



# *Town of Ocean View, Delaware* **FY2026 Budget Workshop**

February 25, 2025



# FY2026 Proposed Operating Budget Considerations

## Objectives & key assumptions of the proposed FY2026 Operating Budget–

- We have proposed a **balanced Operating Budget** of **\$6,377,515** and Capital Improvement Program totaling **\$1,623,640**.
- The proposed FY2026 budget is presented with the **requirement of a 2-cent tax rate increase**. Therefore, the tax rate, if supported by Mayor and Council, will be .2578 per \$100 assessed value following 3 years of no rate increases. You will recall the Town reduced its tax rate by three (3) cents (equal to 11%) in its approved FY2023 budget and maintained that rate in FY2024 and FY2025. For awareness, we have assumed for now, a one (1) cent incremental tax rate increase for each out year including FY2027, 2028, 2029 and 2030.
- Based on information from the State Office of Benefits, health insurance has been budgeted at an increase of 4.1% affecting the Town as well as our employee share
- Our Fee Schedule includes modifications associated with our review of actual time spent completing various tasks, Town Solicitor billings, and/or comparisons with the fee schedules from other Towns in our area.
- Cost of Living Adjustment (COLA) Wage increases of 3% for employees (not including contractual employees). The December 31, 2024, CPI-U for the Mid-Atlantic region was 3.315%. Sworn Officers (non-contractual) were given an across the board \$3K increase in association with a \$3K starting salary increase (to \$68,000) deemed necessary to remain competitive. Also includes a contractually negotiated salary increases for the Chief of Police and the Town Manager and performance increases for both the Finance and Planning directors.

## FY2026 Proposed 5-Year Outlook - Budget Summary (with capital projects included)

	FY2025 Adopted Budget	FY2026 Proposed Budget	FY2027	FY2028	FY2029	FY2030
<b>Total Revenue Available for Operations</b>	\$ 5,915,245	\$ 6,308,015	\$5,965,168	\$ 6,055,761	\$6,049,728	\$ 6,272,198
<b>Departmental Operating Expenses:</b>						
General & Administrative	1,449,665	1,495,400	1,594,869	1,537,039	1,570,135	1,596,210
Planning & Zoning	802,450	910,620	917,733	941,171	965,981	986,420
Public Safety	2,550,230	2,863,200	2,804,202	2,900,754	2,995,211	3,087,539
Public Works	1,067,900	1,108,295	896,137	914,092	931,258	945,853
<b>Total Operating Expenses</b>	<b>5,870,245</b>	<b>6,377,515</b>	<b>6,212,941</b>	<b>6,293,056</b>	<b>6,462,585</b>	<b>6,616,022</b>
<b>Available Revenue in excess of (less than) Operating Expenses</b>	<b>\$ 45,000</b>	<b>\$ (69,500)</b>	<b>\$ (247,773)</b>	<b>\$ (237,296)</b>	<b>\$ (412,857)</b>	<b>\$ (343,824)</b>
<b>Other Funding Sources:</b>						
<b>Capital Funding Sources:</b>						
Agency Funded Grants	248,150	1,167,505	85,000	85,000	85,000	85,000
Capital Replacement Trust Fund (CRTF)	218,500	298,960	18,565	145,330	78,225	713,655
Street Repair & Replacement Trust Fund (SRRTF)	1,483,945	144,680	3,300,455	1,293,245	1,533,745	-
Emerging Projects Fund	-	12,495	-	-	-	-
<b>Use of Unassigned Fund Balance</b>	-	69,500	-	-	-	-
<b>Total Other Funding Sources</b>	<b>1,950,595</b>	<b>1,693,140</b>	<b>3,404,020</b>	<b>1,523,575</b>	<b>1,696,970</b>	<b>798,655</b>
<b>Excess (Deficit) Funding before Capital Expenditures</b>	<b>\$ 1,995,595</b>	<b>\$ 1,623,640</b>	<b>\$3,156,247</b>	<b>\$ 1,286,279</b>	<b>\$1,284,113</b>	<b>\$ 454,831</b>
<b>Capital Expenditures:</b>						
Total Expenditures from Capital Improvement Plan	1,995,595	1,623,640	3,404,020	1,523,575	1,696,970	798,655
<b>Excess (Deficit) Funding after all Expenditures</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ (247,773)</b>	<b>\$ (237,296)</b>	<b>\$ (412,857)</b>	<b>\$ (343,824)</b>
*Projected Unassigned Fund Balance	<b>\$ 2,002,043</b>	<b>\$ 1,932,543</b>	<b>\$1,684,769</b>	<b>\$ 1,447,474</b>	<b>\$1,034,617</b>	<b>\$ 690,793</b>

\* Projected Unassigned Fund Balance (includes minimum reserves for operations)



## FY2026 Proposed 5-Year Outlook - Budget Summary (with capital projects included) [continued](#)

### **In association with the prior slide and year to year comparisons:**

- Grants (Public Safety & Other Grants) are increased to include grants that are already secured. Any additional grants awarded will have positive impact.
- SRRTF funds being used in FY26 is less due to new drainage and sidewalk projects being spread out over multiple fiscal years.
- CIP expenditures are also down due to our decision that we're able to spread known work out over multiple years.

## FY2026-30 Proposed Capital Improvement Program (CIP)

The CIP is a long-range planning tool allowing for effective management of projects and out-year forecasting.

	Amount Year ending April 30, 2026	Amount Year ending April 30, 2027	Amount Year ending April 30, 2028	Amount Year ending April 30, 2029	Amount Year ending April 30, 2030	5-year Totals
<b><u>Appropriations from the:</u></b>						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emerging Project Fund	12,495	-	-	-	-	12,495
Capital Replacement Trust Fund	298,960	18,565	145,330	78,225	713,655	1,254,735
Agency Funded Grants	1,167,505	40,000	40,000	40,000	40,000	1,327,505
Street Repair & Replacement Trust Fund	144,680	3,300,455	1,293,245	1,533,745	-	6,272,125
Emergency Service Enhancement Fund	-	45,000	45,000	45,000	45,000	180,000
Water Fund	-	-	-	-	-	-
<b>Total Appropriations</b>	<b>\$1,623,640</b>	<b>\$3,404,020</b>	<b>\$1,523,575</b>	<b>\$1,696,970</b>	<b>\$ 798,655</b>	<b>\$ 9,046,860</b>

The Capital Improvement Program can be found in its entirety on pages 141 to 149 of the Proposed Operating Budget, 5-year Capital Improvement Program and Water System Budget.

This Capital program does not anticipate any water utility projects.

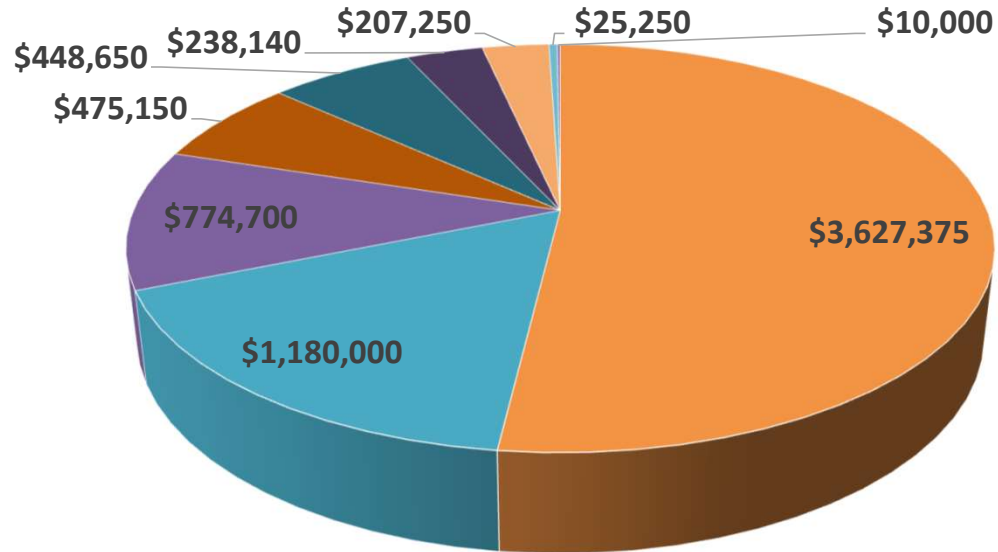
## How we approached the initial requirement to recommend a tax rate increase:

We reduced expenses and / or revisited forecasted revenues from our first draft (prior to this submission) amounting to **\$119,455 in cuts** to limit our tax rate increase to two-cents. The cuts or alternate funding identification are as follows:

Originator	Revision to proposed budget (first draft)	Amount of Revision
Administration	Reduced COLA to 3% from the CPI_U Mid-Atlantic(3.315%) for all staff	(\$6,100)
Administration	Consulting Services (Risk Analysis & OVPD Compensation Analysis) funded by <u>unassigned fund balance</u> (one-time costs). FB unassigned 04/30/2024 - \$2,002,043.	(\$69,500)
Administration	Software Maintenance cut (\$5500), Professional Services (\$2500), and Old Town Holiday Market & Tree Lighting Event (\$585) to further balance the proposed budget (original omission had been reduced by \$2,500 previously).	(\$8,585)
PZ	Professional Services (\$12,500) and Advertising (\$1500)	(\$14,000)
Public Safety	Fuel to actual (\$2K) and Virtual Upload Appliance software moved from Capital to Noncapital Equipment (\$4700).	(\$6,700)
DPW	Reduced OT from 10% to 5% with (2) PT positions budgeted for 2080 hours	(\$9,500)
Administration	Reduced Healthcare Insurance increase from 5% to 4.1%	(\$5,000)

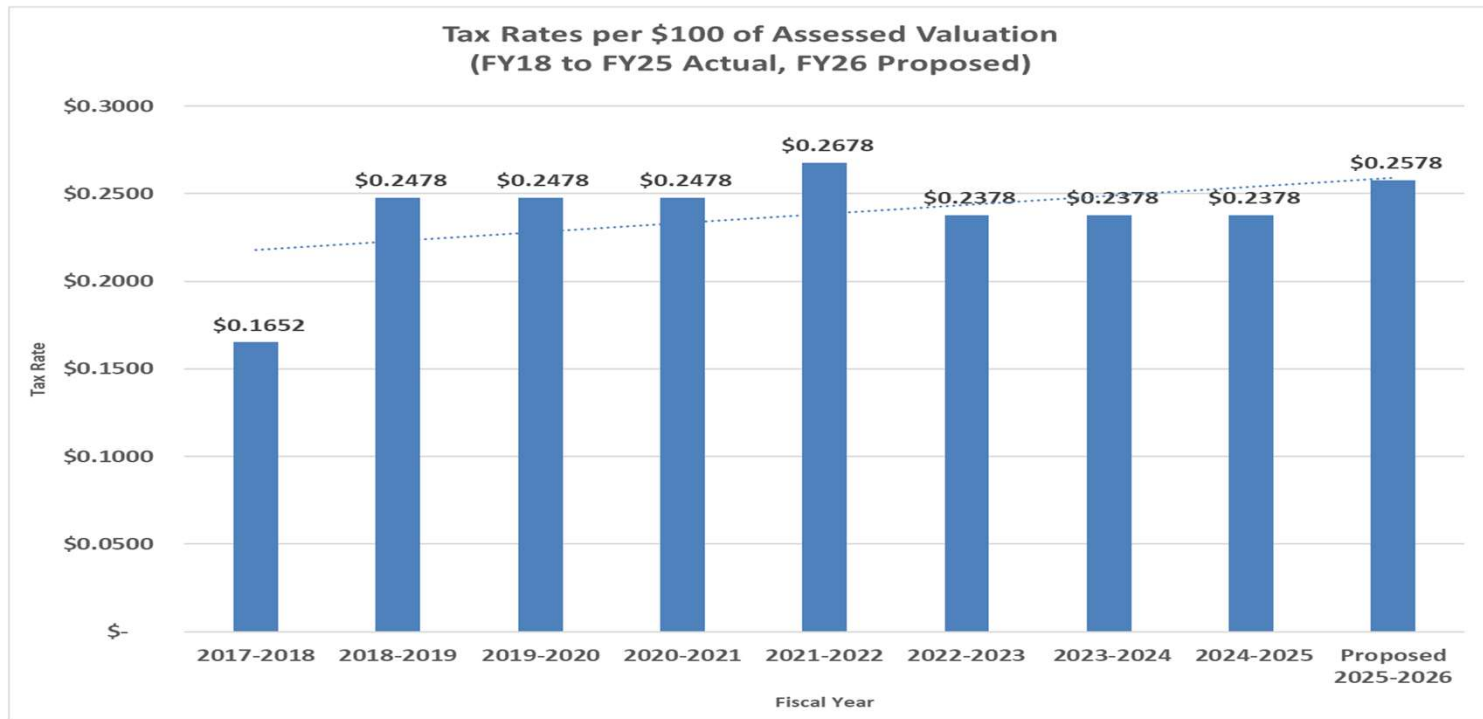
# FY2026 Revenue Projection

Our Revenue projection is based on conservative estimates and is represented in the following chart:



- PROPERTY TAXES (with Discount) (\$3,627,375)
- TRANSFER TAXES (\$1,180,000)
- GROSS RENTAL RECEIPTS TAXES (\$774,700)
- MISCELLANEOUS (\$475,150)
- BUILDING PERMITS (\$448,650)
- PUBLIC SAFETY GRANTS (\$238,140)
- LICENSES (\$207,250)
- POLICE FINES & FEES (\$25,250)
- PLANNING & ZONING/BOARD OF ADJ FEES (\$10,000)

## Tax Rate History (per \$100 assessed value of property)



**One (1) Cent of the Tax Rate Historical Values:** FY26 - \$142,165

FY2025 - \$139,977; FY2024 - \$138,448; FY2023 - \$131,731; FY2022 - \$99,831; FY2021 - \$95,822



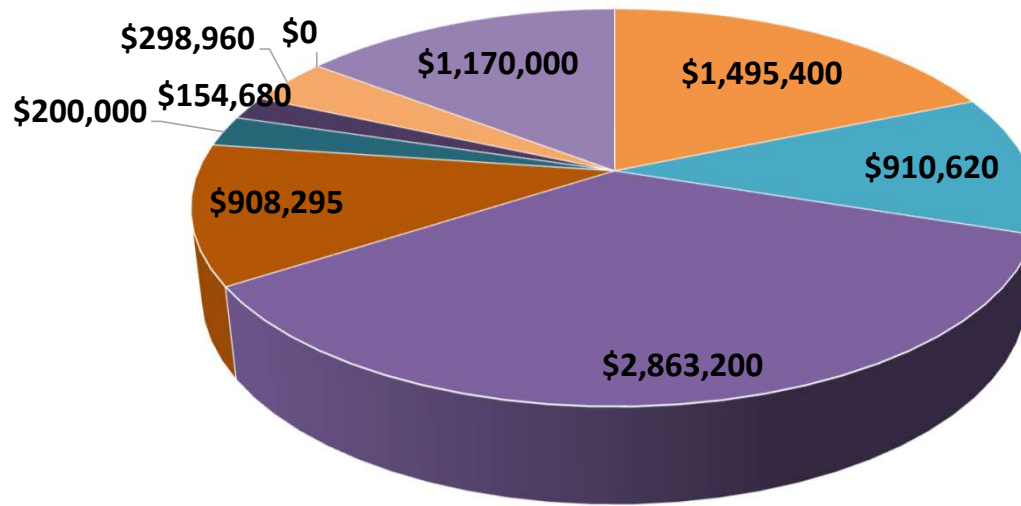
# What Does a 2-cent Increase Mean....

Sample impact of a 2-cent increase to the tax rate (various homes in each district):

	District 2	District 1	District 2	District 3	District 4	District 1
Assessed Property Value as of 12/31/2025	589,400	352,400	633,500	580,100	274,200	567,600
FY23, 24 & 25 Tax Rate/Tax Bill 0.2378	\$1,401.59	\$838.01	\$1,506.46	\$1,379.48	\$652.05	\$1,349.75
Proposed FY26 Tax Rate/Tax Bill 0.2578	\$1,519.47	\$908.49	\$1,633.16	\$1,495.50	\$706.89	\$1,463.27
<b>Increase to Annual Tax</b>	<b>\$117.88</b>	<b>\$70.48</b>	<b>\$126.70</b>	<b>\$116.02</b>	<b>\$54.84</b>	<b>\$113.52</b>

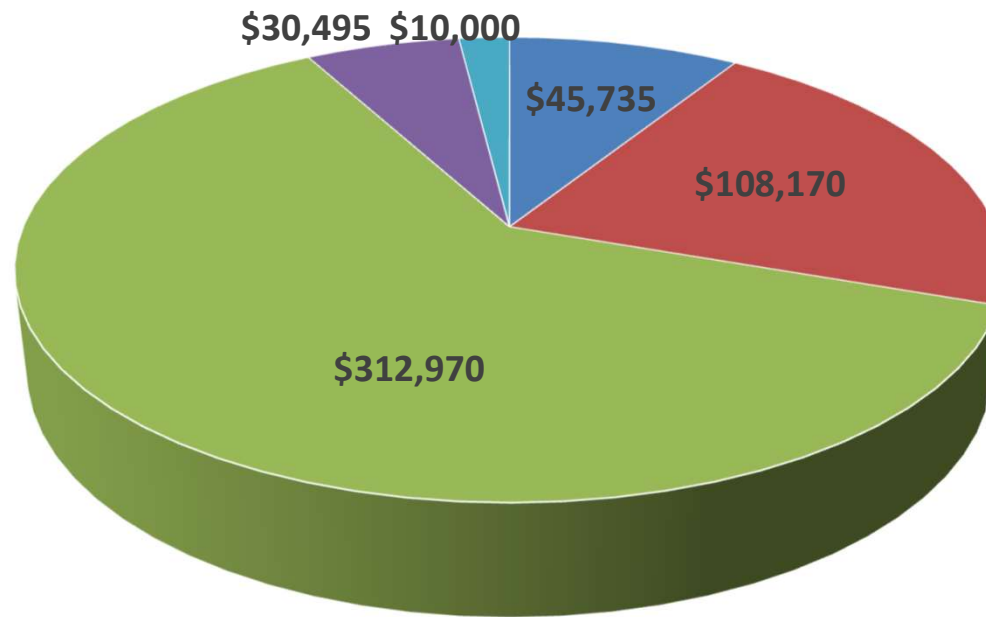
# FY2025 Expense Projection

Our Expense projection is based on responsible spending practices and is represented in the following chart:



- Administration (\$1,495,400)
- Public Safety (\$2,863,200)
- Public Works Street Paving (\$200,000)
- Capital - CRTF (\$298,960)
- Capital - Agency Funded Grants (\$1,170,000)
- Planning & Zoning (\$910,620)
- Public Works Operating (\$908,295)
- Capital - SRRTF (\$154,680)
- Capital - General Fund (\$0)

# Operating Expenses: FY2026 Compared to FY2025 (Increase by Department - all expenses included)



■ Administration (\$45,735)

■ Public Safety (\$312,970)

■ Public Works Street Paving (\$10,000)

■ Planning & Zoning (\$108,170)

■ Public Works Operating (\$30,495)



## Health Insurance & Other Employee Benefits

At time of budget preparation, the Statewide Benefits Office had reported a 4.1% premium increase for their plans. The final determination will not be made until mid-March. Our proposed budget recognizes the 4.1% for health insurance premiums.

### *What this means for the Town and our employees...*

- We have included an overall increase of \$39,025 for health insurance for our employees (using Fy25 plan selections).
- The proposed cost share to be paid by employees is as follows (**using the percentage set and paid by the State employees**):
  - 4% of premium for Highmark DE First State Basic
  - 5% of premium for Aetna CDH Gold Plan
  - 13.25% of premium for Highmark DE Comprehensive PPO Plan

### *Other employee benefits included in the proposed budget...*

- The Town continues to assume funding 100% of Short-term disability and Life Insurance
- The Town continues to assume funding 100% of Dental and the low-tier Vision Insurance
- **NEW!** The Town will cover 100% of the 1<sup>st</sup> year of the Delaware **Paid Family Medical Leave Insurance Program** for FY2026 (more detail on the next slide)

## Health Insurance & Other Employee Benefits Continued...

### **NEW!** Delaware ***Paid Family Medical Leave (PFML) Insurance Plan*** *(became law statewide in May of 2022 for 2025 implementation)*

#### ***Who, When and Why... at a glance!***

##### **WHO:**

The DE PFML insurance program impacts employees that have worked for an entity at least 1,250 hours over the previous 12 months of employment.

- Participation is mandatory for businesses with 10 or employees (full & part time)
- 10 to 24 employees – parental leave coverage only
- **25+ employees – All lines of PFML coverage are required**

##### **WHEN:**

On December 12, 2024, the Town was approved to use a private insurance carrier plan. Payments into the plan begin January of 2026 with submittal of claims commencing in January of 2026.

- This unfunded mandate will impact 4 months of our FY26 budget, and we have included funding accordingly.

##### **WHY:**

The State of Delaware has suggested that Delaware employers need a competitive edge. The plan is designed to help Delaware employers attract & retain quality employees.

# Services at a Glance – Ocean View, Delaware

*Not just a Town in name but also in action and acceptance of responsibility...*

Below are just a few of the operation and services *At A Glance* (full list is available online) ...

- Full-Service Police Dept. Consistently noted to be one of the Safest Town's in the State!
- Planning and development oversight, property maintenance and code inspections, State required and ongoing Comprehensive Planning
- Storm Management including Snow Plowing Operations, Salting and Severe Storm event clean up
- Grants to help support the Local Volunteer fire department
- Street Maintenance and Drainage Projects – Identification, design and construction improvements
- Mosquito Control operations, more....

## **John West Park –**

Playground, Fitness Course, Community Center,  
Community Events, Beautification

2025 Event line up:

- Spring Concerts
- Classic Movie Nights
- Cops and Goblins (Fall)
- Old Town Holiday Market, and Tree Lighting
- Quiet Resorts Chamber of Commerce Fire & Ice Festival (Jan 2026)

## **Partnerships**

- Historic Village in Ocean View & the Coastal Town Museum (located at John West Park)
- South Coastal Village Volunteers – tenant @ 32 West – Local Service Organization
- Special Olympics Delaware Bocce Team Home Court!
- Salt Air Gardeners – Blue Star Memorial development & care.
- Quiet Resorts Chamber of Commerce member and event partner!
- Sussex County Association of Towns / DE League of Local Governments active member.



## KEY ISSUES WE'RE WORKING ON:

1. Water Distribution System Sale update – the **Sale was approved by the PSC on February 19<sup>th</sup> – we expect to close by early April 2025!**
2. Proactive efforts to better understand our Financial Future/Risks:
  - OVPD Compensation Study (funded in this budget proposal to launch in May of this year) and
  - OVPD Legal & Risk Analysis (funded in this budget proposal to launch in May of this year). Lastly,
3. Long term forecasting – PFM Financial Analysis Part 1 and 2  
Part 2 presented at the Feb 25<sup>th</sup> Budget Workshop!



Thank you!

Questions?