

January 3, 2007

County Executive Coons and Members of New Castle County Council:

On behalf of the Task Force for the Financial Future of New Castle County, I am pleased to present this interim report. As directed by Council Resolution 06-171, you charged this Task Force with evaluating County operations, costs, revenues and growth, and making recommendations for improving the long-term financial future of New Castle County by December 30, 2006. That date was chosen to inform the County Executive and Council as you work to develop the Fiscal Year 2008 budget.

This interim report meets that mandate by providing short-term recommendations to consider in addressing the financial challenge in the next two budget cycles. If implemented, these recommendations, which balance cuts in spending, increases and diversification of revenues and policy changes, would produce significant improvements in the County's financial situation. Specifically, the Task Force recommends that the County, beginning with this budget cycle:

- Seek full cost recovery through fees for service, sponsorship, or volunteer support where appropriate, especially for special events or programs that are not basic core services.
- Reduce capital authorizations to bring in line with capacity of the general fund to absorb additional debt service.
- Update capital impact fee schedules for parks, libraries, and public safety.
- Accept and implement the recommendations of the recent paramedic service study.
- Initiate dialogue to rationalize delivery of specialized police service and evaluate systematically specialized programs not provided by state or other surrounding municipal governments.
- Use regular RFP processes to benchmark the current costs with private sector alternatives for providing services.
- Reduce the size of the current workforce to bring in line with fiscal capacity.
- Reduce employee costs to a growth rate in line with the underlying growth of property tax revenues or inflation.
- Diversify and align revenues with services provided.
- Repeal the limitation on the Executive's authority to submit a budget with more than a five percent property tax increase, since increases of more than five percent will be required to bring the budget into balance.
- Sunset and replace overly generous tax and sewer exemption programs.

In addition, the interim report recommends long-term structural changes to address the fiscal health of the New Castle County government.

The final report and recommendations await the completion of important work. As you know, the most significant expenditure of County tax dollars goes to support the salary and benefits of County employees. To appropriately inform the recommendations in this area, the Task Force contracted to procure a benchmarking of County compensation practices. This work is scheduled to be completed in mid-January. The Task Force and its Employee Compensation Subcommittee will reconvene at that point to continue our work.

As chair of the Task Force, I want to convey my sincere thanks and appreciation to the members, those who served on subcommittees, and to County employees who presented, proactively and responsively, information in support of this work. This interim report reflects a great deal of time and effort to support our shared goal of providing efficient and effective service to residents at a price they can afford. Members of the Task Force are available to answer any questions you may have about this interim report. We look forward to sharing the final report with you when we are able to complete our work.

Sincerely,

Michael Strine, Chair
Task Force for the Financial Future of New Castle County

JMS
Attachment