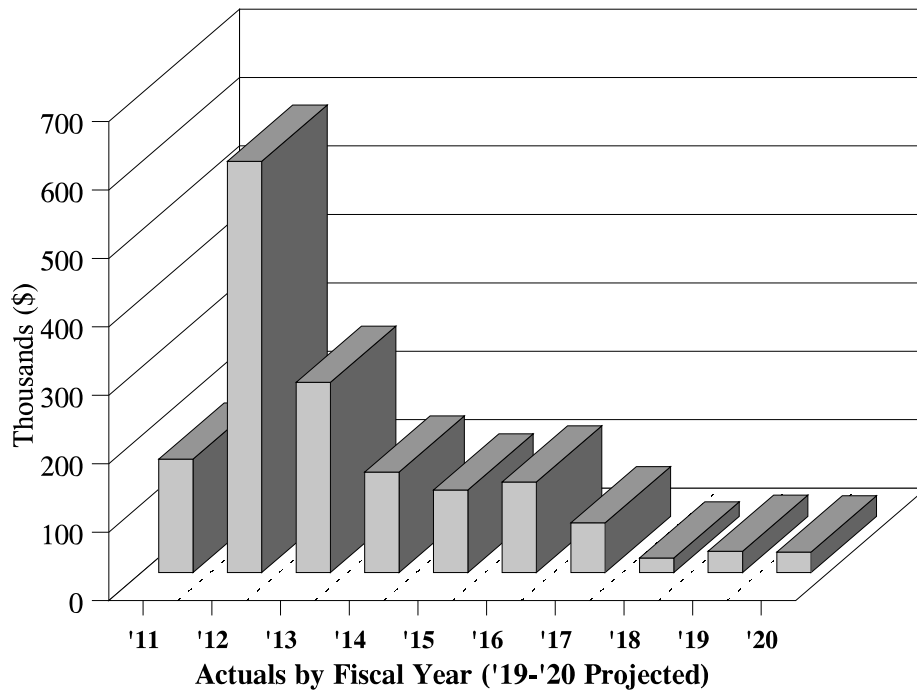
### SOLAR PANEL REVENUE

**Basis:** Lease / contracts

**Critical Assumption:** As a result of the installation of solar panel arrays at various municipal sites (most notably the Porter Filter Plant), the City earns, and subsequently sells, Solar Renewable Energy Credits (SRECs). For FY 2020, \$30,000 in revenue is expected, down by \$1,000.

FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Budget
\$72,610	\$21,142	\$31,000	\$31,000	\$30,000

### Solar Panel Revenue



**CITY OF WILMINGTON  
TAX RATES FOR FISCAL YEAR 2020**

**WAGE TAX**

**Base:** Individual gross earned income of City residents.  
Individual gross earned income of non-City residents working within the City limits.

**Rate:** 1.25%

**NET PROFIT TAX**

**Base:** Net profit of sole proprietors and partnerships within the City limits.

**Rate:** 1.25%

**PROPERTY TAX**

**Base:** 100% of the assessed value of land and buildings within City limits. Because the last systematic County-wide reassessment was done based on 1983 market value dollars, all present-day assessments are calculated and reported using 1983 dollar values.

**Rate:** \$1.995 per one-hundred dollars of assessed value.

**HEAD TAX**

**Base:** Number of employees per month for businesses with 6 or more employees.

**Rate:** \$15.00 per employee per month on the total number of employees minus 5 (e.g., business with 20 employees is assessed on 15 employees).

**REAL ESTATE TRANSFER TAX**

**Base:** Selling price of Real Estate assessed at time of settlement.

**Rate:** 1.50%

**CITY OF WILMINGTON**  
**TAX RATES FOR FISCAL YEAR 2020**  
**(Continued)**

**FRANCHISE TAX**

**Base:** Gross receipts from sales within the City of electricity, natural gas, and cable television service.

**Rate:** 2.0% on electrical service; 2.0% on natural gas; 5.0% on cable television service.

**LODGING TAX**

**Base:** Rent collected for any room or rooms in a hotel, motel, or tourist home (as defined by Title 30 of the Delaware Code) that are within the City limits.

**Rate:** 2.0% of rent.