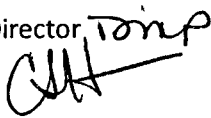



**TOWN OF OCEAN VIEW  
DELAWARE**

January 14, 2025

**TO:** Mayor Reddington and Town Council Members

**FROM:** Dawn Mitchell Parks, Finance Director   
Carol S. Houck, Town Manager 

**SUBJECT:** Input for preparation of the proposed FY26 Budget and possible vote for direction

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To begin our preparation of the FY26 Budget, we are asking for 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 FY26 budget. For reference, the FY2026 Budget Timeline is also attached.

Below are items for your consideration and if possible, direction:

**OPERATING BUDGET**

**REVENUE:**

1. Discount on Real Estate Property Tax: The FY21 - FY25 budgets included a 1% discount on Real Estate Property tax for all citizens that are paid in full by July 31<sup>st</sup> of each year. For FY25, this resulted in overall savings of \$27,482 to our taxpayers (2,698 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 FY25, the Transfer Tax surplus remainder will fund SRRTF. The FY25 Operating Budget had no reliance on Transfer Tax.

**Does the Council support continuing with the Operating Budget having no reliance on Transfer Tax for FY26?**

**EXPENSE – Compensation:**

1. Health, Dental and Vision Benefits: Currently the Town provides Health Insurance at the same employee paid rates as the State of Delaware employees based on individual employee selections, in addition, Guardian Dental (subscriber + family) has been offered at no cost to the employees and the State of Delaware's low tier vision plan (subscriber + family) also at no cost to the employees. Currently, the Town's annual cost for Guardian Dental is \$18,195 and the State of Delaware Vision Plan is \$3,110.

**Does the Council support the continuance of offering Health Insurance at the State of Delaware Employee paid rates as well as 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 FY26 budget?**

3. Wage Increases: During December 11, 2018, meeting, the Town Council agreed that the CPI-U Mid Atlantic rate should be used for cost-of-living adjustments to our salary ranges (Minimum, Midpoint & Maximum for each pay grade). By code, this is also the method used to adjust Council pay each year. December CPI-U will be released on January 15, 2025.

**Does the Council support the continuation of using CPI-U Mid Atlantic rate as the basis for the cost-of-living adjustments to our salary ranges in the initial FY26 draft?**

4. 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 about 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 FY26 budget will include the maximum amount eligible for buy back to ensure our ability to fund selections.

**Does the Council support the inclusion of Sick Buy Back in the initial FY26 draft?**

EXPENSE – Other:

1. **\*Community Events (G&A)**: We are requesting approval prior to the final approval of the FY26 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	
• Movie Nights	\$ 2,000	
• Spring Event (Spring 2026)	\$ 3,500	
• Cops & Goblins	\$24,000 (with fundraising campaign)	
• Old Town Holiday Market and Tree Lighting	\$12,500	
• Arbor Day	\$ 500	
• Other Events	\$ 12,000	
Fire & Ice (\$6,000)		Bocce Tournaments (\$2,000)
Chamber Basket Raffle (\$500)		Night to Shine (\$1,000)
Ball4All (\$500)		Miscellaneous (\$2,000)

***\*For this section, Community events (that are currently contemplated) may require us to place orders/sign contracts prior to the approval of the FY26 budget, where necessary. Your understanding and support are being requested.***

## **CAPITAL BUDGET**

1. Contingency: For purposes of the 5 Year Capital Improvement Plan for FY26 through FY30, we request that a 10% Contingency Line be added in FY26. As contracts are brought before Council, the actual 10% contingency will be identified for Council approval. The 10% contingency will be derived from project estimated costs. This plan has served us well in recent years.

**Does the Council support the inclusion of contingency in the initial FY26 Capital Improvement Plan draft?**

## **WATER BUDGET**

1. The 5-year agreement, Amendment 4, with Tidewater was signed in April 2023 for FY24 through FY28. Note, we anticipate the settlement for the sale of the Water Distribution System to Tidewater to occur by April 30, 2025.

## **FY2026 BUDGET TIMELINE**

1. **Friday, December 13:** Town Manager / Finance Director will distribute budget templates to Department Heads for completion.
2. **Friday, January 10:** Department Heads will submit completed budget templates to the Town Manager / Finance Director.
3. **Monday, December 30 – Friday, January 24:** Town Manager / Finance Director will review anticipated revenue, Town's Capital needs, departmental input and will meet with Department Heads.
4. **Tuesday, January 14:** Council Meeting (3:00 p.m.)  
Town Council will be asked to provide input for Proposed FY2026 Operating, Capital and Water Budgets. The Council will have an opportunity to provide the Town Manager / Finance Director with direction and/or expectations for initial preparation.
5. **Tuesday, February 11:** Council Meeting (3:00 p.m.)  
Town Manager / Finance Director will present the Proposed FY2026 Operating, Capital and Water Budgets to the Town Council.
6. **Tuesday, February 25:** Public Input on Budget and Council Budget Workshop (3:00 p.m.)  
The Council will request public input regarding the proposed FY2026 Budget and discuss the Operating Budget, Capital Budget and Water Budget. Details available using the FY2026 Proposed Operating, Capital and Water Budget Book.  
  
Long Range Planning Presentation will be presented by PFM Financial Group.
7. **Tuesday, March 11:** Council Meeting (3:00 p.m.)  
Introduction of FY2026 Budget Ordinances.
8. **Tuesday, March 25:** Council Final Budget Workshop - (3:00 p.m.)  
Additional review and possible amendments for the FY2026 Operating, Capital and Water Budgets.
9. **Tuesday, April 8:** Council Meeting (3:00 p.m.)  
Public Hearing and Adopt Budget Ordinances for FY2026 Operating, Capital and Water Budgets. Adopt tax rate as part of Operating budget ordinance and adopt the FY2026 Fee Schedule Resolution.