

TOWN OF OCEAN VIEW
TOWN COUNCIL BUDGET WORKSHOP
TOWN HALL, 32 WEST AVENUE, OCEAN VIEW, DE 19970
February 28, 2017 @ 6:00PM

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE
2. ADOPTION of AGENDA
3. NEW BUSINESS
 - A. Review and Discussion of Proposed FY18 Operating Budget and 5-Year Capital Improvements Program (Town Manager Vogel)
Synopsis
Council will review Draft 1 of the proposed FY18 Operating Budget and Capital Improvements Program
 - B. Review and Discussion of Ordinance 205 and Ordinance 212 (Town Manager Vogel)
Synopsis
Council is being asked to review these ordinances and discuss possible changes.
4. OPEN DISCUSSION
Council Members will have an open discussion at this time no vote will be taken on items discussed.
5. CITIZENS' PRIVILEGE
6. ADJOURNMENT

Note: The Agenda items as listed may not be considered in sequence. This Agenda is subject to change to include additional items or the deletion of items including those which arise at the time of the meeting.

Please advise the Town staff (302 539-9797, ext. 101) if you have any special needs that must be met which would permit you to attend Town meetings.

Posted: February 21, 2017

TOWN OF OCEAN VIEW

201 CENTRAL AVENUE
OCEAN VIEW, DE 19970

MEMORANDUM

TO: Mayor
Town Council Members

FROM: Dianne L. Vogel 
Town Manager

DATE: February 24, 2017

SUBJECT: FY2018 Operating and Capital Improvement Budgets – Draft #1

Background: Attached is Draft #1 of the FY2018 Operating and Capital Budget. The General Fund beginning cash balance has been updated using the FY2016 audited results. For the three departments, we have reviewed each line item.

Budget highlights are as follows:

Revenue:

- **Property Tax** – The Town has control over this number. The full reassessment of all taxable properties within the Town is under way and until the work has been completed we are unable to establish a new tax rate. However, when a total reassessment within a municipality takes place, a tax rate shall be computed so as to provide the same tax revenue as was levied during the prior fiscal year.
- **Transfer Tax** – The Town has no control over this number.
 - o This has not been a stable source of revenue – significant swings in collections have occurred over the past years;
 - o The State is considering reducing the share of transfer taxes allocated to municipalities from 1.5% to 1.25% to solve its budgetary problems. A spreadsheet showing the impact of this reduction is attached for your review;
 - o The Town should continue to reduce the amount of Transfer Tax that is allocated to operations by an additional \$30,000 each year with a goal to reduce the Town's dependency on this unreliable revenue source to balance the annual operating budget. The amount available for operations in the FY18 Budget is \$610,000.
- **Construction and Tourism** – The Town has limited control over this number.
 - o As the local real estate and tourism market changes, so does this revenue source which includes building and sign permits, impact fees, business & rental licenses, and gross rental receipts tax.
- **Grants** – Except for the three “generally consistent” sources – Sussex County Police @ \$25,000 and State Police Pension Grant @ \$30,000 and MSA @ \$100,000, other grants are not projected in the budget because if the Town receives one, we must spend the money on a specific project.
- **CATV Franchise Fee- Mediacom** – The Mediacom Franchise Agreement was signed on July 10, 2013 and will expire on July 9, 2020. The agreement has provided the Town with a reliable source of approximately \$60,000 in revenue per year. While the revenue has been shown through 2022 the amount could change when the new agreement is negotiated.

Personnel Expense All Departments:

- Personnel related costs (including benefits and taxes) represent ~ 71% of the Operating Budget.
 - o Salary [number of personnel, compensation levels, pay increases] and medical benefits are generally under our control.
 - o All other personnel costs – taxes, workers comp, and pensions are not under our control.

The FY2018 Personnel Budget includes:

- A 6% pool for salary adjustments based on the current salaries of employees. Using the 2016 Salary Survey, employees would be eligible to receive a percentage of their midpoint range, also referred to as the market rate for their position. Please remember that in an open range system there are no formal step increases;
- Overtime has been projected at 15% for 1st responders, 5% for DPW workers and 3% for administrative staff;
- A 6% increase for health insurance coverage based on information received from the State's benefit office. The amount of increase was calculated using the current employee census and also assumes the Town will continue to cover 100% of the premium for the First State Basic Blue Plan;
- A 3.4% increase for Dental insurance. The amount of increase was calculated using the current employee census and also assumes the Town will continue to cover 100% of the premium;
- The contract for Short Term Disability, AD&D and Life insurance does not expire until May 2018 and therefore does not create any increase in premiums. The amount was calculated using the current employee census and also assumes the Town will continue to cover 100% of the premium;
- Compensation for the seasonal volunteers who provided 7 day per week front desk coverage from Memorial Day to Labor Day for the Public Safety Department is \$14,910 for salaries only.

Other Departmental Expenses:

- Business Insurance has been increased by 5% based on input from Lyons Insurance Company. Increases for the May renewal are not currently known. When the Town purchases new vehicles and equipment the insurance is adjusted to reflect the new value of the item;
- Public Relations includes (6) Concerts in the Park, Cops & Goblins Event, Holiday in the Park Event, and the holiday luncheon for staff and volunteers.

5 Year Capital Improvements Plan:

- The Administrative Department is requesting a new laptop for the Town Administrative Official's office in the amount of \$1,700 and new chairs for the 2nd floor conference room in the amount of \$3,000. Due to unforeseen delays the security enhancements scheduled for the 2nd floor will not be completed by April 30th and will continue into FY18 with additional costs of approximately \$10,000. The truck scheduled to be purchased in FY17 for the Code Enforcement Officer in the amount of \$30,000 will be ordered in FY18. The additional cost of the truck is \$8,000. However, a 2004 truck will be sold offsetting some of the cost.
- The Public Safety Department has requested \$108,000 for two new police vehicles and \$3,500 for one speed monitor in the FY18 budget. Additional vehicles have been requested in FY19, FY20, and FY22, the replacement of furniture in the amount of \$25,000 and replacement of the drone for expected advances in technology are also reflected in the five year schedule.
- We should continue to maintain the Town's streets in accordance with the 2014 Paving Management Report.
- Drainage projects which need to be completed continue to be pushed into future years because adjacent property owners are not willing to sign easements necessary for the Town to proceed with these projects. As you will see in the presentation not all drainage projects have been provided for in this draft.

- The Town has not been able to obtain easements from property owners for several remaining phases of the Pedestrian Sidewalk Improvement Program. At some point the council must make the difficult decision to withdraw from the program and remove it from the Capital Improvements Program.
- Now that the Town has adopted an ADA Transition Plan we should continue to make improvements to the non-compliant curb ramps and sidewalks as identified in the plan;
- Funds have been appropriated for park fixtures, irrigation and lighting for the north end of John West Park.
- The DPW Department has requested \$68,000 in FY18 for a security system in the DPW building and new equipment some of which were planned purchases in the FY17 budget and have been move to FY18.
- The Rt. 26 project has been completed and we would like to enhance the beauty of the Town's entryway by installing banners on the light poles.
- Capital Repairs are funded directly from the Capital Replacement Trust Fund and include \$92,000 for FY18. The amounts determined for each project are taken from the 2015 Reserve Study and include painting for the exterior and interior of the Municipal Building, the replacement of the hallway carpet on the 2nd floor and the replacement of the existing bandstand in John West Park.

Trust Funds:

The Town of Ocean View has three trust funds. The trust funds provide a revenue stream for specific purposes. Using funds from these accounts for anything other than their intended purpose would require an amendment to the original ordinance that created the fund.

At this time the presentation will be turned over to Lee Brubaker and Sandra Peck who will present the FY2018 Budget in more detail.

Action Required: Discussion of FY2018 Operating, Water System and 5 Year Capital Improvements Program Budget.

FY18 Budget Summary

Key budget objectives:

1. Ongoing Town operations should operate with a balanced budget. Annual operating revenues must cover annual operating expenses.
2. Maintain Town streets (~ 23 total miles) by continuing annual paving maintenance projects as recommended by the Town Engineer in the 2014 Pavement Management Study.
3. Maintain all Town capital assets in good repair based on recommendations made by the Whayland Group in the 2015 Reserve Study.
4. Maintain the Emergency Reserve Trust Fund ("ERTF") at the current level of ~ \$284,000.
5. Allocate no more than \$610,000 in FY18 transfer taxes to balance the annual operating budget. Continue to decrease transfer taxes used for operations by an additional \$30,000 each year with a goal to reduce the Town's dependency on this unreliable revenue source to balance the annual operating budget.
6. Maintain adequate cash for two months of next fiscal year operations at the end of each fiscal year without reliance on any state or federal grants.

Key budget assumptions:

1. For the State's FY17 Budget Year, funding for the Municipal Street Aid ("MSA") program provided \$99,576 in grant income to the Town. For budgeting purposes, have assumed that the State will continue MSA funding at this same level through FY22.
2. The State will not reduce the 1.5% Transfer Tax collection that is currently allocated to local municipalities. Any changes by the State to either (i) eliminate sharing of these transfer tax collections or (ii) reduce the amount of the local allocation will have a major impact on the Town's budget.

Town of Ocean View

FY 2018 - FY 2022

Assumptions and Highlights

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Budget Highlights

Continue to reduce amount of Transfer Tax that is to be used for Operating Expenses by an additional \$30,000 per year

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Transfer Taxes projected (see Revenue Assumptions below at pg. 4 of 8)	\$ 750,000	\$ 770,000	\$ 790,000	\$ 800,000	\$ 810,000	\$ 820,000
Increase by \$30,000 each year	\$ (130,000)	\$ (160,000)	\$ (190,000)	\$ (220,000)	\$ (250,000)	\$ (280,000)
Allocated to Operations	\$ 620,000	\$ 610,000	\$ 600,000	\$ 580,000	\$ 560,000	\$ 540,000

Plan - Annually reduce the amount of Transfer Taxes that will be allocated to operations. When the Transfer Taxes projected above have been collected in each fiscal year, the amount shown as deducted will be moved into the Trust Funds and reserved to be available for streets, sidewalks, and drainage projects.

Projected Transfer Tax collections to be moved from General Fund to the Street Repair & Replacement (SRRTF) and Capital Replacement (CRTF) Trust Funds

% of Transfer Tax	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
SRRTF 25.0%	\$ 187,500	\$ 192,500	\$ 197,500	\$ 200,000	\$ 202,500	\$ 205,000
CRTF 12.5%	93,750	96,250	98,750	100,000	101,250	102,500
Total deposited to Trust Funds	\$ 281,250	\$ 288,750	\$ 296,250	\$ 300,000	\$ 303,750	\$ 307,500

Transfer Tax % used to fund SRRTF and CRTF is provided for by Ordinance No. 303 & 304.

Summary of Operating Budget

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Revenues	\$ 2,920,200	\$ 3,374,727	\$ 3,109,416	\$ 3,385,746	\$ 3,716,062	\$ 3,430,181
Expenses (the Three departments)	(2,594,900)	(3,065,655)	(2,885,161)	(3,220,367)	(3,609,312)	(3,479,799)
Revenues Over (Under) Expenses	\$ 325,300	\$ 309,072	\$ 224,255	\$ 165,379	\$ 106,750	\$ (49,617)

The Town is currently paying its daily bills (operating budget) from daily revenue without depleting reserves. However, note that all of the "excess" or Revenues over Expenses above is from Transfer Taxes and the Town continues to use a significant portion of Transfer Taxes to pay its daily bills. It is important to keep in mind that these funds are under consideration to be reduced to help with the state budget deficit. Note that the state continues to look at reducing the transfer tax allocation to municipalities below the 1.5% that is currently received as a way to solve its current budget problems.

Town of Ocean View

FY 2018 - FY 2022

Assumptions and Highlights

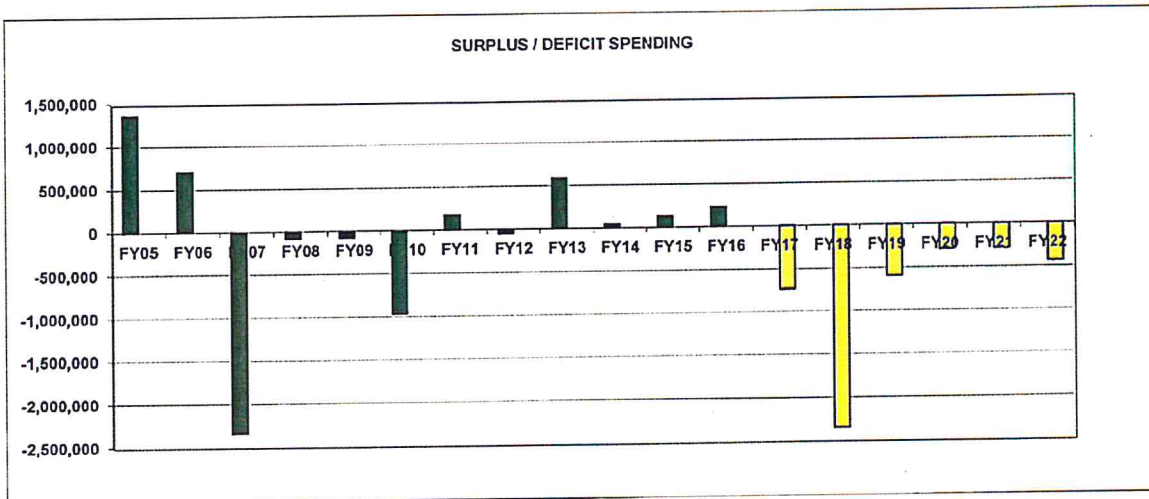
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Balanced Budget Objective

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Excess Annual Revenue (Expenditures)	(\$735,750)	(\$2,349,778)	(\$591,995)	(\$287,621)	(\$282,000)	(\$434,117)

Note: These totals include both operating and capital expenditures and the shortages must be taken from the General Fund balance. The Town cannot continue to operate in a deficit position by spending more than it brings in.

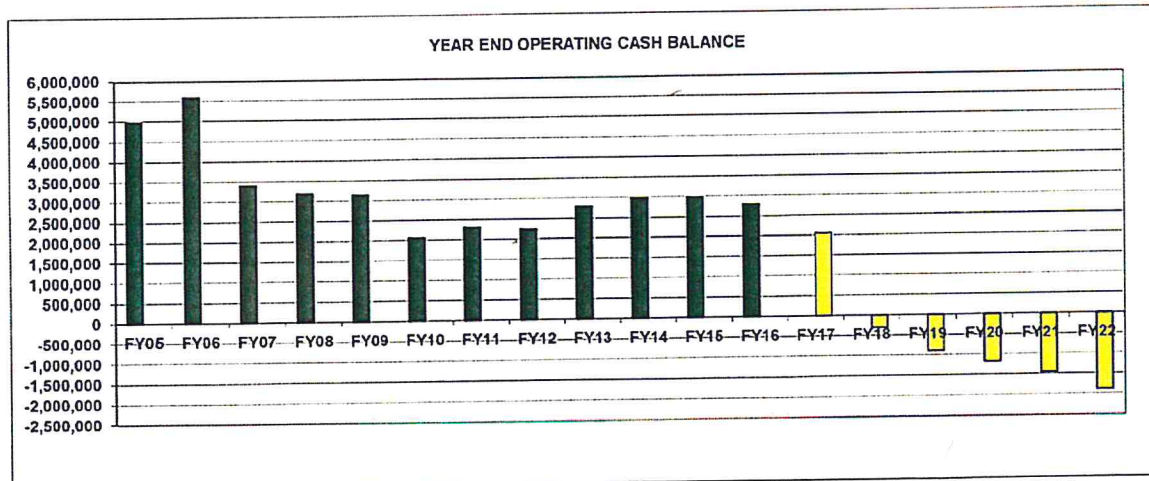


Actual
Projected

Fund Balance Objective

(Goal: 2 months of projected expenses)

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Goal - 2 months of Total Operating Budget	\$ 432,483	\$ 510,943	\$ 480,860	\$ 536,728	\$ 601,552	\$ 579,966
Projected - from prior fiscal year	\$ 2,786,200	\$ 2,050,450	\$ (299,328)	\$ (891,323)	\$ (1,178,944)	\$ (1,460,944)
Difference - Excess (Shortfall)	\$ 3,218,683	\$ 2,561,393	\$ 181,532	\$ (354,595)	\$ (577,392)	\$ (880,978)

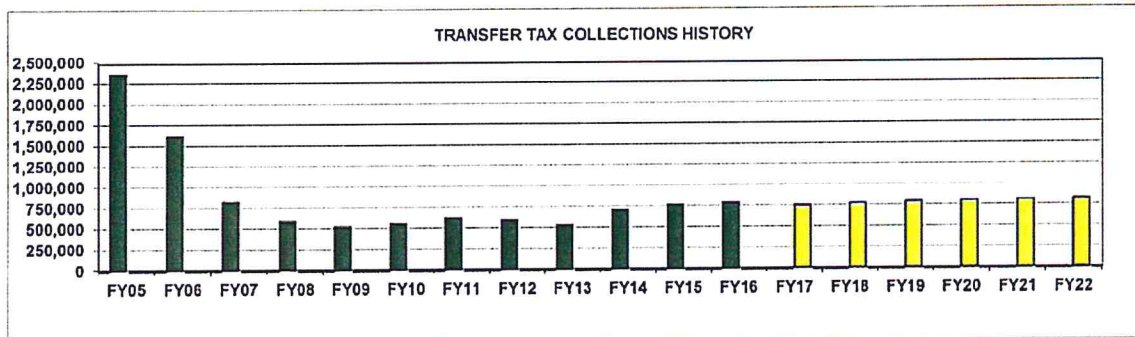


Actual
Projected

Assumptions - Revenues

Transfer Tax revenues projected

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Total Amount	\$ 750,000	\$ 770,000	\$ 790,000	\$ 800,000	\$ 810,000	\$ 820,000
Calculated % increase	-4.9%	2.7%	2.6%	1.3%	1.3%	1.2%



Actual
 Projected

Property Tax increases projected

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Tax Rate per \$100 of Assessed Value:	\$ 0.1652	\$ 0.1652	\$ 0.1652	\$ 0.1652	\$ 0.1652	\$ 0.1652
Increase in the Property Tax rate:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impact of additional construction:		0.5%	2.0%	2.0%	2.0%	2.0%
Actual Property Taxes billed - Current FY	\$ 1,339,500					
Projected Property Taxes	\$ 1,375,000	\$ 1,381,875	\$ 1,409,513	\$ 1,437,703	\$ 1,466,457	\$ 1,495,786
<i>FY18 taxes projected based on total assessed values at middle of January 2017</i>						

Building Permits

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
	\$ 250,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000

Permit cost for principal and accessory structures is \$1.25 per sq ft.

Permit cost for open decks and/or patios free from an enclosed wall and/or roof is \$0.50 per sq ft.

Business & Rental Licenses

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
	\$ 127,000	\$ 130,000	\$ 133,000	\$ 136,000	\$ 140,000	\$ 143,000

Projections are based on trends in licenses issued over the past several years.

Gross Rental Receipts Tax

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
	\$ 225,000	\$ 232,000	\$ 239,000	\$ 246,000	\$ 253,000	\$ 260,000

Ordinance was adopted in FY08 - projections are based on trends in prior year collections.

Effective January 1, 2012, the GRRT tax rate was increased to 5%.

Town of Ocean View

FY 2018 - FY 2022

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Assumptions and Highlights

Impact Fees and Emergency Services Enhancement Funding ("ESEF") - collections from new construction permits

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Impact Fees	\$ 80,000	\$ 82,000	\$ 85,000	\$ 87,000	\$ 90,000	\$ 92,000

Impact Fees are collected with certain building permits (at rate of \$1,436) and are projected based on recent construction activity.

ESEF Fees are not included in the operating budget - all ESEF collections are restricted by ordinance and must be granted to an "organized volunteer fire service or organized provider of other emergency services in the Town of Ocean View".

CATV revenue (Mediacom)

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000

Projections are based on the level of collections from Mediacom over the past several years. Current contract expires July, 2020.

Police Fines

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
	\$ 41,000	\$ 35,000	\$ 35,000	\$ 36,000	\$ 37,000	\$ 37,000

Projections are based on the level of collections from the court system over the past several years.

Interest earned on investments

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
	0.15%	0.50%	0.50%	0.50%	0.50%	0.50%

Grant Income

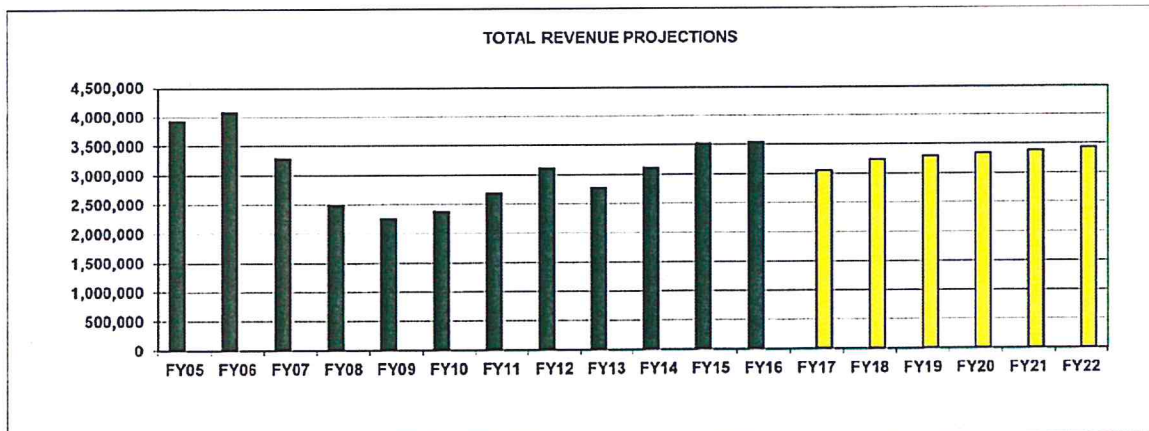
	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
County - Local Law Enforcement	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
State - Police Pension Grant	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
State - Municipal Street Aid (MSA)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

Only those grants that can be reasonably estimated and that have been consistently received are included in the budget.

Total Revenue Projections

Note that these totals are before transfer taxes in excess of the "base line" are removed from Operating Revenue.

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Total Revenue	\$ 3,050,200	\$ 3,238,727	\$ 3,288,116	\$ 3,336,846	\$ 3,389,662	\$ 3,440,081
Calculated % increase		6.2%	1.5%	1.5%	1.6%	1.5%



Actual
Projected

Town of Ocean View

FY 2018 - FY 2022

Assumptions and Highlights

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Assumptions - Expenses

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Salary increases						
% Increase	2.0%	6.0%	6.0%	2.0%	2.0%	2.0%

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Overtime						
First Responders - OVPD	10.0%	15.0%	15.0%	15.0%	15.0%	15.0%
DPW	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other staff	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

FY18: added category to reflect increase in OVPD overtime.

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Employee Insurance Premiums						
Annual Increases						
Medical/Hospitalization	6.7%	6.0%	6.0%	6.0%	6.0%	6.0%
Life/Disability	2.0%	0.0%	2.0%	2.0%	2.0%	2.0%
Dental	2.0%	3.4%	2.0%	2.0%	2.0%	2.0%
Workers Compensation (DFIT)	5.0%	n/a*	5.0%	5.0%	5.0%	5.0%

FY18 Rates: Calculated based on information received from appropriate company or state agency.

**Worker's Compensation indicates n/a due to the fact that rates vary depending on classification of individual positions.*

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
State Pension Plan - Employer cost						
% Increase	2.0%	n/a*	2.0%	2.0%	2.0%	2.0%

**FY18 rates were received from the Pension office in early January and have been used to calculate the expense.*

Police plan rates decreased by 1.7%, while the civilian plan increased by 4.9%.

Assessment of Tax Parcels - Town Charter requires full reassessment every five years

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
FY22 to begin next full reassessment	\$ 120,000	\$ 35,000	\$ 33,000	\$ 34,000	\$ 36,000	\$ 130,000

Comprehensive Land Use Plan - must be periodically updated as defined in the Delaware Code

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
FY18 we are working on major update/re	\$ 8,000	\$ 40,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

Estimates have been updated based on doing a complete plan update in FY18 as approved at the February 14, 2017 council meeting.

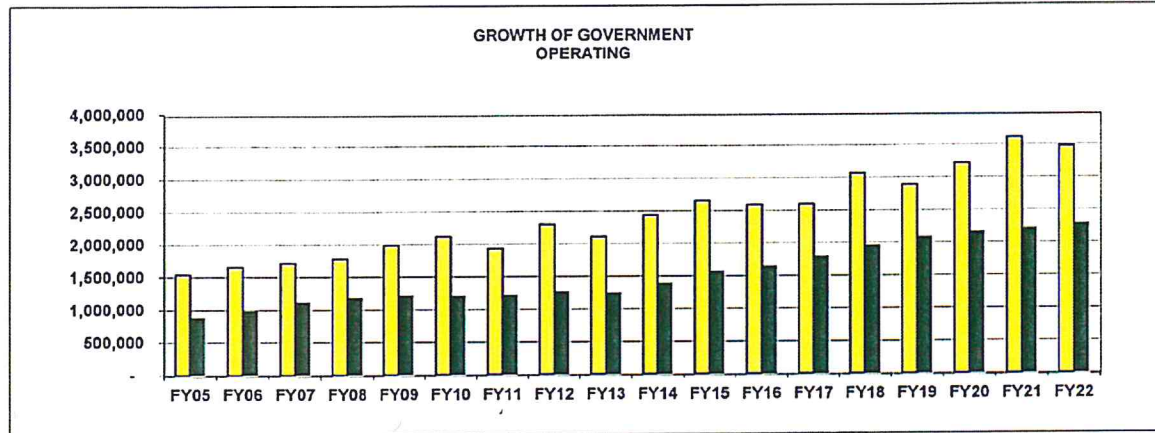
Departmental Operating Budgets - Non-Employee related costs, except for business insurance

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
FY 2018 - FY 2022 increase by	0.0%	0.0%	1.5%	1.5%	1.5%	1.5%
		"zero based"				

Departmental Operating Budgets - Business Insurance

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
FY 2018 - FY 2022 increase by	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%

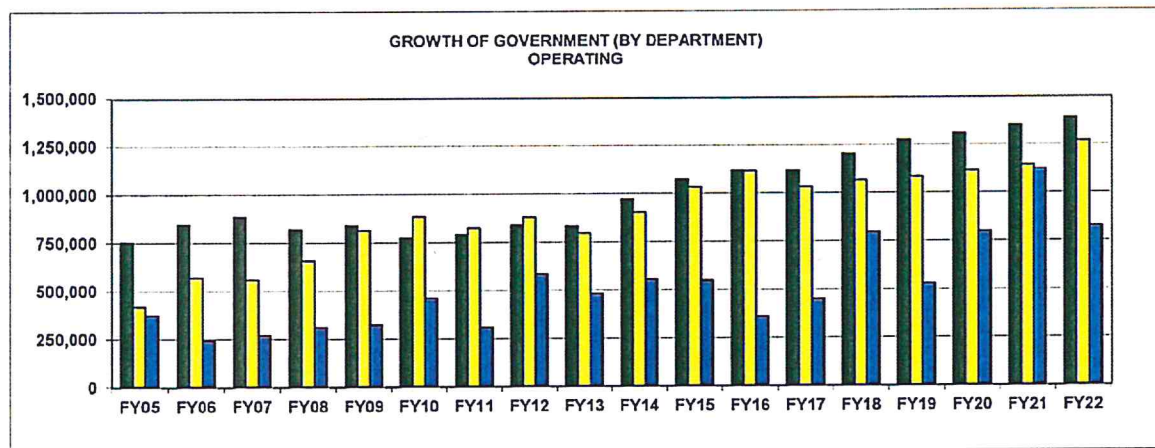
Trends - Government Growth



Total Department Operating Budgets
 Salary and Benefits

Salaries and Benefits calculated as a % of Total Operating Expenses	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
	69%	64%	73%	67%	62%	66%

Note that staffing level is the major driver of the Town's operating budget.



Public Safety
 General & Administrative
 Public Works

Note that the growth in Public Works beginning in FY18 is due to moving annual street paving and repair to the operating budget per recommendation from auditors.

Town of Ocean View

FY 2018 - FY 2022

DRAFT #1

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Assumptions and Highlights

Assumptions - Capital Improvements

Drainage

Drainage problems will take a long time to fix. Based on current updates to the Town engineer's 2007 report to Council, there are drainage projects in the amount of **\$ 2,042,000** (in 2017 Dollars) that are **not yet provided for in this budget**.

Below is a description, projected timing, and engineer's most recent cost estimates to complete critical drainage issues in the Town:

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Country Village - Phase 1 (S. Horseshoe Dr.)	\$ 272,000					
Woodland Ave. Extended - Drainage	\$ 312,000	\$ 359,500				
Woodland Ave. Extended - Patch/Overlay	\$ 477,000	\$ 645,300				
West View Drainage (Sussex Dr.)	\$ 492,000	\$ 516,600				
Woodland Park - Phase 1	\$ 364,000	\$ 381,500				
FY17 Projects deferred to subsequent FY	\$ (1,645,000)					
Country Village - Phase 2 (S. Primrose Ln.)		\$ 221,000				
Woodland Ave. - Phase 2 (South of Tax Ditch)				\$ 615,900		
Woodland Ave. - Phase 3 (North of Tax Ditch)				\$ 636,800		
Woodland Park - Phase 2					\$ 100,200	
The Cottages - new unfunded project added to list during FY17						\$ 689,100
Total projected by Fiscal Year	\$ 272,000	\$ 1,902,900	\$ 221,000	\$ 1,252,700	\$ 100,200	\$ 689,100
				\$ 2,042,000	not yet included in Budget	

Total Estimated Drainage Project Costs = \$ 4,437,900

Street repair and improvements

FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
\$ 307,500	\$ 296,000	\$ 11,300	\$ 268,900	\$ 576,400	\$ 270,100

The Street Repair and Replacement Trust Fund ("SRRTF") - established in January 2009, by Ordinance No. 243 - was created to ensure that adequate funding is provided each year to properly maintain the ~ 23 miles of Town-owned streets.

During 2014, an updated study of the Town's streets was prepared by Kercher Engineering (as required by the ordinance) and the study was approved at the October 14, 2014 Council Meeting. The annual expenditures shown above include the projected contractor costs from the 2014 study plus a 20% add-on for estimated engineer's project management costs.

Per recommendation from audit firm, annual street paving & repair will be reflected in the operating budget beginning FY18.

Sidewalks - ADA Transition Plan

FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
\$ 148,000	\$ 128,000	\$ 126,000	\$ 148,000	\$ 136,000	\$ 140,000

In accordance with the Americans with Disabilities Act of 1990 (ADA), certain public entities are required to complete a transition plan that addresses pedestrian access routes in the public right-of-way. A 2016 detailed Transition Plan was reviewed and approved by Council at its February 14, 2017 meeting. These annual costs are based on the 2016 Transition Plan.

Police Vehicles

FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
\$ 54,000	\$ 108,000	\$ 108,000	\$ 108,000	\$ -	\$ 60,000

The current budget assumes that one new, replacement police car will be acquired in FY17 & FY22 and two new replacement vehicles for FY18, 19 & 20. The current year cost is based on the most recent new vehicles acquired.

Capital repair and replacements

FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
\$ 105,000	\$ 92,000	\$ 96,200	\$ 29,900	\$ 12,000	\$ 165,500

The Capital Replacement Trust Fund ("CRTF") was established in March 2007, by Ordinance No. 213. The CRTF was created to ensure that adequate funding is provided each year to repair and replace the Town's capital assets and improvements.

During early 2015, an updated Capital Reserve study was performed by the Whayland Group as required by the ordinance and the study was approved at the March 10, 2015 Council Meeting. The annual expenditures above are detailed in this 2015 study.

Unallocated Capital Funds

FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

This budgeted amount has been provided for unanticipated capital needs. The Town Manager will determine use.

Town of Ocean View

FY 2018 - FY 2022

Capital Improvements Plan

DRAFT #1

	Adopted Budget FY17	FY18	FY19	FY20	FY21	FY22	5 - Year TOTAL
Administrative							
Computer upgrade		\$ 1,700				\$ -	\$ 1,700
Workout equipment for locker rooms	4,000		-	-	-	-	-
Canon Scanner	1,300		-	-	-	-	-
Replace conference room chairs		3,000					3,000
Security enhancements - 2nd floor	30,000	40,000					40,000
Replace truck for TAO code enforcement officer	30,000	38,000	-	-	-	-	38,000
<i>FY17 Project deferred to FY18</i>	<i>(50,000)</i>						
Total Administrative	15,300	82,700	-	-	-	-	82,700
Public Safety							
Vehicles & Related Equipment	54,000	108,000	108,000	108,000	-	60,000	384,000
Computer upgrades - file servers	3,000			-	-	-	-
Workout equipment for locker rooms	4,000		-	-	-	-	-
Speed monitors	7,000	3,500	-	-	-	-	3,500
Furniture			-	-	25,000	-	25,000
Unmanned Aerial System - replace 2017 unit			-	-	-	7,000	7,000
Total Public Safety	68,000	111,500	108,000	108,000	25,000	67,000	419,500
Public Works							
*Annual street paving & repair - see KEI 2014 Study	307,500	296,000	11,300	268,900	576,400	270,100	1,422,700
Drainage Projects	272,000	1,902,900	221,000	-	-	-	2,123,900
TE Program / Pedestrian Pathways	100,000	150,000	150,000	-	-	-	300,000
ADA Sidewalk Transition Plan	148,000	128,000	126,000	148,000	136,000	140,000	678,000
Park Improvements							
Parking area @ 6 Oakwood	135,000		-	-	-	-	-
Equipment storage shed @ 6 Oakwood	5,000		-	-	-	-	-
Fixtures	26,000	20,000		20,000	-	-	40,000
Landscaping & gardens	4,000		-	-	-	-	-
Irrigation & lights @ North Park	20,000	20,000	-	-	-	-	20,000
DPW building security system		13,000					13,000
DPW machinery & equipment	57,500	55,000	31,000	15,000	50,000	-	151,000
DPW vehicles - 4wd pickup	42,000		-	-	-	-	-
<i>Defer certain DPW purchases from FY17 to FY18</i>	<i>(49,500)</i>						-
Town entrance beautification - Rte. 26	5,000	5,000	-	-	-	-	5,000
<i>Defer beautification from FY17 to FY18</i>	<i>(5,000)</i>						-
Holiday Décor for Municipal Bldg & Park	4,000		-	-	-	-	-
Exterior lighting on new DPW building	6,500		-	-	-	-	-
Total Public Works	1,078,000	2,589,900	539,300	451,900	762,400	410,100	4,753,600
<p>*Annual street paving & repair (296,000) (11,300) (268,900) (576,400) (270,100) (1,422,700)</p> <p>Per recommendation from audit firm, these expenses should be reflected in the operating budget.</p>							
Capital Repairs - funded from CRTF	105,000	92,000	96,200	29,900	12,000	165,500	395,600
Items to be determined by Town Mgr	10,000	10,000	10,000	10,000	10,000	10,000	50,000
Total Capital Expenditures	\$ 1,276,348	\$ 2,590,100	\$ 742,200	\$ 330,900	\$ 233,000	\$ 382,500	\$ 4,278,700

Town of Ocean View

FY 2018 - FY 2022

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Operating Budget

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	5-Year TOTAL
Revenue							
Building & Sign Permits	\$ 250,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	1,750,000
Business & Rental Licenses	127,000	130,000	133,000	136,000	140,000	143,000	682,000
CATV Franchise Fee - Mediatom	60,000	60,000	60,000	60,000	60,000	60,000	300,000
Donations	100	100	100	100	100	100	500
Fines - OVPD	41,000	35,000	35,000	36,000	37,000	37,000	180,000
Gross Rental Receipts Tax	225,000	232,000	239,000	246,000	253,000	260,000	1,230,000
Impact Fees @ \$1,436	80,000	82,000	85,000	87,000	90,000	92,000	436,000
Interest Income	4,500	10,252	(1,497)	(4,457)	(5,895)	(7,305)	(8,900)
Miscellaneous	2,000	5,000	5,000	5,000	5,000	5,000	25,000
Public Safety Grant - Sussex County	25,000	25,000	25,000	25,000	25,000	25,000	125,000
Public Safety Grant - Police Pensions	30,000	30,000	30,000	30,000	30,000	30,000	150,000
Public Works Grant - MSA	100,000	100,000	100,000	100,000	100,000	100,000	500,000
Real Estate Taxes	1,328,600	1,381,875	1,409,513	1,437,703	1,466,457	1,495,786	7,191,333
Reimbursed Expenses	12,000	12,000	12,000	12,000	12,000	12,000	60,000
Transfer Taxes	750,000	770,000	790,000	800,000	810,000	820,000	3,990,000
Zoning & Bd of Adjustment Fees	15,000	15,500	16,000	16,500	17,000	17,500	82,500
Total Revenue	3,050,200	3,238,727	3,288,116	3,336,846	3,389,662	3,440,081	16,693,433
Less: Continue to reduce Transfer Taxes used for Operations	(130,000)	(150,000)	(190,000)	(220,000)	(250,000)	(280,000)	(1,100,000)
Plus: Transfer In from SRRTF		296,000	11,300	268,900	576,400	270,100	1,422,700
Adjusted Revenue Available for Operations	2,920,200	3,374,727	3,109,416	3,385,746	3,716,062	3,430,181	17,016,133

Town of Ocean View

FY 2018 - FY 2022

Operating Budget

DRAFT #1

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	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	5-Year TOTAL
General & Administrative Expenses							
Payroll - Gross Wages	\$ 494,100	\$ 514,291	\$ 545,148	\$ 556,051	\$ 567,172	\$ 578,516	2,761,178
Payroll - Council & Commissions	9,300	9,765	10,253	10,766	11,304	11,869	53,958
Payroll - Overtime & Bonus	6,400	6,763	7,169	7,312	7,458	7,608	36,310
Payroll Taxes	41,900	43,087	45,544	46,454	47,384	48,331	230,800
Subtotal	551,700	573,906	608,114	620,584	633,318	646,324	3,082,246
Employee Retirement	33,800	36,943	39,942	41,556	43,235	44,982	206,658
Medical, Dental & Life Insurance	72,000	129,566	136,984	144,821	153,121	162,274	726,767
Workers' Comp. Insurance	4,300	5,071	5,644	6,045	6,474	6,934	30,169
Personnel Related Costs	661,800	745,486	790,685	813,006	836,149	860,514	4,045,839
Advertising	3,500	3,500	3,553	3,606	3,660	3,715	18,033
Communications - Telephone & Internet	13,500	14,500	14,718	14,938	15,162	15,390	74,708
Comprehensive Land Use Plan Revision	8,000	40,000	10,000	10,000	10,000	10,000	80,000
Computer Software Updates & Maintenance	24,300	24,300	24,665	25,034	25,410	25,791	125,200
Dues & Subscriptions	3,100	5,000	5,075	5,151	5,228	5,307	25,761
Education	2,500	3,000	3,045	3,091	3,137	3,184	15,457
Insurance - Business	40,000	35,000	36,750	38,588	40,517	42,543	193,397
Maintenance & Rep. - Building & Facilities	6,000	5,500	5,583	5,666	5,751	5,837	28,337
Maintenance & Services - Contracted	25,000	32,900	33,394	33,894	34,403	34,919	169,510
Mileage	2,000	1,000	1,015	1,030	1,046	1,061	5,152
Non Capital Equipment	1,000	1,000	1,015	1,030	1,046	1,061	5,152
Postage, Printing & Office Supplies	11,500	12,000	12,180	12,363	12,548	12,736	61,827
Professional Services	62,400	56,600	57,449	58,311	59,185	60,073	291,618
Property Assessment	120,000	35,000	33,000	34,000	36,000	130,000	268,000
Public Relations	20,300	21,500	21,823	22,150	22,482	22,819	110,774
Real Estate Transfer Tax Fees	7,500	7,700	7,900	8,000	8,100	8,200	39,900
Supplies	4,400	7,600	7,714	7,830	7,947	8,066	39,157
Utilities	13,600	14,550	14,768	14,990	15,215	15,443	74,965
Total Expenses General & Administrative	1,030,400	1,066,136	1,084,329	1,112,678	1,142,986	1,266,660	5,672,789
Personnel costs	661,800	745,486	790,685	813,006	836,149	860,514	4,045,839
Dept other costs	368,600	320,650	293,644	299,672	306,837	406,146	1,626,950
Total dept costs	1,030,400	1,066,136	1,084,329	1,112,678	1,142,986	1,266,660	5,672,789

Town of Ocean View

FY 2018 - FY 2022

Operating Budget

DRAFT #1

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	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	5-Year TOTAL
Public Safety Expenses							
Payroll - Gross Wages	\$ 552,200	\$ 597,678	\$ 633,539	\$ 646,209	\$ 659,133	\$ 672,316	3,208,875
Payroll - Overtime & Bonus	42,400	70,436	74,662	76,155	77,678	79,232	378,163
Payroll Taxes	49,800	55,055	58,200	59,364	60,551	61,762	294,932
Subtotal	644,400	723,168	766,400	781,728	797,363	813,310	3,881,970
Employee Retirement	71,600	64,950	70,224	73,061	76,013	79,084	363,333
Medical, Dental & Life Insurance	169,000	178,707	188,970	199,840	211,352	223,545	1,002,415
Workers' Comp. Insurance	35,000	45,329	50,452	54,034	57,870	61,979	269,664
Personnel Related Costs	920,000	1,012,155	1,076,047	1,108,663	1,142,598	1,177,918	5,517,382
Advertising	200	250	254	258	261	265	1,288
Communications - Telephone & Internet	17,000	17,700	17,966	18,235	18,509	18,786	91,195
Computer Software Updates & Maintenance	2,600	2,510	2,548	2,586	2,625	2,664	12,932
Dues & Subscriptions	3,500	8,000	8,120	8,242	8,365	8,491	41,218
Education	15,000	15,000	15,225	15,453	15,685	15,920	77,284
Insurance - Business	27,000	31,000	32,550	34,178	35,886	37,681	171,295
K-9 Supplies	4,000	2,000	2,030	2,060	2,091	2,123	10,305
Maintenance & Rep. - Building & Facilities	12,000	10,000	10,150	10,302	10,457	10,614	51,523
Maintenance & Services - Contracted	14,900	15,890	16,128	16,370	16,616	16,865	81,870
Mileage	100	100	102	103	105	106	515
Non Capital Equipment	10,000	13,000	13,195	13,393	13,594	13,798	66,979
Postage, Printing & Office Supplies	4,000	3,600	3,654	3,709	3,764	3,821	18,548
Professional Services	7,500	6,000	6,090	6,181	6,274	6,368	30,914
Public Relations	1,800	800	812	824	837	849	4,122
Supplies	16,000	11,000	11,165	11,332	11,502	11,675	56,875
Uniforms (New & Maintenance)	10,000	10,000	10,150	10,302	10,457	10,614	51,523
Utilities	13,100	13,000	13,195	13,393	13,594	13,798	66,979
Vehicles & Equipment - Fuel	25,000	22,000	22,330	22,665	23,005	23,350	113,350
Vehicles & Equipment - Repairs	10,500	10,000	10,150	10,302	10,457	10,614	51,523
Total Expenses Public Safety	1,114,200	1,204,005	1,271,859	1,308,552	1,346,682	1,386,319	6,517,418
Personnel costs	920,000	1,012,155	1,076,047	1,108,663	1,142,598	1,177,918	5,517,382
Dept other costs	194,200	191,850	195,813	199,889	204,084	208,401	1,000,037
Total dept costs	1,114,200	1,204,005	1,271,859	1,308,552	1,346,682	1,386,319	6,517,418

Town of Ocean View

FY 2018 - FY 2022

Operating Budget

DRAFT #1

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	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	5-Year TOTAL
Public Works Expenses							
Payroll - Gross Wages	\$ 113,800	\$ 120,284	\$ 127,501	\$ 130,051	\$ 132,652	\$ 135,305	645,791
Payroll - Overtime & Bonus	11,400	6,014	6,375	6,503	6,633	6,765	32,290
Payroll Taxes	10,800	10,737	11,339	11,565	11,797	12,033	57,471
Subtotal	136,000	137,035	145,214	148,118	151,081	154,102	735,551
Employee Retirement	8,500	8,955	9,682	10,073	10,480	10,903	50,092
Medical, Dental & Life Insurance	66,600	60,687	64,290	68,108	72,154	76,443	341,682
Workers' Comp. Insurance	7,200	8,538	9,502	10,177	10,900	11,674	50,791
Personnel Related Costs	218,300	215,214	228,688	236,476	244,614	253,122	1,178,115
Advertising	500	500	508	515	523	531	2,576
Communications - Telephone & Internet	3,700	4,500	4,568	4,636	4,706	4,776	23,185
Contracted Labor	15,000	15,000	15,225	15,453	15,685	15,920	77,284
Drainage Maintenance	22,500	30,000	30,450	30,907	31,370	31,841	154,568
Dues & Subscriptions	-	-	-	-	-	-	-
Education	300	300	305	309	314	318	1,546
Insurance - Business	10,000	12,000	12,600	13,230	13,892	14,586	66,308
Maintenance & Rep. - Building & Facilities	1,500	1,500	1,523	1,545	1,569	1,592	7,728
Maintenance & Services - Contracted	4,300	4,200	4,263	4,327	4,392	4,458	21,640
Non Capital Equipment	5,000	6,000	6,090	6,181	6,274	6,368	30,914
Park Expense	20,000	20,000	20,300	20,605	20,914	21,227	103,045
Postage, Printing & Office Supplies	300	300	305	309	314	318	1,546
Professional Services	5,700	6,000	6,090	6,181	6,274	6,368	30,914
Public Relations	200	500	508	515	523	531	2,576
Street Lighting	75,000	80,000	81,200	82,418	83,654	84,909	412,181
Street Maintenance	20,000	50,000	50,750	51,511	52,284	53,068	257,613
Street Paving & Repair (Study)	-	296,000	11,300	268,900	576,400	270,100	1,422,700
Street Signs	3,000	6,500	6,598	6,696	6,797	6,899	33,490
Supplies	15,000	20,000	20,300	20,605	20,914	21,227	103,045
Uniforms	2,500	3,000	3,045	3,091	3,137	3,184	15,457
Utilities	15,000	11,500	11,673	11,848	12,025	12,206	59,251
Vehicles & Equipment - Fuel	7,000	6,000	6,090	6,181	6,274	6,368	30,914
Vehicles & Equipment - Repairs	5,500	6,500	6,598	6,696	6,797	6,899	33,490
Total Expenses Public Works	450,300	795,514	528,973	799,137	1,119,644	826,817	4,070,085
Personnel costs	218,300	215,214	228,688	236,476	244,614	253,122	1,178,115
Dept other costs	232,000	580,300	300,285	562,660	875,030	573,695	2,891,970
Total dept costs	450,300	795,514	528,973	799,137	1,119,644	826,817	4,070,085

FY 2018 - FY 2022

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DRAFT #1

Operating Budget		FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Operating Budget Recap							
Total Revenue Available for Operations (details at pg. 1)							
	\$	2,920,200	\$ 3,374,727	\$ 3,109,416	\$ 3,385,746	\$ 3,716,062	\$ 3,430,181
<u>5-Year TOTAL</u>							
							17,016,133
Departmental Operating Expenses:							
General & Administrative (pg. 2 above)		1,030,400	1,066,136	1,084,329	1,112,678	1,142,986	1,266,660
Public Safety (pg. 3 above)		1,114,200	1,204,005	1,271,859	1,308,552	1,346,682	1,386,319
Public Works (pg. 4 above)		450,300	795,514	528,973	799,137	1,119,644	826,817
Total Operating Expenses		2,594,900	3,065,655	2,885,161	3,220,367	3,609,312	3,479,797
Revenues in excess of (less than) Operating Expenses		325,300	309,072	224,255	165,379	106,750	(49,615)
Other Funding Sources - Transfers in from:							
Current Yr. FY17 Revenue - known over Budget YTD collections		161,000		-	-	-	-
Annual Transfer Taxes - excess over base line (see pg. 1 above)		130,000	160,000	190,000	220,000	250,000	280,000
Street Repair & Replacement Trust Fund (SRRTF)		307,500	-	-	-	-	-
Capital Replacement Trust Fund (CRTF)		105,000	92,000	96,200	29,900	12,000	165,500
SRRTF to fund ADA sidewalk transition plan		148,000	128,000	126,000	148,000	136,000	140,000
Total Other Funding Sources		851,500	380,000	412,200	397,900	398,000	585,500
Excess (Deficit) Funding before Capital Expenditures		1,176,800	689,072	636,455	563,279	504,750	535,885
Capital Expenditures:							
Total Expenditures from Capital Improvement Plan		1,276,300	2,590,100	742,200	330,900	233,000	382,500
Deposits to Trust and Specific Reserve Funds:							
Excess Transfer Tax FY14-16 to SRRTF		225,000					
Specific Allocation of Trf Tax to use for Streets & Drainage		130,000	160,000	190,000	220,000	250,000	280,000
Street Repair & Replacement Trust Fund (SRRTF)		187,500	192,500	197,500	200,000	202,500	205,000
Capital Replacement Trust Fund (CRTF)		93,750	96,250	98,750	100,000	101,250	102,500
Total Trust Fund Deposits made from current year funds		411,250	448,750	486,250	520,000	553,750	587,500
Excess (Deficit) Funding after all Expenditures		(735,750)	(2,349,778)	(591,995)	(287,621)	(282,000)	(434,115)
Projected Fund Balance	\$	2,050,450	\$ (299,328)	\$ (891,323)	\$ (1,178,944)	\$ (1,460,944)	\$ (1,895,060)
(Adjusted to FY16 Audit Balance)							

Town of Ocean View

LB:020316

Impact on Town finances if the State reduces the share of Transfer Taxes allocated to municipalities from 1.5% to 1.25%

Note: this is in response to a DLLG (Carl Luft) query in early February sent to all DLLG members

The impact of the possible reduction in Transfer Tax revenue is calculated as follows:

Current rate = 1.50%

State's proposed reduced rate = 1.25%

Impact of reduction = 83.3% of previously collected or projected revenue as shown on the table below

	Historical Collections					YTD Est	Budgeted revenue - from FY17 Budget			
	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Current	573,000	529,500	708,600	767,800	788,400	800,000	770,000	790,000	800,000	810,000
Adj. Revenue	477,500	441,250	590,500	639,833	657,000	666,667	641,667	658,333	666,667	675,000
\$ Impact on OV	95,500	88,250	118,100	127,967	131,400	133,333	128,333	131,667	133,333	135,000

Impact on Ocean View of proposed reduction in Transfer Tax

(a) For fiscal years FY14 - FY16, audited financial statements show that Transfer Tax represented an average of 22% of total Town revenue.

(b) If required to be covered by an increase in property taxes, current tax billings (as of 2017) would need to be increased by ~ 10%.

(c) The Town has been trying to "wean" itself from using Transfer Tax for public safety and public works operating expenses so that these funds can be used to (i) maintain its ~ 23 miles of streets, (ii) upgrade sidewalks and sidewalk curb cuts in accordance with an ADA compliance program, and (iii) attempt to solve major drainage issues that have been identified throughout the Town. A reduction in revenue would seriously jeopardize these critical capital projects.

(d) In part, as a result of Transfer Tax revenue, the citizens of the Town of Ocean View are responsible for, or "cover" significant operating costs and services instead of relying on the State to provide these services - e.g., round-the-clock police protection, street lighting along State-owned roadways, street maintenance for ~ 23 miles of Town-owned streets, and drainage maintenance.

Town of Ocean View

DRAFT #1

FY18 Budget - Recap of the Trust Fund Accounts

LB:022317

RECP below is for the 10-year period ending April 30, 2026

Balances shown are as of the end of each Fiscal Year

	SRRTF	CRTF	ERTF	Projected Totals
FY17	1,346,125	753,647	285,370	2,385,142
FY18	1,385,492	761,666	286,797	2,433,954
FY19	1,746,778	768,024	288,231	2,803,033
FY20	1,864,115	841,964	289,672	2,995,751
FY21	1,719,516	935,424	291,120	2,946,060
FY22	1,907,890	877,101	292,576	3,077,567
FY23	2,071,060	845,266	294,039	3,210,364
FY24	2,518,617	921,428	295,509	3,735,554
FY25	2,892,062	979,924	296,986	4,168,973
FY26	2,544,496	1,052,164	298,471	3,895,131

Legend

SRRTF	Street Repair and Replacement Trust Fund
CRTF	Capital Replacement Trust Fund
ERTF	Emergency Reserve Trust Fund

Town of Ocean View

DRAFT #1

FY18 Budget - Analysis of Street Repair & Replacement Trust Fund (SRRTF)

LB022317

Balance in SRRTF at April 30, 2016

Total Restricted for the SRRTF - see pg. 15 audited financial statements

Add balance in MSA money market account at Fulton Bank

\$ 915,178

216,919

Total restricted at beginning of FY17 for street projects =

\$ 1,132,097

Projected Additions				Projected Expenditures						
MSA Grant Receipts	Transfer Tax Deposits		Interest Income	Street Maintenance - FY14 KEI Study			ADA Transition Plan - FY17 KEI Study			Balance at end of Fiscal Year
	Monthly Collections	"Excess" Collections		Contractor Costs		Engineer Costs	Contractor Costs		Engineer Costs	
				In 2014 \$	Current Yr \$		In 2016 \$	Current Yr \$		
FY16	(a)	(b)	(c)		(e)	(f)		(e)	(f)	\$ 1,132,097
FY17	100,000	187,500	225,000	(234,527)	(256,274)	(51,255)	(307,529)	-	-	1,346,125
FY18	100,000	192,500	160,000	n/a	(246,647)	(49,329)	(295,976)	(103,500)	(106,605)	1,385,492
FY19	100,000	197,500	190,000	(8,096)	(9,385)	(1,877)	(11,263)	(99,000)	(105,029)	1,746,778
FY20	100,000	200,000	220,000	(187,655)	(224,070)	(44,814)	(268,884)	(112,680)	(123,128)	1,864,115
FY21	100,000	202,500	250,000	(390,526)	(480,298)	(96,060)	(576,357)	(100,440)	(113,046)	1,719,516
FY22	100,000	205,000	280,000	(177,654)	(225,047)	(45,009)	(270,056)	(100,872)	(116,938)	1,907,890
FY23	100,000	205,000	280,000	(181,975)	(237,436)	(47,487)	(284,923)	(106,200)	(126,808)	2,071,060
FY24	100,000	205,000	280,000	-	-	-	-	(104,355)	(128,343)	2,518,617
FY25	100,000	205,000	280,000	(35,136)	(48,635)	(9,727)	(58,364)	(114,030)	(144,450)	2,892,062
FY26	100,000	205,000	280,000	(460,416)	(656,443)	(131,289)	(787,732)	(107,280)	(139,976)	2,544,496
Proof	1,000,000	2,005,000	2,445,000	(1,675,985)	(2,384,236)	(476,647)	(2,861,084)	(948,357)	(1,104,323)	2,544,496
FY18 Budget										
				Streets	ADA Plan					
				296,000	128,000					
				11,300	126,000					
				268,900	148,000					
				576,400	136,000					
				270,100	140,000					
				1,422,700	678,000					

Notes

(a) For its 2010 fiscal year, the State did not fund the MSA program in an attempt to solve its fiscal issues. During the State's FY16 budget cycle, there was a move to reduce funding from \$5 to \$3 million and the level of MSA funding was not settled until the final days of the budgeting process. This funding source for the Town is likely to still be in jeopardy as the State legislators try to figure out how to solve the State's current budgeting problems.

(b) Deposits are made each month to the SRRTF based on the level of Transfer Taxes collected. Ord. No. 303 (adopted May 14, 2013) provides the 25.0% of total transfer taxes collected are to be used to fund the SRRTF. These annual deposits are shown at pg. 5 of the Operating Budget Model.

(c) During the preparation of the FY17 Budget, Town Council confirmed that the Town should continue to reduce the amount of Transfer Tax collections applied to operations in order to (i) accumulate additional funds for infrastructure projects and (ii) gradually wean the Town from the use of this tax for operations.

During the FY17 Budget discussions Council determined that the annual "set aside" of transfer taxes should be increased by \$30,000 each year. This annual set aside is in accordance with Chapter 49 "Street Repair and Replacement Trust Fund" - see "Method of Funding" at Sec. 49-2 D.

(d) Interest income is projected based on the beginning of the fiscal year balance.

The current interest rate estimate is -

0.80%

(e) Projected expenditures are based on the following studies completed by Kercher Engineering ("KEI"):

FY14 Pavement Management Study - approved at October 14, 2014 Town Council meeting.

FY16 ADA Transition Plan - approved at February 14, 2017 Town Council meeting.

(f) Engineer's costs for construction project management (design, bidding process, construction inspections, etc.) are estimated at 20% of the projected contractor costs.

Town of Ocean View

DRAFT #1

FY18 Budget - Analysis of Capital Replacement Trust Fund (CRTF)

LB:022317

Balance in CRTF at April 30, 2016

Total Restricted for the CRTF - see pg. 15 audited financial statements = \$ 761,092

	Deposits from Transfer Tax Receipts	Projected Interest Income	Projected Capital Repairs Current Yr \$\$	Balance at end of Fiscal Year
FY16	(a)	(b)	(c) (d)	\$ 761,092
FY17	93,750	3,805	(105,000)	753,647
FY18	96,250	3,768	(92,000)	761,666
FY19	98,750	3,808	(96,200)	768,024
FY20	100,000	3,840	(29,900)	841,964
FY21	101,250	4,210	(12,000)	935,424
FY22	102,500	4,677	(165,500)	877,101
FY23	102,500	4,386	(138,721)	845,266
FY24	102,500	4,226	(30,564)	921,428
FY25	102,500	4,607	(48,611)	979,924
FY26	102,500	4,900	(35,160)	1,052,164
<i>Proof</i>	<i>1,002,500</i>	<i>42,228</i>	<i>(753,656)</i>	<i>1,052,164</i>

Notes

- (a) Deposits are made each month to the CRTF based on the level of transfer taxes collected. Ordinance No. 304 adopted effective May 14, 2013, provides that 12.5% of total transfer tax collections are to be used to fund the CRTF. These annual deposits are projected at pg. 5 of the Operating Budget Model.
- (b) Interest income is projected based on the beginning of the fiscal year balance.
The current interest rate estimate is - 0.50%
- (c) Projected expenditures are based on the March 17, 2015, review of the Town's capital assets titled "Reserve Study" prepared by Bob Wheatley of The Wayland Group, LLC. See the summary of annual expenditures "TWG Component Funding Model Projection" at Page 1-3 of the Reserve Study for the detail of these projected expenditures. The expenditures projected by Mr. Wheatley in this study were inflated at the rate of 3% per year.

It should be noted that the timing of certain projects included in the approved study have been adjusted. Some projects have been accelerated, while others have been delayed because repair and/or replacement is not deemed necessary as of the current budget year.

- (d) Note that § 8-5 of the CRTF legislation specifically provides that the expenditure of CRTF funds is limited to those cases "when the repair or replacement cost exceeds \$1,000."

Town of Ocean View

DRAFT #1

FY18 Budget - Analysis of Emergency Reserve Trust Fund (ERTF)

LB:022317

Balance in ERTF at April 30, 2016

Total Restricted for the ERTF - see pg. 15 audited financial statements = \$ 283,950

	Deposits from Transfer Tax Receipts	Projected Interest Income	Budgeted Expenditures	Balance at end of Fiscal Year (c)
FY16	(a)	(b)		\$ 283,950
FY17	-	\$ 1,420	-	285,370
FY18	-	1,427	-	286,797
FY19	-	1,434	-	288,231
FY20	-	1,441	-	289,672
FY21	-	1,448	-	291,120
FY22	-	1,456	-	292,576
FY23	-	1,463	-	294,039
FY24	-	1,470	-	295,509
FY25	-	1,478	-	296,986
FY26	-	1,485	-	298,471
<i>Proof</i>	-	14,521	-	298,471

Notes

- (a) The ERTF was established in 2007 by Ordinance No. 212. When the Street Repair & Replacement Trust Fund was established in 2009, that ordinance provided that future deposits from Transfer Tax collections should be used to "fund" the SRRTF instead of the ERTF.
- (b) Interest income is projected based on the beginning of the fiscal year balance.
The current interest rate estimate is - 0.50%
- (c) Note that Town Code Sec. 14-3 D "Method of Funding" (Ord. No 278 adopted on 05/17/11) provides that the ERTF shall be funded by "appropriations from the annual operating budget to maintain the ERTF at \$275,000".

The balance projected above for the end of FY18 represents approximately 10% of projected FY18 annual operating expenses. This balance is sufficient to cover a little more than one month's worth of operating expenses.

Town of Ocean View Water System

FY18 Budget

Draft #1

LB:021717

Proprietary Fund - Water System - Budget Ordinance Format

Water System Revenue	\$ 411,671
Water System Operating Costs	<u>148,362</u>
Excess Revenues over Operating Costs	263,309
Debt Service - USDA Notes	<u>238,984</u>
Anticipated Budget Surplus (Deficit)	<u><u>\$ 24,325</u></u>

Town of Ocean View Water System

2/24/2017

FY18

Draft #1

LB: 021717

Projected Revenue

Quarterly Facilities Charges:

Improved - metered lots

5/8 " meters

1 " meters

1 1/2 " meters

2 " meters

Unimproved lots

Quarterly Water Facilities Charges

6" fire service lines

Quarterly Facilities Charges

Rate (a)	# of accts (b)	Total
\$ 107.66	723	\$ 77,838
172.78	3	518
303.00	2	606
463.26	6	2,780
97.66	160	15,626
	894	97,368
\$ 1,600.00	2	3,200
Total Per Quarter		\$ 100,568

Annualized Facilities Charges

Other revenue:

Late Fees billed

Miscellaneous income

Total Projected Revenue

(c) Annual	\$ 402,271
	8,400
	1,000
	\$ 411,671

Notes:

(a) The quarterly billing rates were established by Ord. No. 249 and 255 dated May 12, 2009 and September 8, 2009, respectively.

(b) The "# of accts" is based on a January 27, 2017 report from TUI/Middlesex that shows the number of accounts being billed for each account type and meter size.

(c) No rate increase proposed for FY18.

Note regarding revenue items that are not included in these projections

Revenue and Cost projections do not include items that are a "wash" from a revenue and cost standpoint - e.g., bulk water charges, new installations, utility permits and inspection fees for new connections, and additional services such as temporary shut off/ turn on, check of meter for accuracy, etc.

Town of Ocean View Water System

FY18

Draft #1

LB:021717

Projected Costs (includes USDA debt service)

	<u>Annual Projection</u>
USDA debt service - based on loan documents - \$59,746 per quarter	<u>\$ 238,984</u>
Balance due on notes (<i>as of February 2017</i>) = \$ 4.115 million	
Final payment due December 2047	
Operating Costs:	
<u>Personnel</u> - Projected Town staff time spent on water matters (includes Vogel, McMullen, DPW crew, Peck, and Lebedz)	(a) <u>22,500</u>
<u>Other Operating Costs</u>	
(b) TUI annual operation and maintenance - rate from Water Service Agreement	30,528
(b) TUI meter reading charges - rate from Water Service Agreement	28,520
Miss Utility marking charges - based on recent history and trends	0
Advertising - to meet legal and regulatory requirements	850
Annual water sampling and quality report - regulatory requirement	750
Annual audit - separate financial statements required for Proprietary Fund	2,500
Dues - Delaware Rural Water Association	250
Business insurance	3,150
Maintenance and service calls - billed by White Marsh Hourly rate = \$ 89	5,314
Professional services - Legal & Engineering	8,000
Hydrant "barrel extensions" & misc. repairs recommended by White Marsh	31,000
Reserve for Repairs - DBF estimate	15,000
Subtotal other operating costs	<u>125,862</u>
Total Operating Costs	<u>148,362</u>
Total Projected Costs	<u>\$ 387,346</u>

Notes:

(a) Projected personnel costs are based on FY16 & FY17 activity.

(b) Includes on going services such as water testing, hydrant maintenance, flushing of mains, meter inspections, valve "exercising", etc.

Note that the current Water Service Agreement - Amendment #1 - was effective May 1, 2013. This amendment will expire on April 30, 2018 and a new 5-year amendment will need to be renegotiated during FY18.

Note regarding expense items that are not included in these projections

Revenue and Cost projections do not include items that are a "wash" from a revenue and cost standpoint - e.g., bulk water charges, new installations, utility permits and inspection fees for new connections, and additional services such as temporary shut off/ turn on, check of meter for accuracy, etc.