

# TOWN OF OCEAN VIEW

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## MEMORANDUM

**TO:** Mayor Reddington and Town Council Members  
**FROM:** Dawn Mitchell Parks, Finance Director *DM*  
Carol S. Houck, Town Manager  
**DATE:** January 6, 2023  
**SUBJECT:** Input for preparation of the proposed FY24 Budget and possible vote for direction

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To get started on the preparation of FY24 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 2024 Budget Timeline:

## OPERATING BUDGET

### REVENUE:

1. Discount on Real Estate Property Tax: The FY23 budget included an 1% discount on Real Estate Property tax for all citizens that paid in full by July 31, 2022. This resulted in an overall savings \$26,232 to our taxpayers (2,662 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 FY23, the Transfer Tax surplus funded the Emergency Reserve Trust Fund (ERTF) to 20% of the FY22 Operating budget with the remainder to SRRTF. The FY23 Operating Budget had no reliance on Transfer Tax.

**Does Council support to continue with the Operating Budget having no reliance on Transfer Tax for FY24?**

### 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 FY24 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, 2023.
3. **Annual Payout (Buy Back) of Sick / Medical Leave:** The Employee Manual that was updated and 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 FY24 budget will include the maximum amount eligible for buy back.

#### **EXPENSE – Other:**

1. The Police Department is requesting the purchase of one (1) new vehicle for \$80,000 to add to the fleet. With the Proposed FY2024 Operating Budget, we will be requesting to fund the purchase of the vehicle from the Emergency Services Enhancement Fund (ESEF) which currently has \$1,088,960. Ordinance 285 provides that Council may award these funds to emergency services providers, including our local Police Department.
2. **\*Community Events (G&A):** We are requesting approval prior to the final approval of the FY24 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	\$ 8,000
• Classic Movies Wednesday	\$ 5,000
• Spring Fling	\$ 5,000
• Cops & Goblins	\$20,000
• Old Town Holiday Market and Tree Lighting	\$15,000
• Arbor Day	\$ 500
• Other Events	\$ 13,000
○ Fire & Ice (\$6,000)	
○ Chicken Festival (\$2,500)	
○ Bocce Tournaments (\$2,000)	
○ Town's 135 <sup>th</sup> Year (\$2,000)	
○ Chamber Basket Raffle (\$500)	

#### **CAPITAL BUDGET**

1. **Contingency:** For purposes of the 5 Year Capital Improvement Plan for FY24 through FY28, we request that a 10% Contingency Line be added in FY24. 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 FY24, we will be reviewing and signing a new agreement, Amendment 4. Tidewater has indicated that they will have the new rates to us by the middle of January for budget purposes.

***\*For this section, Community events, we are requesting a vote by Council for approval to place orders/sign contracts prior to the approval of the FY24 budget.***

## **FY2024 BUDGET TIMELINE**

1. **Tuesday, December 13:** Town Manager / Finance Director will distribute budget templates to Department Heads for completion.
2. **Friday, January 6:** Department Heads will submit completed budget templates to the Town Manager / Finance Director.
3. **Monday, December 19 – Friday, January 13:** Town Manager / Finance Director will review anticipated revenue, Town's Capital needs, departmental input and will meet with Department Heads.
4. **Tuesday, January 10:** Council Meeting (3:00 p.m.)  
Town Council will be asked to provide input for Proposed FY2024 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 14:** Council Meeting (3:00 p.m.)  
Town Manager / Finance Director will present the Proposed FY2024 Operating, Capital and Water Budgets to the Town Council.
6. **Tuesday, February 28:** Public Input on Budget and Council Budget Workshop (3:00 p.m.)  
Council will request public input regarding the proposed FY2023 Budget and discuss the Operating Budget, Capital Budget and Water Budget. Details available using the FY2024 Proposed Operating, Capital and Water Budget Book.
7. **Tuesday, March 14:** Council Meeting (3:00 p.m.)  
Introduction of FY2024 Budget Ordinances.
8. **Tuesday, March 28:** Council Final Budget Workshop (3:00 p.m.)  
Additional review and possible amendments for the FY2024 Operating, Capital and Water Budgets.
9. **Tuesday, April 11:** Council Meeting (3:00 p.m.)  
Public Hearing and Adopt Budget Ordinances for FY2024 Operating, Capital and Water Budgets. Adopt tax rate as part of Operating budget ordinance and adopt the FY2024 Fee Schedule Resolution.