TOWN OF OCEAN VIEW
DELAWARE

July 6, 2026

TO: Mayor and Council

FROM: Town Manager, Carol Houck

SUBJECT: Recommendation to Direct Increased Earned Interest Funds from Sale of Water Utility to the Completion of the Berzins Nature Park Project

Background

As you know, and by copy of the approved ordinance attached for ease of reference, the Tax Rate Stabilization Trust Fund (TRSTF) was established recently with seed funding totaling $1,430,910. This amount was the amount we were aware of at the time of drafting the ordinance.

Now, following the closure of our April 30, 2026, investment statements (where the funds from the sale of the Town's outsourced water system were invested) the total funding level increased in association with additional interest earned is as follows:

Investment balances TRSTF as of 4/30/2026

Money Market	$ 674,597.05
Raymond James	$ 852,944.09
Total	$1,527,541.14
TRSTF Ordinance Implementation Value	($1,430,910.00)
Increased Earned Interest	**$ 96,631.14**

Options for Increased Earned Interest Overage:

1) Maintain the overage in the TRSTF by vote of council and this memorandum acknowledging the additional interest earned.

2) Authorize the overage to be transferred to the Berzins Nature park project to assist with any final unidentified costs, grant matches, amenities, signage and beautification plantings as the project reaches full development stage. **This is the Town Manager's recommended option for the following reasons:**

As you're aware, the Berzin Nature Park project has benefited greatly from grant funding in excess of $1 million for its design and development, and $500,000 for land acquisition. We continue to submit for additional funding support. (At time of writing, the Town itself has spent $5,000 towards the land purchase deposit):

Currently, we expect to fund an additional estimated **$235,000** from "Town-specific" funding sources for final amenities before completion as follows:

The overall "Town-funded" amenities engineer's estimate is $468,832. (prior to actual bids being received):

$234,416 from FY2027 approved budget as match funding for:

$194,416 grant from FY2027 ORPT grant submission - **not yet awarded and as the updated**

$40,000 grant match to our FY2024 ORPT grant award in association with having to reassign a $40,000 match identification from the General Fund versus ARPA due to deadline to spend ARPA funds.

Therefore, $234,416 from Town funds and $234,416 from grant funds make up the $468,832 engineers amenity cost estimate.

Note: These amenity costs were not eligible for the Transportation Alternative Program (TAP) grant that is the primary funding source of our park design and construction.

In addition, we expect to fund the TAP program match requirement for park construction totaling $187,994 (at time of writing) as follows :

$113,113 from FY26 Bond Bill (awarded and funds are in hand) and

$74,881 from our FY27 Bond Bill funding submission (awarded July 1, 2026, funds forthcoming)

Note – I mention at time of writing as actual bids will dictate match levels. On July 6, 2026, the 20% construction match is actually $185,496 but we will maintain the original level supported by Bond Bill as noted directly above based on the engineers construction estimate of $839,689.83 to allow for any changes. The construction award recommendation will be on your August 2026 meeting agenda as well.

As such, our successful grant submissions and match coordination efforts is a fluid item in the completion of our project warranting the benefit of the additional interest earned that is over and above the funds identified in the TRSTF Ordinance for its creation. These funds would provide benefit to the Town's successful completion of this major park project. Likewise, by Council direction, one of the prime considerations for how the water system sale funds were to be used was for initiatives that can best benefit the ***Town as a whole***, which our new park does!

With deadlines for submission and award, we're not in a position to wrap up the final funding needs in a nice little package but suffice it to say that our project has already benefited greatly from significant funding support, and excitement. Therefore, having these funds to assist in getting our project to the finish line is fortunate and justified.

The above information demonstrates a **possible shortage of $194,416 (FY27 ORPT grant))** to which the $96,631.14 increase to earned interest funding currently available and not yet encumbered would cover all but $172,666 of the engineers estimated costs. If we're successful in obtaining both, the additional funds would again benefit any unanticipated costs, as we complete the park project.

Recommendation
Either option is acceptable, however, understanding the nature of bold projects such as the Town's development of the Berzins Nature Park, our successful efforts to secure grant funds and necessary matching funds, it's therefore recommended that Mayor and Council authorize the Town Manager to direct the additional earned interest funds of $96,631.14 towards the final development of the Berzins Nature Park.

ORDINANCE NO. _____

AN ORDINANCE TO ADOPT A NEW CHAPTER 16 OF THE TOWN OF OCEAN VIEW CODE TO ESTABLISH A TAX RATE STABILIZATION TRUST FUND

WHEREAS, the Council of the Town of Ocean View ("Town Council") possesses the authority to adopt, amend, modify, or repeal the Town of Ocean View Code ("Code"); and

WHEREAS, the Town Council seeks to ensure fiscal responsibility and to ensure the stabilization of tax rates whenever possible; and

WHEREAS, in furtherance of this goal, the Town Council desires to adopt a Tax Rate Stabilization Trust Fund ("TRSTF") and adopt a new Chapter 16 of the Code.

NOW, THEREFORE, be it ordained by the Town Council of the Town of Ocean View the establishment of a new Chapter 16 of the Code to enact the TRSTF as follows:

Section 1 – Establishment.

CHAPTER 16 - TAX RATE STABILIZATION TRUST FUND

§ 16-1 Fund established.

The Town hereby establishes a Tax Rate Stabilization Trust Fund ("TRSTF"). The TRSTF may be used, at the direction of Town Council, following a recommendation by the Town Manager, to offset any initial year tax increase to property owners by a maximum of 1 cent in any given budget year. The purpose of the TRSTF is to provide initial relief and smoothing of the tax rate to property owners when the tax rate is increased by Town Council.

§ 16-2 Appropriation in budget; expenditure.

The Town Council shall allocate $1,430,910 (the value of 10 cents in FY2026) in the Town's annual operating budget for the fiscal year 2027 to create (seed fund) the TRSTF. For each subsequent budget year, funds may be expended from the TRSTF annually up to 1 cent if deemed necessary in any year that Town Council institutes a tax rate increase to property owners. Any additional income that may be earned by the reasonable and prudent investment of the TRSTF funds shall be maintained in the TRSTF.

§ 16-3 Future Funding.

After the initial fiscal year 2027, after the next required full Town reassessment (2032 and all subsequent five year increments, or when Sussex County, De reassesses property if the Town vote to move to its assessment figures), the Town budget shall reimburse funds to the TRSTF to 5 cents at the then current value of the tax rate during that year to accommodate the expenditure of up to 1 cent annually for tax increase relief for the following five years, based on demonstrated need and funding availability.

§ 16-4. Funds to be considered encumbered.

A. Funds accumulated in the TRSTF will not be considered unexpended and unencumbered funds of the end of the budget year as per Section 3.108, Lapse of Unexpended Appropriations, of the Town Charter.

B. Funds accumulated in the TRSTF shall be considered encumbered funds.

Section 2. Severability.

The provisions of this Ordinance shall be severable. If any provisions of this Ordinance are found by any court of competent jurisdiction to be unconstitutional or void, the remaining provisions of this Ordinance shall remain valid, unless the court finds that the valid provisions of this Ordinance are so essentially and inseparably connected with, and so dependent upon, the unconstitutional or void provision that it cannot be presumed that Town Council would have enacted the remaining valid provisions without the unconstitutional or void provision; or unless the court finds that the remaining valid provisions, standing alone, are incomplete and incapable of being executed in accordance with Town Council's intent.

Section 3. Effective Date.

This Ordinance shall become effective immediately upon its adoption by the Town Council.

Section 4. Authorization.

The Town Manager, or his or her designee, is hereby authorized and directed to take all necessary actions to implement the provisions of this Ordinance.

TOWN OF OCEAN VIEW

By: ______________________________

Mayor

Attest: ____________________________

Town Clerk

Introduction: March 10, 2026

First Reading: April 14, 2026 (as amended at first reading)

Second Reading: