

**City Council of the Mayor and Council of New Castle
Budget Workshop
Community Room
Public Safety Building (1 Municipal Blvd.)**

Thursday – June 18, 2009 – 6:00 p.m.

Present:

Council President William Barthel
Councilperson John Cochran
Councilperson John Gaworski
Councilperson Ted Megginson
Councilperson Teel Petty

Also Present:

City Treasurer Janet Carlin, City Administrator Cathryn Thomas, Finance Director Marian Delaney, Greg Sarnecki (Auditor/Advisor)

Budget Workshop To Discuss Revenues

Tish Gallagher, President of the Board of the New Castle Senior Center, appeared before the City Council to explain the Senior Center's request that the City continue to provide \$1,000 per month. The City had been providing the money towards the capital expansion. That pledge is expiring, but due to budget cuts at the State, the center is facing a shortfall. Last year, funding from the State was cut 8 percent and additional cuts are expected. The facility had been doing a variety of fundraisers to raise money.

The City Council requested some additional information from the organization.

Finance Director Delaney said the assessed value of the City had grown since last year. She explained the City does not collect 100 percent of the taxes owed each year.

City Council discussed how much to project as far as collection and the Council members decided to take a conservative approach and project 97 percent.

Mr. Sarnecki said that the City Council used a proper rationale to select that percentage.

For property tax revenues for the proposed budget was set at \$2,850,000, up from \$2,750,055 in the fiscal year 2009 budget.

Councilperson Cochran suggested taking a conservative approach, as well, toward the tax penalties line in the budget.

The line was set at \$18,000, down from \$25,000 budgeted a year ago.

Council President Barthel had performed some research looking at property sales in New Castle and property transfer taxes. He found both down considerably, but that seems to be leveling out. The values of the properties selling, however, are down roughly 8 percent.

Administrator Thomas said in doing last year's budget, City Council lowered the transfer tax projection, but it still fell more than anticipated.

Councilperson Petty said she thinks the Council should stay conservative, and that real estate is not selling.

Councilman Cochran said business license fees are projected to rise 30 percent.

The budget line was set at \$80,000, up from \$70,000 a year ago. Rental fees, which are not expected to be increased since they were established recently, were kept level at \$23,000.

Fees are planned to be increased for building permits and Historic Area Commission applications. That revenue line was raised to \$175,000 from \$145,000.

Councilperson Cochran said he would like to see about getting an additional \$50,000 from MSC.

The City saw its interest income fall from a budgeted \$60,000 to \$20,000. The City Council decided to budget \$20,000 for the proposed budget.

Administrator Thomas explained that past City Councils have taken some amount of unreserved or unexpended funds and used it toward the next year's budget. The Council can use it to minimize an increase in the tax rate.

The proposed budget currently would project a roughly \$150,000 in lower revenues, from \$5.39 million to \$5.24 million.

Councilperson Megginson made a motion to adjourn the meeting. Councilperson Cochran seconded the motion. The motion was approved unanimously.

Respectfully submitted,

Michael Dickinson
New Castle City Clerk