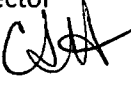


**TOWN OF OCEAN VIEW
DELAWARE**

January 9, 2026

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 FY27 Budget and possible vote for direction

To begin our preparation of the FY27 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 FY27 budget. For reference, the FY2027 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 - FY26 budgets included a 1% discount on Real Estate Property tax for all citizens that are paid in full by July 31st of each year. For FY26, this resulted in overall savings of \$30,669 for our taxpayers (2,796 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 FY26, the Transfer Tax surplus remainder will fund SRRTF. The FY26 Operating Budget had no reliance on Transfer Tax.

Does the Council support continuing with the Operating Budget having no reliance on Transfer Tax for FY27?

EXPENSE – Compensation:

1. Currently the Town of Ocean View provides Health Benefits through the State of Delaware Plans. At the Council meeting of January 13th, the Town Manager will be recommending the migration from the state plans to the Delaware Valley Health Trust (DVHT) plans under a non-broker arrangement, with the Town becoming a member of the Trust created by public entities for public entities. Full details are available as part of the January 13th agenda. If supported by Mayor and Council, the migration will take place July 1, 2026. It is our intent to attempt to keep employee share levels stable with the current FY26 levels, however final determinations will be made as updated premium rates are available. We are also planning to migrate our dental to Delta Dental with the intent of maintaining the no extra cost to the employee as currently provided in FY26. Vision is planned to be offered by EyeMed.

Does the Council support the continuance of offering Health Insurance at the State of Delaware Employee paid rates as well as Dental (subscriber + family) at no cost to the employees and the low tier vision plan (subscriber + family) at no cost to the employees in the proposed FY27 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 13, 2026.

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 FY27 draft for all but OVPD as the FY27 Budget will implement the approved new OVPD Salary Scale?

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 Towns liability related to future pay out of accrued sick leave. The proposed FY27 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 FY27 draft?

EXPENSE – Other:

1. ***Community Events (G&A):** We are requesting approval prior to the final approval of the FY27 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	\$11,000
• Spring Event (Spring 2027)	\$ 2,000
• Cops & Goblins	\$24,000 (Grant in Aid Submission 12/01/25. Awaiting decision)
• Old Town Holiday Market and Tree Lighting	\$12,500
• Arbor Day	\$ 500
• Other Events	\$ 12,000
Fire & Ice (\$6,000)	
Bocce Tournaments (\$2,000)	
Night to Shine (\$1,000)	
Miscellaneous (\$3,000)	

****For this section, Community events (that are currently contemplated) may require us to place orders/sign contracts prior to the approval of the FY27 budget, where necessary. Your understanding and support are being requested.***

CAPITAL BUDGET

1. **Contingency**: For purposes of the 5 Year Capital Improvement Plan for FY27 through FY31, we request that a 10% Contingency Line be added in FY27. 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 FY27 Capital Improvement Plan draft?