

**TOWN OF  
OCEAN VIEW**201 CENTRAL AVENUE  
OCEAN VIEW, DE 19970(302) 539-9797  
FAX (302) 537-5306  
www.oceanviewde.gov**MEMORANDUM**

**TO:** Mayor Reddington and Town Council Members  
**FROM:** Dawn Mitchell Parks, Finance Director *DM*  
Carol S. Houck, Town Manager *CSH*  
**DATE:** January 5, 2024  
**SUBJECT:** Input for preparation of the proposed FY25 Budget and possible vote for direction

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To get started on the preparation of FY25 Budget, we are looking to get initial guidance from the Mayor and Council. This would be the time for you to advise us on any new initiatives or programs that you would like included in the FY25 budget. The FY2025 Budget Timeline is also attached.

Below are items for your consideration and if possible, direction followed by the 2025 Budget Timeline:

**OPERATING BUDGET****REVENUE:**

1. Discount on Real Estate Property Tax: The FY21 - FY24 budgets included a 1% discount on Real Estate Property tax for all citizens that paid in full by July 31<sup>st</sup> of each year. For FY24, this resulted in an overall savings of \$27,772 to our taxpayers (2,715 accounts).

**Does the 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 FY24, the Transfer Tax surplus funded the Emergency Reserve Trust Fund (ERTF) to 20% of the FY23 Operating budget with the remainder to SRRTF. The FY24 Operating Budget had no reliance on Transfer Tax.

**Does the Council support continuing with the Operating Budget having no reliance on Transfer Tax for FY25?**

**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, Guardian 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, Guardian 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 FY25 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 adjust Council pay each year. The December CPI will be released on January 11, 2024, and if agreeable to Council will be incorporated in our first draft of the FY25 budget.
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 FY25 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 \$85,000 to add to the fleet. With the Proposed FY2025 Operating Budget, we will request to partially fund the purchase of the vehicle from the Emergency Services Enhancement Fund (ESEF) which currently has \$1,090,28. Funding will be \$55,000 from ESEF and \$30,000 from Sussex County revenue sharing. Ordinance 285 provides that the 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 FY25 budget for the following community events so that, where necessary, entertainment and other contracts can be booked by the end of this fiscal year.

• Concerts in the Park	\$ 8,500
• Classic Movies	\$ 3,500
• Spring Fling	\$ 5,000
• Cops & Goblins	\$24,000
• Old Town Holiday Market and Tree Lighting	\$15,000
• Arbor Day	\$ 500
• Other Events	\$ 15,500
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)	Night to Shine (\$1,000)
Ball4All (\$500)	Miscellaneous (\$1,000)

#### CAPITAL BUDGET

1. Contingency: For purposes of the 5 Year Capital Improvement Plan for FY25 through FY29, we request that a 10% Contingency Line be added in FY25. 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, Amendment 4, with Tidewater was signed in April 2023 for FY24 through FY28.

***\*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 FY25 budget.***

## **FY2025 BUDGET TIMELINE**

1. **Friday, December 15:** Town Manager / Finance Director will distribute budget templates to Department Heads for completion.
2. **Friday, January 5:** Department Heads will submit completed budget templates to the Town Manager / Finance Director.
3. **Monday, December 18 – Friday, January 12:** Town Manager / Finance Director will review anticipated revenue, Town's Capital needs, departmental input and will meet with Department Heads.
4. **Tuesday, January 9:** Council Meeting (3:00 p.m.)  
The Town Council will be asked to provide input for Proposed FY2025 Operating, Capital and Water Budgets. The Council will have an opportunity to provide the Town Manager / Finance Director with directions and/or expectations for initial preparation.
5. **Tuesday, February 13:** Council Meeting (3:00 p.m.)  
Town Manager / Finance Director will present the Proposed FY2025 Operating, Capital and Water Budgets to the Town Council.
6. **Tuesday, February 27:** Public Input on Budget and Council Budget Workshop (3:00 p.m.)  
The Council will request public input regarding the proposed FY2025 Budget and discuss the Operating Budget, Capital Budget, and Water Budget. Details available using the FY2025 Proposed Operating, Capital and Water Budget Book.
7. **Tuesday, March 12:** Council Meeting (3:00 p.m.)  
Introduction of FY2025 Budget Ordinances.
8. **Tuesday, March 26:** Council Final Budget Workshop (3:00 p.m.)  
Additional review and possible amendments for the FY2025 Operating, Capital and Water Budgets.
9. **Tuesday, April 9:** Council Meeting (3:00 p.m.)  
Public Hearing and Adopt Budget Ordinances for FY2025 Operating, Capital and Water Budgets. Adopt tax rate as part of Operating budget ordinance and adopt the FY2025 Fee Schedule Resolution.