

Ordinance No. 2025-553

**AN ORDINANCE TO AMEND THE CITY OF NEW CASTLE
MUNICIPAL CODE BY ESTABLISHING A NEW CHAPTER 222,
SPECIFIC FINANCIAL ACCOUNTS, REGARDING THE CREATION OF
A BUDGET STABILIZATION FUND AND A CAPITAL AND
INFRASTRUCTURE FUND**

WHEREAS, the Council of the City of New Castle (“City Council”) possesses the authority to adopt, amend, modify, or repeal the City of New Castle Municipal Code (“City Code”); and

WHEREAS, the City of New Castle recognizes the importance of responsible financial planning and ensuring long-term fiscal stability; and

WHEREAS, unforeseen economic downturns, emergencies, and revenue shortfalls can negatively impact the City's ability to provide essential services; and

WHEREAS, the City Council believes that establishing two financial accounts for specific matters, a Budget Stabilization Fund and a Capital and Infrastructure Fund, will help ensure that dedicated resources are available for the City’s future needs; and

WHEREAS, the creation of a Budget Stabilization Fund will provide a reserve to mitigate revenue volatility and support the continuity of municipal operations during periods of financial distress; and

WHEREAS, the City of New Castle acknowledges the need for ongoing investment in capital assets, infrastructure maintenance, and improvements to sustain economic growth and public welfare; and

WHEREAS, a Capital & Infrastructure Fund will ensure dedicated resources for maintaining and replacing the City’s infrastructure, including roads, public buildings, parks, utilities, and other capital projects; and

WHEREAS, prudent fiscal management requires that such funds be established with clear guidelines for deposits, withdrawals, and appropriate use of funds.

NOW, THEREFORE, making the express finding that the provisions of this Ordinance enhance and promote the health, safety, and welfare of the City of New Castle, be it ordained by the Council of the City of New Castle Council as follows:

SECTION 1: The City Code is hereby amended by adding the following new Chapter titled “Specific Financial Accounts”:

CHAPTER 222 Specific Financial Accounts

Article I Budget Stabilization Fund

§ 222-1 Appropriation to be included in the budget.

In preparing the annual budget for the City of New Castle, the City Council shall include an appropriation for a Budget Stabilization Fund (hereinafter “BSF”) consistent with this Article.

§ 222-2 Accumulated balance to be maintained.

The total accumulated balance to be maintained in the BSF may not be less than fifty-percent (50%) of the City’s operating budget for the prior fiscal year, beginning in FY 2029. Please see section 222-3 for FY 2027 and FY 2028 funding.

§ 222-3 Method of funding.

The BSF shall be funded as follows:

- A. Beginning in fiscal year 2027, XXXX percent (X%) of the property transfer tax revenues will be allocated to the BSF.
- B. Beginning in fiscal year 2028, XXXX percent (X%) of the property transfer tax revenues will be allocated to the BSF.

- C. Beginning in fiscal year 2029, fifty-percent (50%) of the property transfer tax revenues will be allocated to the BSF.
- D. Additional funding that may be earned by the reasonable and prudent investment of the BSF in secure investments.

§ 222-4 Expending of funds.

- A. Use during natural disaster or public emergency.
 - (1) Funds accumulated in the BSF may be expended if the City shall be included within a geographical area declared to be a natural disaster by the President of the United States of America or by the Governor of the State of Delaware.
 - (2) Funds accumulated in the BSF may also be expended by the City Council when, in its discretion, it declares a public emergency.
 - (3) Funds expended from the BSF under this Section, shall not exceed one-hundred-percent (100%) of the balance contained therein and shall be expended only for those purposes approved by a majority of the members elected to the City Council.
- B. Use during period of reduced revenues or increased expenditures.
 - (1) Funds accumulated in the BSF may be expended to fund the City's annual operating budget during a period of reduced revenues, including due to reductions in the transfer tax, building permits, and accrued interest.
 - (2) Funds expended from the BSF in any given fiscal year shall not exceed ten-percent (10%) of the City's operating budget and shall be expended only upon approval by a majority of the members elected to the City Council. No accumulated funds shall

be expended under this Section until the fiscal year 2027 annual operating budget.

- (3) No more than twenty-five-percent (25%) of an authorized BSF withdrawal in any given fiscal year may be utilized to support personnel costs, including payroll or costs associated with labor contract negotiations, unless approved by a unanimous vote of the members elected to City Council. For purposes of this Section, “personnel costs” include, but are not limited to, salaries, wages, benefits, bonuses, and financial commitments related to the City’s collective bargaining agreements.
- (4) Notwithstanding the provisions of this Section to the contrary, at any time that the City Council may deem necessary and appropriate, the remaining balance may be expended from the BSF by a unanimous vote of the members elected to the City Council.

§ 222-5 Replenishing of expended funds.

The BSF must be replenished after expenditure under this Article by additionally depositing funds appropriated from the annual operating budget equal to twenty-five (25%) of the BSF funds expended commencing the fourth year after their expenditure.

§ 222-6 Funds to be considered encumbered.

- A. Funds accumulated in the BSF will not be considered unexpended and unencumbered funds at the end of the budget year.
- B. Funds accumulated in the BSF will be considered encumbered funds.

Article II Capital and Infrastructure Fund

§ 222-7 Appropriation to be included in the budget.

In preparing the annual budget for the City of New Castle, the City Council will include an appropriation for a Capital and Infrastructure Fund (hereinafter “CIF”).

§ 222-8 Definitions.

A. Capital Assets or Capital Improvements

- (1) Tangible or intangible assets owned by the City that have a useful life extending beyond one fiscal year and are used in municipal operations.
- (2) Includes, but is not limited to, buildings, land, vehicles, heavy equipment, and major technology systems.

B. Infrastructure Improvements

- (1) The fundamental physical systems and facilities necessary for the operation of the City, including roads, bridges, sidewalks, public buildings, parks, and utilities.

C. Repair or Replacements

- (1) The restoration, fixing, or substitution of capital assets or infrastructure components that have deteriorated, become obsolete, or reached the end of their functional life.
- (2) Includes routine maintenance when part of a larger project, emergency repairs, and planned replacements to ensure operational efficiency and public safety.

- (3) May also include professional services such as engineering, surveying, and project management necessary to complete the repair or replacement.

§ 222-9 Accumulated balance to be maintained.

- A. Beginning fiscal year 2027, during the annual budget review, the City Administrator will present to the City Council a Capital and Infrastructure Improvements Plan outlining projected needs for the fiscal year and at least five (5) subsequent fiscal years. This plan will identify anticipated projects, estimated costs, funding sources, and timelines. The City Administrator must also include provisions for unanticipated capital and infrastructure repairs deemed urgent or necessary due to safety, regulatory compliance, or significant service disruption. The CIF may be used to support such emergency repairs if approved by a majority vote of the members elected to City Council.
- B. The funds to be deposited and maintained in the CIF will be determined each year by the City Council when it considers, among other things, the cost estimates, funding sources and recommended time schedule for each of the capital projects during the presentation of the proposed Capital and Infrastructure Improvements by the City Administrator.
- C. The total accumulated balance in the CIF will be reviewed by City Council during both the mid-year budget review and the annual budget meetings. The accumulated balance must be at least \$500,000, with an allowance of a two-percent (2%) buffer due to market fluctuations.

§ 222-10 Method of funding.

The CIF will be funded as follows:

- A. Beginning fiscal year 2027, XXXX percent (X%) of the property transfer tax revenues will be allocated to the CIF.

- B. Beginning fiscal year 2028, XXXX percent (X%) of the property transfer tax revenues will be allocated to the CIF.
- C. Beginning fiscal year 2029, fifty-percent (50%) of the property transfer tax revenues will be allocated to the CIF.
- D. Additional appropriations from the annual operating budget will be allocated to the CIF if necessary to maintain the required minimum balance.
- E. Additional funding that may be earned by the reasonable and prudent investment of the CIF in secure investments.

§ 222-11 Expending of funding.

Funds accumulated in the CIF may only be expended for the repair, replacement, or improvement of Capital Assets and infrastructure when costs exceed \$2,500 and when approved by a majority of the members elected to the City Council. Eligible repair, replacement, or improvement expenses may include engineering fees, design costs, and other necessary professional services.

§ 222-12 Funds to be considered encumbered.

- A. Funds accumulated in the CIF will not be considered unexpended and unencumbered funds at the end of the budget year.
- B. Funds accumulated in the CIF will be considered encumbered funds.

SECTION 2: An initial deposit into a Budget Stabilization Fund, created pursuant to this Ordinance, in the amount of fifty-percent (50%) of the approved operating budget for fiscal year 2026 must be included in the annual operating budget for fiscal year 2026, to be allocated from the City's money market retention appropriation.

SECTION 3: An initial deposit into a Capital and Infrastructure Fund, created pursuant to this Ordinance, of \$500,000 must be included in the annual

operating budget for fiscal year 2026, to be allocated from the City's money market retention appropriation.

SECTION 4: If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such decisions shall not affect the validity of the remaining portions of this Ordinance.

SECTION 5: In the event any existing Ordinances or parts of Ordinances are in conflict herewith, the provisions of this Ordinance shall control.

SECTION 6: This Ordinance shall become effective immediately upon its adoption and approval.

First Reading April 8, 2025

Second Reading

Signed this _____ day of _____, 2025

Suzanne Souder, President of City Council

Attest: _____
Courtaney Taylor, City Clerk

Approved: _____
Valarie Leary, Mayor

Supplemental Documents Ordinance 553

City Council of the Mayor and Council of New Castle
Budget Workshop
Town Hall – 201 Delaware Street – New Castle

Tuesday – June 23, 2009 – 6 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

Budget Workshop to discuss 2009-2010 City Budget

Council President Barthel said that this meeting reflects the nearing of the close of the budget process.

Bob Briggs, insurance agent for the City, said he presented Councilperson Cochran with their insurance proposal for 2009-10.

Council President Barthel then opened the floor to anyone in the audience wishing to address the City Council regarding the budget.

Rob Dill, on behalf of the New Castle Senior Center, said he was attending to answer any remaining questions that had arisen at a previous meeting. Information was sent to the City regarding the \$1,000 monthly grant the Senior Center officials would like to see continued.

Council President Barthel said the information provided was sufficient; other Councilpersons did not have questions.

Esther Lovlie spoke on behalf of the Historic New Castle Alliance. She wanted to make sure Council had received the organization's letter and would answer any questions Council had.

Chris Cashman, President of the New Castle City Library Board of Trustees, thanked the City and Council for the \$100,000 the library received this year in the capital campaign and said there are two years remaining in the pledge the City made to the Library. He also thanked the Council for its consideration of that and said he would answer any questions and provide an update on the project.

Don Reese, former City Councilperson who resides on West 7th Street, said he was on Council for the highest tax rate increase in City history. He said he did not hear one complaint from any citizen about the increase. He added the City during his tenure raised money through annexation, which has proven not the ideal way to increase your revenue. If you cut the Library funding, they will probably name the hole there after you, he said, what will happen is other people will pull their money too since there is no support in the community. A former City Councilperson, just a few years ago, said the Council should raise taxes a little bit every year to more than cover the cost of inflation. Mr. Reese said his argument was you only raise what you need and don't create a windfall. If City Council doesn't cut services, it

isn't cutting his quality of life. Quality of life is more important than a few more pennies each day. If it chooses to raise taxes, it is raising his taxes but also raising their own. He doesn't feel like they are picking on him if they need to raise taxes to balance the budget.

Administrator Thomas went over the current proposed budget, which includes the revenue projections outlined at the previous meeting. Those projections reflect the City will not meet projected revenue in the current budget year and the City Council decided to lower revenue projections for the new budget.

Administrator Thomas pointed out that for property tax transfer revenues, the City had budgeted to receive \$260,000 this year and so far is \$100,000 short. The City Council has set the proposed budget for transfer tax revenues at \$175,000. City Council did increase projected revenues in anticipation of an expected increase in licenses and fees. Another area where the City will see a shortfall is in investments and interest rates—the City had budgeted to receive \$60,000 this fiscal year and the actual amount will be \$20,000. So the City Council has lowered its projection for next year to \$20,000.

The City had projected to receive almost \$5.4 million in revenues this year; actual amount is expected to be \$4.6 million. The projection for next year is \$5 million.

The current projections for expenses is down \$630,000, but what is not included are any raises in a union contract being negotiated; insurance costs; raises for non-union employees, and general fund contingency. Also not factored in is any application of unexpended balance.

Council President Barthel said the City Council still needs to look at the insurance numbers and contractual matters.

Administrator Thomas said that since the City had just received the second insurance quote, she had not had an opportunity to review it and compare various aspects of the policies.

Councilperson Cochran said they should be able to do that prior to the next meeting.

Don Reese said he hoped the City Council could do a better job than prior City Councils on enforcement, including tickets, bulk trash and business licenses—and also look at building fees.

Council President Barthel said Councilperson Cochran has led an effort, since the election, to drive down costs and had other meetings with enforcement folks to drive up revenues.

Councilperson Megginson made a motion to go into executive session; Councilperson Cochran seconded the motion. The motion was approved unanimously.

The meeting adjourned at 6:29 pm.

Respectfully submitted,

Michael Dickinson
New Castle City Clerk

**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

the City. The zoning for these land areas should be provide appropriate protection for environmental resources on the site and nearby, be compatible with surrounding land uses and promote a form of development that would yield at least some open space.

S4 – 4: (a) Develop a capital improvement program identifying desirable physical street improvements throughout the City.

(b) Coordinate state and local transportation improvements to achieve better pedestrian linkages between these areas of the City and existing adjoining neighborhoods.

(c) The City should, where necessary, look to adjust zoning designations where it comports with County goals along the city limits.

(d) Review the zoning district requirements and amend where appropriate to make it conducive toward creating a vibrant, traditional mixed-use and walkable Downtown.

S4 – 5: (a) Adopt land use policies and strategies that would guide growth.

(b) Delineate high risk areas where development/redevelopment should be limited.

(c) Minimize contributing stormwater runoff to flood water receiving areas by requiring stormwater best management practices (BMPs) and porous materials where appropriate.

S4 – 6: (a) Review neighboring Delaware jurisdictions with increased land development activity and recently updated regulations for customization and consideration as new legislation within the City Code.

(b) During the review for new regulations, create process flowcharts and plan submittal checklists to include a new land development application form.

(c) Determine the level of review needed for applications; such as administrative or Planning Commission as well as involvement from other applicable advisory Boards and Commissions.

(d) Conduct a fee analysis for applications based on the process to ensure land development is paying the associated costs and not supplemented by the City.

Resolution No. 2011-10

**A Resolution to Establish and Designate an Initial Amount to be Set
Aside in a Reserve Fund Dedicated to the Construction of Capital Projects and
Purchase of Capital Equipment and Improvements or Emergency Goods and Services**

WHEREAS, City Council members have reviewed the current state of the City finances and recognize there is a notable balance of unreserved general fund balance; and

WHEREAS, the way in which this unreserved general fund balance is currently entered in the City's accounting system, it is available for use at any time for any purpose; and

WHEREAS, the City Council has the option to set aside some of that unreserved general fund balance in a reserve fund, which would restrict to some degree the future use of that money; and

WHEREAS, there are a number of potential capital projects, improvements and purchases which would be worthwhile and beneficial to the City to expend money set aside in a reserve fund were one to be established, including crucial work needed in the short- and long-term future relative to the City's dike system; and

WHEREAS, the City Council may also authorize the aforementioned reserve fund account to include that money may be set aside and expended in the future on items related to emergency goods and services.

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby authorizes and directs the Finance Director to make the appropriate accounting entries to occur so that \$125,000 of money currently held and accounted for as unexpended general fund balance shall be transferred and held and accounted for in a Reserve Fund Dedicated to the Construction of Capital Projects and Purchase of Capital Equipment and Improvements or Emergency Goods and Services.

AND, BE IT FURTHER RESOLVED, that with the establishment of the aforementioned Reserve Fund, it is hereby acknowledged that monies expended from said fund shall be exclusively for the purposes set forth, and that such proper expenditures may not require further review of the full City Council, however that the City Treasurer shall review and approve said expenditures and ensure that all other applicable proper finance processes and procedures in place are adhered to upon expenditure of such funds.


AND, BE IT FURTHER RESOLVED, that in the event it is proposed to expend monies from the aforementioned Reserve Fund for purposes outside the parameters set forth above, that such expenditures from said Reserve Fund may only occur after discussion by the City Council at a public meeting and adoption of a proper City Council resolution authorizing such expenditures.

AND, BE IT FURTHER RESOLVED, that this Resolution shall take effect immediately.

Passed this 31st day of March, 2011.


William J. Barthel, City Council President


John W. Cochran, Councilperson


John J. Gaworski, Jr., Councilperson


Theodore H. Megginson, Councilperson


Teel Petty, Councilperson

Attest:

Michael A. Dickinson, City Clerk