

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2023

The General Fund

- The FY 2023 General Fund operating budget expenditures total **\$176,933,594** – up \$4,231,193 or 2.4% from FY 2022. To balance the budget, a 7.5% Property Tax increase is proposed, along with the use of federal ARPA revenue replacement funding.
- The budget contains a \$2.34 million allowance to cover salary increases as dictated by union labor contracts and for a 2.0% cost-of-living-adjustment (COLA) salary increase for non-union employees. In addition, mandatory anniversary salary step increases for certain employees added just over \$574,000 to the budget.
- Staffing decreased by a net total of 14.72 full-time equivalents (FTE), and includes changes made in the mid-FY 2022 budget amendment. Personnel actions, including changes in grades and shifts to split-funded positions, resulted in a total net decrease of \$467,735.
 - The Mayor’s Office decreased by 4.00 FTE, for a net savings of \$378,604. A Constituent Services Officer, a Constituent Services Project Specialist, and a Constituent Services Representative were eliminated, along with the Mayor’s Office Receptionist, for a savings of \$390,310. The three Fiscal & Operations Analysts were upgraded from Grade S to Grade T in the non-union pay scale at a cost of \$11,706.
 - The split-funded (75% General Fund - 25% CATV Fund) salary of the City Council Chief of Staff was increased for a total cost to the General Fund of \$23,444.
 - In the Law Department, the Nuisance Property Administrator was upgraded from Grade O to Grade P in the non-union pay scale at a cost of \$1,564.
 - The Finance Department decreased by a net 2.65 FTE. Two Parking Regulation Enforcement Officer positions were eliminated for a savings of \$137,228. The Revenue Manager position (split-funded 35% General Fund and 65% Water/Sewer Fund) was eliminated, saving \$47,391. The split-funded Senior Financial Officer position was changed from 80% General Fund and 20% Water/Sewer Fund to 50% General Fund and 50% Water/Sewer Fund, resulting in a \$40,457 decrease to the General Fund. Lastly, the Delinquent Accounts Supervisor (funded 50% Water/Sewer Fund and 50% General Fund) was upgraded to a Delinquent Accounts Manager at a cost of \$2,659.
 - The three Human Resource Administrator positions in the Human Resources Department were reclassified and moved from the Executive & Managerial pay scale (Level M-04) to the non-union pay scale of Grade T at a cost of \$10,179.
 - Licenses and Inspections (L&I) decreased by 15.00 FTE. Fourteen positions were transferred to the Land Use & Planning Department (discussed in more detail below) for a reduction of \$1,392,186. In addition, the position of Deputy Commissioner was deleted and the salary of the Commissioner was reduced, saving \$139,986.

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

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The General Fund (continued)

- The Real Estate & Housing Department decreased by a net 0.50 FTE. The split-funded (50% General Fund and 50% Federal HUD Funds) GIS Technician I was eliminated for a savings of \$33,527.
- In the Public Works Department, as part of a reorganization to bolster areas of need, especially regarding administrative tasks and management, three various vacant positions (split-funded 50% with the Water/Sewer Fund) were eliminated and three new administratively-focused positions (split-funded 50% with the Water/Sewer Fund) were created. In addition, a split-funded (25% General Fund and 75% Water/Sewer Fund) Administrative Assistant I was upgraded to an Administrative Assistant II. The total net cost of these changes was \$10,997.
- The Parks & Recreation Department increased by 1.00 FTE. The position of Executive Director of WHACC was added at a cost of \$107,815.
- The Police Department decreased by 9.57 FTE. Seven vacant patrol officer positions were eliminated, reducing the authorized strength to 312 and saving \$618,211. Although 2.57 FTE were also shifted out of the General Fund to properly align the costs of what were partially grant-funded School Resource Officers (SRO), the absorption of one of the previously assigned SRO's City pension cost resulted in a \$478,000 increase to the General Fund.
- The Department of Planning & Development has become the Department of Land Use and Planning. It was reorganized by transferring in those processes, employees, and budget accounts from the Department of Licenses & Inspections (L&I) related to permitting, plan reviews, and land development. Among other things, the proper integration of processes and employees will ensure a more efficient review and response to land development requests. Fourteen employees were transferred in from L&I; two existing positions in Planning & Development were deleted; and four new positions were created. In addition, the position of Deputy Commissioner in L&I was deleted. The net increase across both departments is just over \$285,000 (Land Use & Planning - up \$2.27 million and L&I - down \$1.99 million).
- After decreasing last year because of the effects of the COVID-19 pandemic on routine doctor visits and non-emergency medical procedures, the City's cost for employee and retiree medical care and prescription drugs is projected to grow a combined 7.1%, tracking closely to the national average. For FY 2023, that translated into a nearly \$1.4 million increase to the combined total of the Hospitalization and Pension Healthcare accounts.
- To meet the requirements of GASB pronouncement #24 (regarding on-behalf payments), annual funding received from the State of Delaware supporting the City's Police and Fire pension trust funds is booked as a pass-through in the General Fund. This means that the State funding is shown as a General Fund revenue source offset by an equal amount budgeted in the State Pension Contribution expenditure accounts in the Police and Fire departments. For FY 2023, the State grant was increased by \$566,600, which in turn increased the State Pension Contribution account by the same amount.

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CITY OF WILMINGTON

FISCAL YEAR 2023

The General Fund (continued)

- The Delaware Office of Pensions lowered the required percentage of payroll for the City's FY 2023 contribution to the State-sponsored Police and Fire pension plan. This resulted in a savings of over \$1.4 million.
- In the changing business environment resulting from the COVID-19 pandemic, the Finance Department continues to seek the optimal mix of internal and external collection and audit efforts, especially regarding Wage Tax revenue. The Wage Tax Unit will be consolidating its external collections efforts to two firms, thereby reducing the expenses otherwise expected from a broader number of firms. As a result, Wage and Head Tax collection expenses were reduced by \$198,000 or almost 30%.
- Temporary Agencies is up a net total of \$215,500. There were three areas in the Finance Department that accounted for most of this increase. \$120,000 was added in the Parking Enforcement Division for three staff workers. The budget for additional support for the collections and settlement processes in the Accounts Service Division increased by \$39,000. And required accounting expertise and assistance, especially during the preparation of the Annual Financial Report, added \$35,000 in the Accounting Division.
- Consultants increased a net \$246,850, with the vast majority of the increase (\$196,000) occurring in the Information Technologies Department for improvement in the utilization of software to upgrade and better coordinate internal business processes and departmental customer service. One area of particular importance was to provide funding for the development of Land Use permitting software.
- The Wearing Apparel and Safety Supplies character increased sharply by 38.0% (adding over \$262,000 to the budget), and was attributable to a number of diverse items in the Fire and Police Departments. With State grant funding no longer available, the \$91,000 cost of protective gear for a Fire rookie class had to be absorbed by the City. The same is true of the \$50,000 cost for the replacement of a Police bomb suit that had been purchased with grant funds. Other notable items in Police that attributed to the cost increase include tasers (up \$52,000), body armor (up \$30,000), and the cost of uniforms and equipment for the police cadet program (\$25,000).
- With the toll the COVID-19 pandemic has taken on the City's small businesses and hospitality sectors in mind, a \$160,000 increase in matching funding support was provided to the "It's Time" campaign through the Mayor's Office Advertising account. The "It's Time" campaign, funded largely through business contributions, is an economic development-based effort to support business development in Wilmington, with a special emphasis on small businesses. The campaign promotes and markets the City regionally and nationally as an excellent place to live, work, raise families, and have fun. "It's Time" is the only existing effort that continually showcases Wilmington's pride and diversity.

BUDGET HIGHLIGHTS
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FISCAL YEAR 2023

The General Fund (continued)

- The Motor Vehicle Costs account increased by almost \$230,000, driven largely by the expansion of specialized equipment in the Police Department.
- Total Debt Service decreased a net \$910,500. Ongoing reconciliation by the City's auditors of the prorated debt service savings from the November 2020 bond refinancing has resulted in a change to the debt service schedules.
- There is a proposed 7.5% increase to the tax rate that is projected to result in additional annual revenue of \$3.14 million. The median assessment homeowner will pay an additional \$52.20 annually (\$4.35 more per month).

BUDGET HIGHLIGHTS

CITY OF WILMINGTON

FISCAL YEAR 2023

The Water/Sewer Fund

- The FY 2023 Water/Sewer Fund operating budget expenditures total **\$82,144,457** – up \$2,576,882 or 3.2% from FY 2022. The FY 2023 Budget continues to support the high-priority initiatives essential to achieving financially self-sustaining and environmentally-sound water, sewer, and stormwater utilities. These include an accelerated Combined Sewer Overflow (CSO) mitigation effort, and finished water filtration and supply improvements that exceed EPA standards, contributing to the stability of northern Delaware’s water supply, especially in times of drought.
- The budget contains a \$146,100 allowance to cover salary increases as dictated by union labor contracts and for a 2.0% cost-of-living-adjustment (COLA) salary increase for non-union employees. In addition, mandatory anniversary salary step increases for certain employees added about \$86,500 to the budget.
- Staffing decreased by a net total of 1.35 FTE. Personnel actions, including changes in grades and shifts to split-funded positions, resulted in a total net decrease of \$94,909.
 - The Finance Department decreased by a net 0.35 FTE. The Revenue Manager position (split-funded 65% Water/Sewer Fund and 35% General Fund) was eliminated, saving \$88,013. The split-funded Senior Financial Officer position was changed from 20% Water/Sewer Fund and 80% General Fund to 50% Water/Sewer Fund and 50% General Fund, resulting in a \$40,457 increase to the Water/Sewer Fund. Lastly, the Delinquent Accounts Supervisor (funded 50% Water/Sewer Fund and 50% General Fund) was upgraded to a Delinquent Accounts Manager at a cost of \$2,659.
 - In the Public Works Department, as part of a reorganization to bolster areas of need, six various vacant positions (three of which were split-funded 50% with the General Fund) were eliminated and five positions (three of which are split-funded 50% with the General Fund) were added for a savings of \$67,307. In addition, a split-funded (75% Water/Sewer Fund and 25% General Fund) Administrative Assistant I was upgraded to an Administrative Assistant II; a GIS Technician II was upgraded to a GIS Analyst II; and all eight Plant Operator IIIs were upgraded from Grade H to Grade J in the Local 320 union pay scale. The effect of the above listed upgrades was an increase in cost of \$17,293.
- The Contracted Maintenance Services account increased \$960,400. Almost all of the increase is in the contract fee to Jacobs to operate and maintain the City's sewage treatment plant and help manage the City’s renewable energy bio-solids facility.
- The Repairs to Sewer Lines account in the Sewer Maintenance Division rose by \$400,000 to cover expanded inspection and repair of flood points, and the higher costs of emergency pipe replacement and repairs.

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CITY OF WILMINGTON
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The Water/Sewer Fund (continued)

- A total of \$209,000 was added to cover a wide-ranging list of items in the Engineering accounts of the Water System, Sewer Maintenance and Wastewater Treatment Plant Divisions. This includes additional support for the City's renewable energy bio-solids facility, technical assistance and guidance regarding EPA local limit requirements, and project management of the sewer collection system.
- 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, are budgeted to increase by \$251,033, reflecting the recent revisions to the cost allocation model based on new usage surveys.
- Legal fees were increased 40% (from \$500,000 to \$700,000) to cover arbitration and legal proceedings against New Castle County (wastewater treatment contract), the Army Corps of Engineers (unpaid stormwater bills), and Honeywell (breach of contract regarding the renewable energy bio-solids facility).
- Since the low point during the height of the COVID-19 pandemic last year, the price of dozens of chemicals has risen by more than 100%. Some of the affected chemicals are used by the City for water treatment at the Porter and Brandywine filter plants. In addition, new types of speciality chemicals are needed for the cleaning of the membranes at the Brandywine Plant. As a result, Bulk Chemicals increased by \$175,000.
- The Finance Department added \$110,000 in the Miscellaneous Charges - N.O.C. account to expand staffing for the Wilmington 311 Call Center. Wilmington 311 is a customer service portal that offers residents the ability to request a service, report a problem or direct a question to City government officials.
- Total Debt Service decreased a net \$566,576. Ongoing reconciliation by the City's auditors of the prorated debt service savings from the November 2020 bond refinancing has resulted in a change to the debt service schedules.
- There was a 5.0% increase to water and sewer rates. The projected fiscal impact of the rate changes is an increase of \$2.49 million in revenue to the Water/Sewer Fund in FY 2023. The typical residential customer in the City using 4,000 gallons of water per month will see an increase of \$2.82 to their monthly bill. There was no increase to stormwater rates.