



Town of Ocean View, Delaware

FY2025 Budget Workshop

February 27, 2024

FY2025 Proposed Operating Budget Considerations

Objectives & key assumptions of the proposed FY2025 Operating Budget–

- We have proposed a **balanced Operating Budget** of **\$5,870,245** and Capital Improvement Program totaling **\$1,995,595**.
- The proposed FY2025 budget is presented with **no requirement for a tax rate increase**. **Therefore, the tax rate, if supported by Mayor and Council, will remain at .2378 per \$100 assessed value for the 3rd fiscal year in a row.** You will recall the Town reduced its tax rate by three (3) cents (equal to 11%) in its approved FY2023 budget and maintained that rate in FY2024. For awareness, we have assumed for now, a one (1) cent incremental tax rate increase for each out year including FY2026, 2027, 2028 and 2029 (making up our 5-year plan) **including the requirement to use reserves** (unassigned fund balance).
- Cost of Living Adjustment (COLA) Wage increases of 3.901% based on the December 31, 2023, CPI-U for the Mid-Atlantic region, for employees and .401% for contractual employees (Town Manager and Chief). Sworn Officers (non-contractual) were given an across the board \$5K increase in association with a \$5K starting salary increase deemed necessary to remain competitive.
- Based on information from the State Office of Benefits, health insurance has been budgeted at an increase of 22.8% affecting the Town as well as our employee share.... More to come on this in our presentation.
- A seasonal part-time Codes employee has again been included at the cost of \$14,325 and a paid weekend volunteer for the Police Department front desk from Memorial Day to Labor Day at a cost of \$4,830.
- Our Fee Schedule includes modifications associated with our review of actual time spent completing various tasks, Town Solicitor billings, and/or comparisons with the fee schedules from other Towns in our area.

FY2025 Proposed 5-Year Outlook - Budget Summary (with capital projects included)

	FY2024 Adopted Budget	FY2025 Proposed Budget	FY2026	FY2027	FY2028	FY2029
Total Revenue Available for Operations	\$ 6,031,190	\$ 5,915,245	\$5,757,434	\$ 6,091,688	\$5,743,755	\$ 5,880,311
Departmental Operating Expenses:						
General & Administrative	1,292,935	1,449,665	1,457,401	1,561,107	1,515,662	1,539,728
Planning & Zoning	767,675	802,450	831,162	852,904	875,896	894,604
Public Safety	2,346,035	2,550,230	2,578,594	2,666,365	2,752,518	2,835,371
Public Works	1,514,545	1,067,900	1,059,732	1,297,884	904,948	919,513
Total Operating Expenses	5,921,190	5,870,245	5,926,889	6,378,260	6,049,024	6,189,217
Available Revenue in excess of (less than) Operating Expenses	\$ 110,000	\$ 45,000	\$ (169,456)	\$ (286,572)	\$ (305,269)	\$ (308,905)
Other Funding Sources:						
Capital Funding Sources:						
Grants (Public Safety Grant and Other Grants)	1,750,290	248,150	85,000	85,000	170,000	85,000
Capital Replacement Trust Fund (CRTF)	83,050	218,500	493,000	199,565	326,330	78,225
Street Repair & Replacement Trust Fund (SRRTF)	2,634,200	1,483,945	1,187,500	263,500	-	1,000,000
Total Other Funding Sources	4,467,540	1,950,595	1,765,500	548,065	496,330	1,163,225
Excess (Deficit) Funding before Capital Expenditures	\$ 4,577,540	\$ 1,995,595	\$1,596,044	\$ 261,493	\$ 191,061	\$ 854,320
Capital Expenditures:						
Total Expenditures from Capital Improvement Plan	4,577,540	1,995,595	1,810,500	610,480	541,330	1,208,225
Excess (Deficit) Funding after all Expenditures	\$ (0)	\$ (0)	\$ (214,456)	\$ (348,987)	\$ (350,269)	\$ (353,905)
*Projected Unassigned Fund Balance	\$ 2,128,289	\$ 2,128,289	\$1,913,834	\$ 1,564,847	\$1,214,578	\$ 860,673
	\$ 2,128,289 (Adjusted to FY23 Audit Balance)					

* Projected Unassigned Fund Balance (includes minimum reserves for operations)

FY2025 Proposed 5-Year Outlook - Budget Summary (with capital projects included) [continued](#)

In association with the prior slide and year to year comparisons:

- Public Works Operating Expenses are reduced in FY25 in association with less street and sidewalk rehabilitation work (rehab not new infrastructure) being completed.
- Grants (Public Safety & Other Grants) are reduced in funding sources as we don't include grants until they are secured, but always actively and successfully seek them.
- CRTF funding increases in FY25 as we are now utilizing this fund for non-OVPD equipment replacements.
- SRRTF funds being used in FY25 is less due to drainage and sidewalk (new projects) being spread out over multiple fiscal years.
- CIP expenditures are also down as a result of spreading work out over multiple years. FY24 was a very busy year.

FY2025-29 Proposed Capital Improvement Program (CIP)

The CIP is a long-range planning tool allowing for effective management of projects and out-year forecasting.

	Amount Year ending April 30, 2025	Amount Year ending April 30, 2026	Amount Year ending April 30, 2027	Amount Year ending April 30, 2028	Amount Year ending April 30, 2029	5-year Totals
<u>Appropriations from the:</u>						
General Fund	\$ 45,000	\$ 45,000	\$ 62,415	\$ 45,000	\$ 45,000	\$ 242,415
Capital Replacement Trust Fund	218,500	372,000	18,565	145,330	78,225	832,620
Agency Funded Grants	198,150	35,000	35,000	35,000	35,000	338,150
Street Repair & Replacement Trust Fund	1,483,945	1,187,500	263,500	-	1,000,000	3,934,945
Emergency Service Enhancement Fund	50,000	50,000	50,000	135,000	50,000	335,000
Water Fund*	-	-	-	-	-	-
Total Appropriations	\$ 1,995,595	\$ 1,689,500	\$ 429,480	\$ 360,330	\$ 1,208,225	\$ 5,683,130

The Capital Improvement Program can be found in its entirety on pages 141 to 203 of the Proposed Operating Budget, 5-year Capital Improvement Program and Water System Budget.

*This Capital program does not anticipate any water utility projects.

How we approached the initial requirement to recommend a tax rate increase:

Primary drivers for higher costs include:

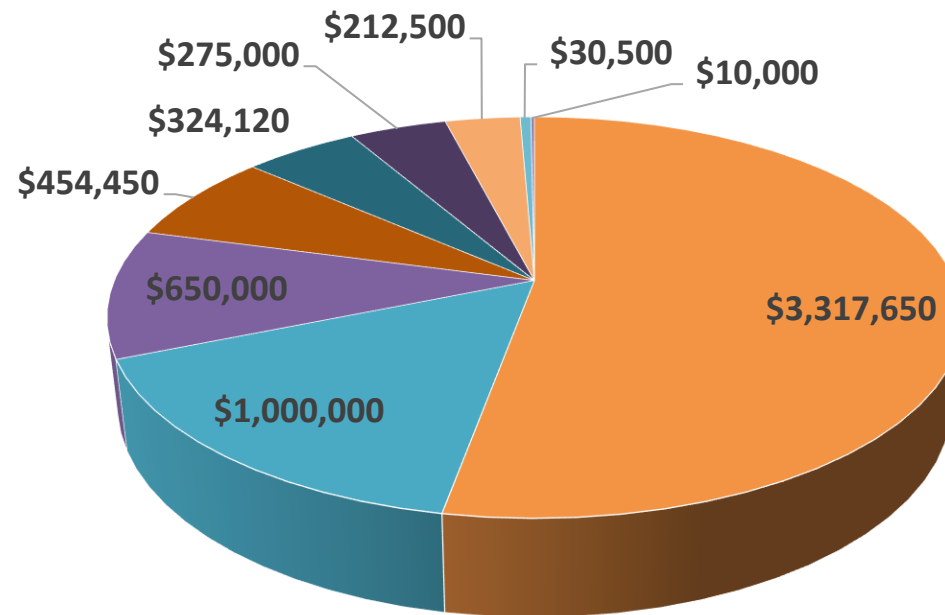
Personnel costs primarily the cost of providing health insurance; police retention and recruitment; and the addition of one full time Public Works Superintendent.

Higher costs associated with materials, and supplies including fuel and equipment replacements.

Originator	Revision to proposed budget (first draft)	Amount of Revision
Administration	Salary Study	(\$40,000)
OVPD	2 Seasonal Officers	(\$32,340)
Administration	Increased Gross Receipts Tax Revenue	\$20,000
Administration	Increased expected Property Tax Revenues	\$19,295
Administration	Used \$5K across board vs % increase PD	(\$21,815)
Administration	Increased employee share of Healthcare	\$11,045
Administration	Increase to GF Revenue with transfer from ERTF	\$68,140
Administration	Emerging Projects Funds support to General Fund	\$25,385

FY2025 Revenue Projection

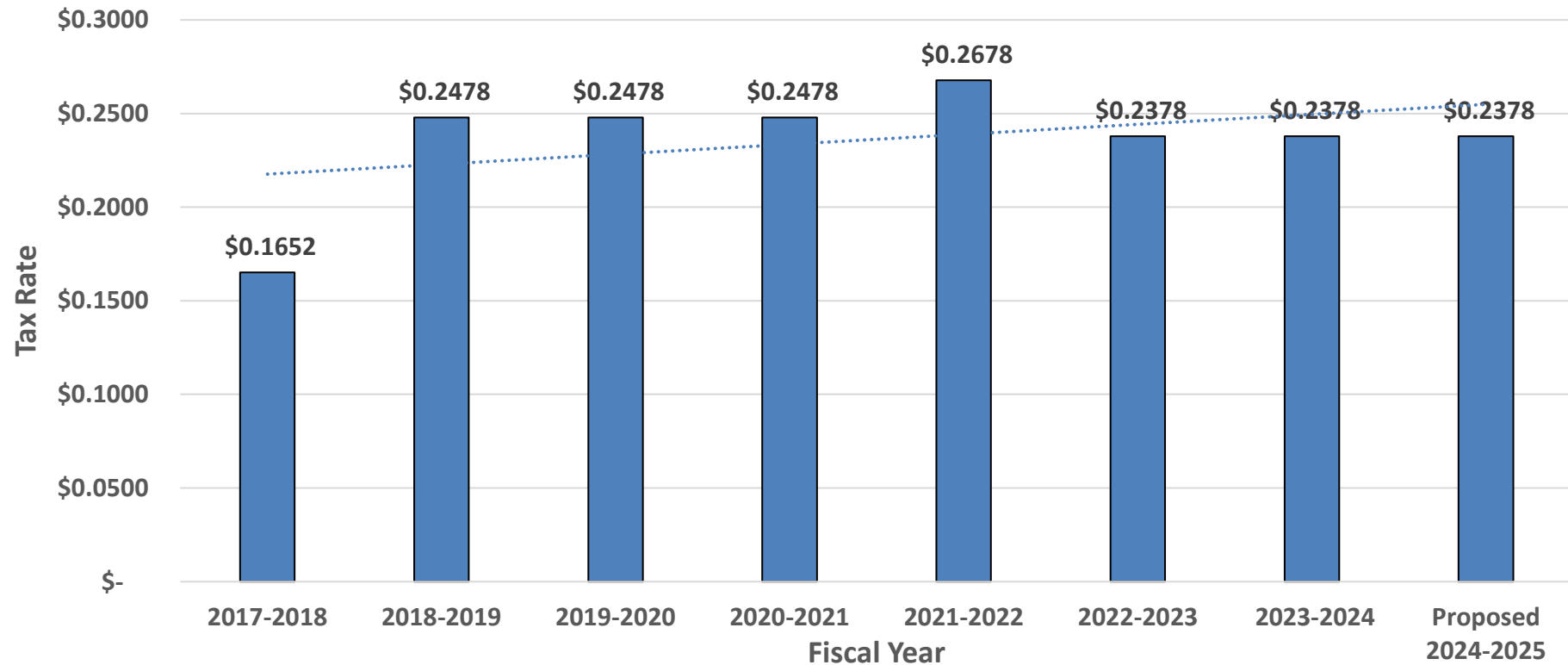
Our Revenue projection is based on conservative estimates and is represented in the following chart:



- PROPERTY TAXES (with Discount) (\$3,317,650)
- GROSS RENTAL RECEIPTS TAXES (\$650,000)
- BUILDING PERMITS (\$324,120)
- LICENSES (\$212,500)
- PLANNING & ZONING/BOARD OF ADJ FEES (\$10,000)
- TRANSFER TAXES (\$1,000,000)
- MISCELLANEOUS (\$454,450)
- PUBLIC SAFETY GRANTS (\$275,000)
- POLICE FINES & FEES (\$30,500)

Tax Rate History (per \$100 assessed value of property)

(FY18 to FY24 Actual, FY25 Proposed)

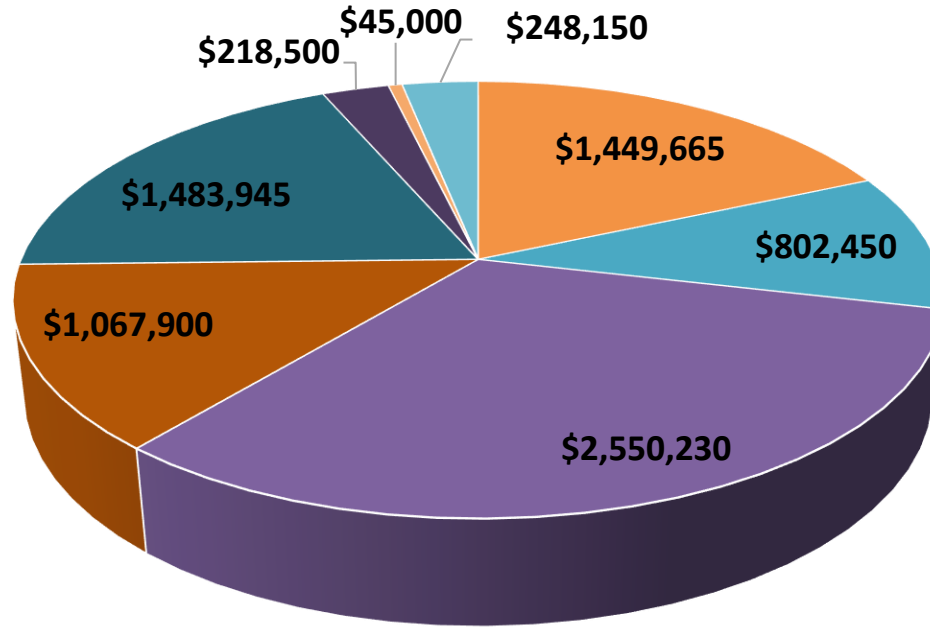


One (1) Cent of the Tax Rate Historical Values:

FY 2025 - \$139,977; FY2024 - \$138,448; FY2023 - \$131,731; FY2022 - \$99,831; FY2021 - \$95,822

FY2025 Expense Projection

Our Expense projection is based on responsible spending practices and is represented in the following chart:



■ Administration (\$1,449,665)

■ Public Safety (\$2,550,230)

■ Capital - SRRTF (\$1,483,945)

■ Capital - General Fund (\$45,000)

■ Planning & Zoning (\$802,450)

■ Public Works (includes Street Repairs) (\$1,067,900)

■ Capital - CRTF (\$218,500)

■ Capital - Agency Funded Grants (\$248,150)

Health Insurance & Other Employee Benefits

At time of budget preparation, the Statewide Benefits Office had reported a 22.8% premium increase for their plans. Since then, it has been reported that the increase could be as high as 27%. The final determination will not be made until mid-March. Our proposed budget recognizes the 22.8% for health insurance premiums.

What this means for the Town and our employees...

- We have included an overall increase of \$92,744 for health insurance for our employees (using Fy24 plan selections).
- Broken down the proposed budget includes an \$81,699 increase to the Town with an \$11,045 increase in the employee share (employees paid \$25,003 in FY24, up to \$36,048 a). The proposed cost share to be paid by employees is as follows (**using the percentage set and paid by the State employees**):
 - 4% of premium for Highmark DE First State Basic
 - 5% of premium for Aetna CDH Gold Plan
 - 13.25% of premium for Highmark DE Comprehensive PPO Plan

Using the FY24 healthcare selections of our staff the COLA increase of 3.901% typically covers the additional cost for our employees.

Other employee benefits...

- The Town continues to assume funding 100% of Short-term disability and Life Insurance
- The Town continues to assume funding 100% of Dental and the low-tier Vision Insurance
- **NEW!** The Town will cover 100% of the 1st year of the Delaware **Paid Family Medical Leave** Insurance Program for FY2025 (more detail on the next slide)

Health Insurance & Other Employee Benefits Continued...

NEW! Delaware ***Paid Family Medical Leave (PFML) Insurance Plan*** *(became law statewide in May of 2022 for 2025 implementation)*

Who, When and Why... at a glance!

WHO:

The DE PFML insurance program impacts employees that have worked for an entity at least 1,250 hours over the previous 12 months of employment.

- Participation is mandatory for businesses with 10 or employees (full & part time)
- 10 to 24 employees – parental leave coverage only
- 25+ employees – All lines of PFML coverage are required

WHEN:

Payments into the plan begin January of 2025 with submittal of claims commencing in January of 2026.

- This unfunded mandate will impact 4 months of our FY25 budget, and we have included funding accordingly.

WHY:

The State of Delaware has suggested that Delaware employers need a competitive edge. The plan is designed to help Delaware employers attract & retain quality employees.

Health Insurance & Other Employee Benefits Continued...

How do we compare.....

Municipality	Coverage (Medical Only)
Ocean View (As Proposed)	Same as State of DE Employee Cost Share (of Plan selected) w/ employee share being: *4% of Highmark DE First State Basic * 5% of Aetna CDH Gold Plan * 13.25% of Highmark DE Comprehensive PPO Plan
Rehoboth Beach	80/20 cost share for employee only with higher cost share for spouse & family coverage Note: They are considering 100% employee only coverage – in negotiations
Bethany Beach	100% for employee, spouse and family coverage, no employee cost share
South Bethany	95/5 cost share for employee 90/10 cost share for spouse and family coverage
Selbyville	100% Employee only 50/50 cost share for spouse and family coverage
Delmar	100% Employee only 70/30 Cost share for spouse and family coverage
Frederica	100% Employee only No cost share for spouse & family coverage (employee pays 100%)
Millsboro	100% Employee only 90/10 Cost share for spouse and family coverage
Milford	85/15 Cost share of employee, spouse or family coverage
Newport	80/20 Cost share of employee, spouse or family coverage

Services at a Glance – Ocean View, Delaware

Not just a Town in name but also in action and acceptance of responsibility...

Below are just a few of the operation and services *At A Glance* (full list is available online) ...

- Full-Service Police Dept. that has rendered Ocean View as the “Safest Town in Delaware” for 6 years!
- Planning and development oversight, property maintenance and code/property maintenance inspections
- Storm Management including Snow Plowing Operations, Salting and Severe Storm event clean up
- Planning financial support of the Local Volunteer Fire Department
- Street Maintenance and Drainage Projects – Identification, design and construction improvements
- Mosquito Control operations

John West Park – Playground, Fitness Course,
Community Center, Community Events, Beautification

2024 Event line up:

- Spring Fling
- 135th Anniversary Celebration
- Summer Concert Series
- Classic Movie Nights
- Cops and Goblins (Fall)
- Old Town Holiday Market, and Tree Lighting
- Quiet Resorts Chamber of Commerce Fire & Ice Festival (Jan 2025)

Partnerships

- Historic Village in Ocean View & the Coastal Town Museum (located at John West Park)
- South Coastal Village Volunteers – tenant @ 32 West – Local Service Organization
- Special Olympics Delaware Bocce Team Home Court!
- Salt Air Gardeners – Blue Star Memorial development & care.
- Quiet Resorts Chamber of Commerce member and event partner!
- Sussex County Association of Towns / DE League of Local Governments active member.
- Scout Troop 281 event partner!



Thank you!

Questions?