

TOWN OF OCEAN VIEW

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MEMORANDUM

TO: Mayor Reddington and Town Council Members
FROM: Dawn Mitchell Parks, Finance Director *DMP*
Carol S. Houck, Town Manager *CSH*
DATE: January 6, 2022
SUBJECT: Input for preparation of the proposed FY23 Budget and possible vote for direction

To get started on the preparation of FY23 Budget, we are looking to get initial guidance from Mayor and Council.

Below are items for your consideration and if possible, direction followed by the 2023 Budget Timeline:

OPERATING BUDGET

REVENUE:

1. Discount on Real Estate Property Tax: The FY22 budget included an 1% discount on Real Estate Property tax for all citizens that paid in full by July 31, 2021. This resulted in an overall savings \$22,169 to our taxpayers (2,548 accounts out of 3,238 accounts).

Does Council support the continuance of offering a discount for early payment and if supported, what percentage?

2. Transfer Tax: The funding ordinances for Street Repair & Replacement Trust Fund (SRRTF) and the Capital Replacement Trust Fund (CRTF) account for 37.5% of transfer tax received from Sussex County. Currently the Town receives 1.5% of the sale price with a 1% processing fee held by Sussex County. For FY22, the Transfer Tax surplus funded the Emergency Reserve Trust Fund (ERTF) to 20% of the FY21 Operating budget with the remainder to SRRTF. The FY22 Operating Budget had no reliance on Transfer Tax.

Does Council support to continue with the Operating Budget having no reliance on Transfer Tax for FY23?

EXPENSE – Compensation:

1. Health, Dental and Vision Benefits: Currently the Town provides the State of Delaware Highmark Basic insurance coverage (subscriber + family) at 2% cost to the employees and as well, Dominion Dental (subscriber + family) at no cost to the employees and the State of Delaware's low tier vision plan (subscriber + family) at no cost to the employees.

Does Council support the continuance of offering the State of Delaware Highmark Basic insurance coverage (subscriber + family) at 2% cost to the employees and as well, Dominion Dental (subscriber + family) at no cost to the employees and the State of Delaware's low tier vision plan (subscriber + family) at no cost to the employees in the proposed FY23 budget?

2. Wage Increases: During the December 11, 2018 Town Council meeting, Council agreed that the CPI-Mid Atlantic rate should be used for Cost-of-Living salary range adjustments. By code, this is also the method used to set council pay each year. The December CPI will be released on January 12, 2022.
3. Annual Payout (Buy Back) of Sick / Medical Leave: The Employee Manual that was signed into effect on January 14, 2020 states that at the end of the calendar year each employee that has more than 10 days of sick leave accrual remaining may opt to be paid for days in accordance with the terms in the Employee Manual. In the next week, each eligible employee will receive a memo with the amount of sick time eligible for buy back from the Town. This step was taken to reduce the Town's liability related to future pay out of accrued sick leave. The proposed FY23 budget will include the maximum amount eligible for buy back.

EXPENSE – Other:

1. *Community Events (G&A): We are requesting approval prior to the final approval of the FY23 budget for the following community events so that, where necessary, entertainment can be booked by the end of this fiscal year.
 - Concerts in the Park \$ 5,000
 - Classic Movies Wednesday \$ 5,000
 - Cops & Goblins \$10,000
 - Holiday Market and Tree Lighting \$10,000
 - Arbor Day \$ 500
 - Other Events \$ 8,000 (Fire & Ice, Chicken Festival and Chamber Basket Raffle)

CAPITAL BUDGET

1. *Vehicles (Public Safety): The lead time for a fully outfitted police vehicle is approximately 12 to 15 months. The adopted FY22-26 Capital Improvement Plan had the purchase of two (2) police vehicles programmed for FY2023. Because of the lead time, we are seeking approval to place the order in January. A portion of the funding is from the County Share which for FY22 is \$30,000 with the remainder from General Fund.
2. Contingency: For purposes of the 5 Year Capital Improvement Plan for FY23 through FY27, we request that a 10% Contingency Line be added in FY23. As contracts are brought before Council, the actual 10% contingency will be identified for Council approval. The 10% contingency is derived from project estimated costs.

WATER BUDGET

1. The 5-year agreement with Tidewater was signed in April 2018 for FY19 through FY23. For FY23, year 5 of the agreement, Operation & Maintenance services is \$36,300 or monthly payments of \$3,050. Meter reading and Billing services is \$33,064 or monthly payments of \$8,266.

****These sections (Community events and Vehicles) we are requesting approval to place orders/sign contracts prior to the approval of the FY23 budget.***

FY2023 BUDGET TIMELINE

1. **Tuesday, December 14:** Town Manager / Finance Director will distribute budget templates to Department Heads for completion.
2. **Friday, January 7:** Department Heads will submit completed budget templates to the Town Manager / Finance Director.
3. **Monday, December 20 – Friday, January 14:** Town Manager / Finance Director will review anticipated revenue, Town's Capital needs, departmental input and will meet with Department Heads.
4. **Tuesday, January 11:** Council Meeting (7:00 p.m.)
Town Council will be asked to provide input for Proposed FY2023 Operating, Capital and Water Budgets. Council will have an opportunity to provide the Town Manager / Finance Director with additional comments and input on the budget.
5. **Tuesday, February 8:** Council Meeting (7:00 p.m.)
Town Manager / Finance Director will present the Proposed FY2023 Operating, Capital and Water Budgets to the Town Council.
6. **Tuesday, February 22:** Public Input Meeting (5:30 p.m.)
Gather public input regarding the proposed FY2023 Budget as required by §3.104 of the Charter.
7. **Tuesday, February 22:** Council Workshop (6:00 p.m.)
Discuss Operating Budget, Capital Budget and Water Budget. Details available using the FY2023 Proposed Operating, Capital and Water Budget Book.
8. **Tuesday, March 8:** Council Meeting (7:00 p.m.)
Introduction of FY2023 Budget Ordinances.
9. **Tuesday, March 22:** Council Workshop (6:00 p.m.)
Additional review and possible amendments for the FY2023 Operating, Capital and Water Budgets.
10. **Tuesday, April 12:** Council Meeting (7:00 p.m.)
Public Hearing and Adopt Budget Ordinances for FY2023 Operating, Capital and Water Budgets. Adopt the FY2023 Fee Schedule Resolution.