



Town of Georgetown

Budget Workshop
Monday, March 21, 2011

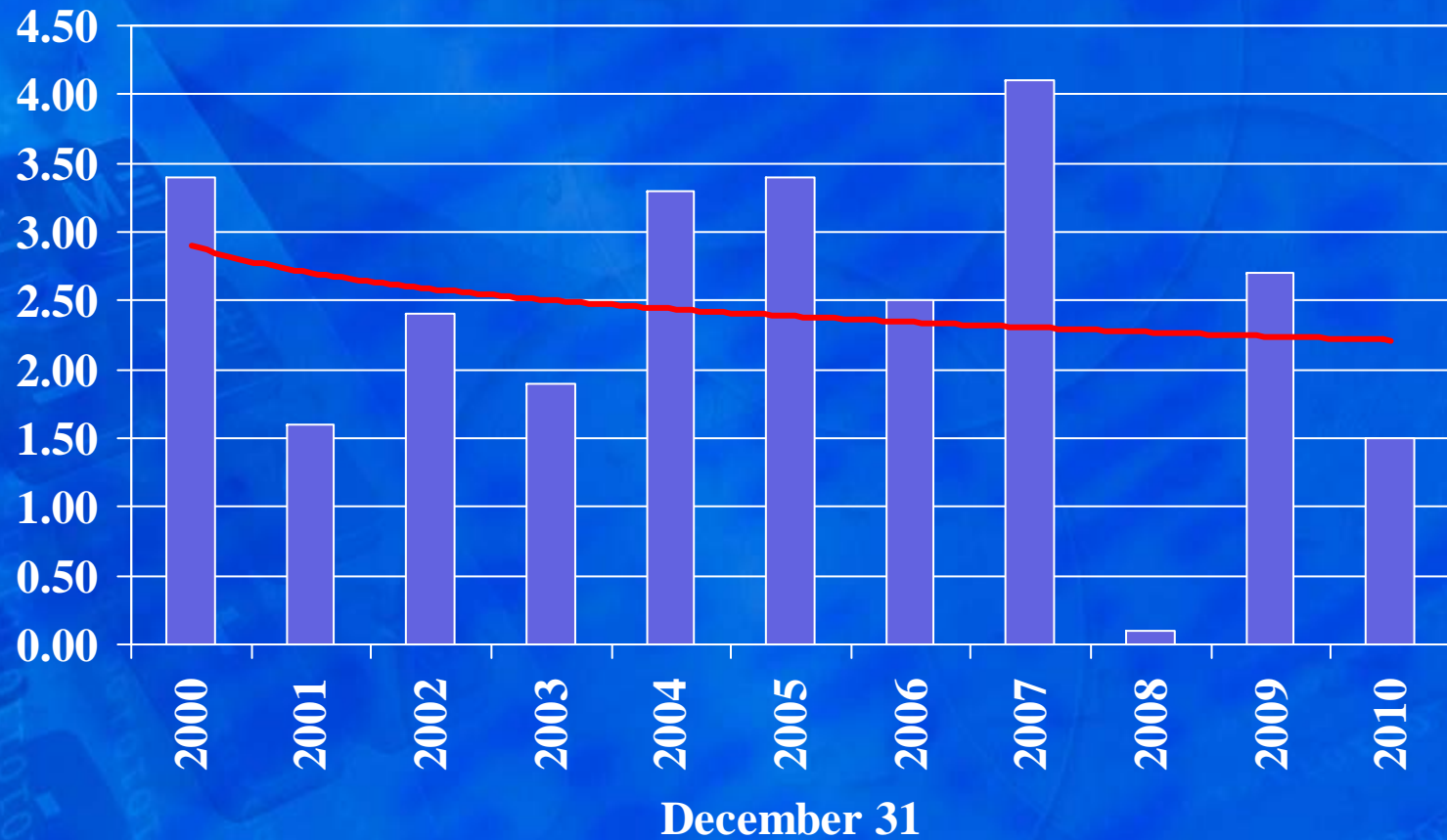
Agenda

- National Trends
- Current Economic Realities
- Impact on Town of Georgetown
- Building on Success
- Initial FY 2012 Budget
- Addressing the Deficit
- Major Concerns
- Next Steps

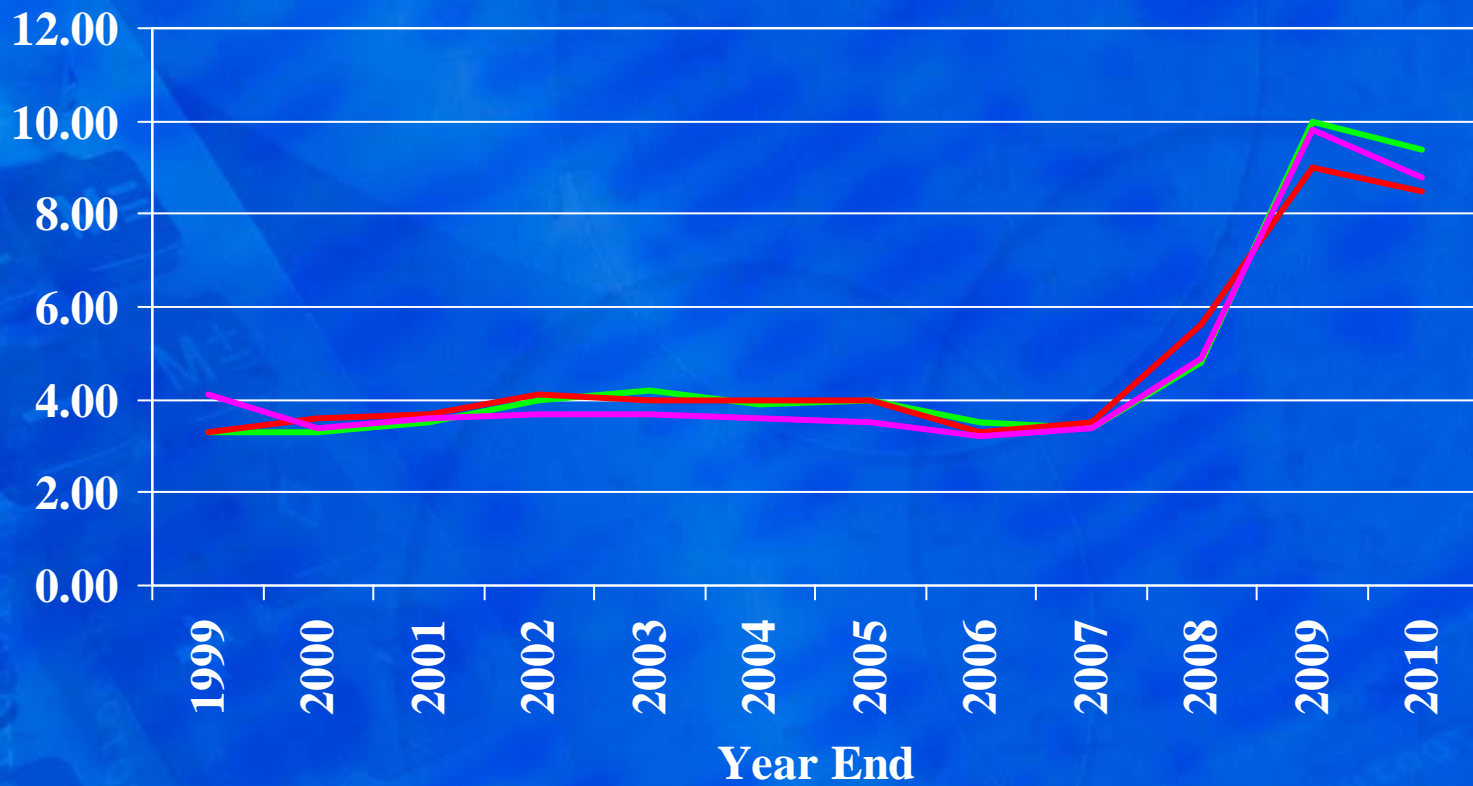
National Trends

- Property Tax Collections are Flat
- Housing Values down 9.5% since 2007
- Commercial Property Market Being Affected
- Actions by State Government
 - Direct impact on local government
- Reactions
 - Across the board cuts
 - Cuts in services
 - Delay/cancel capital infrastructure projects
 - Modify employee benefits
 - Workforce reductions

Consumer Price Index

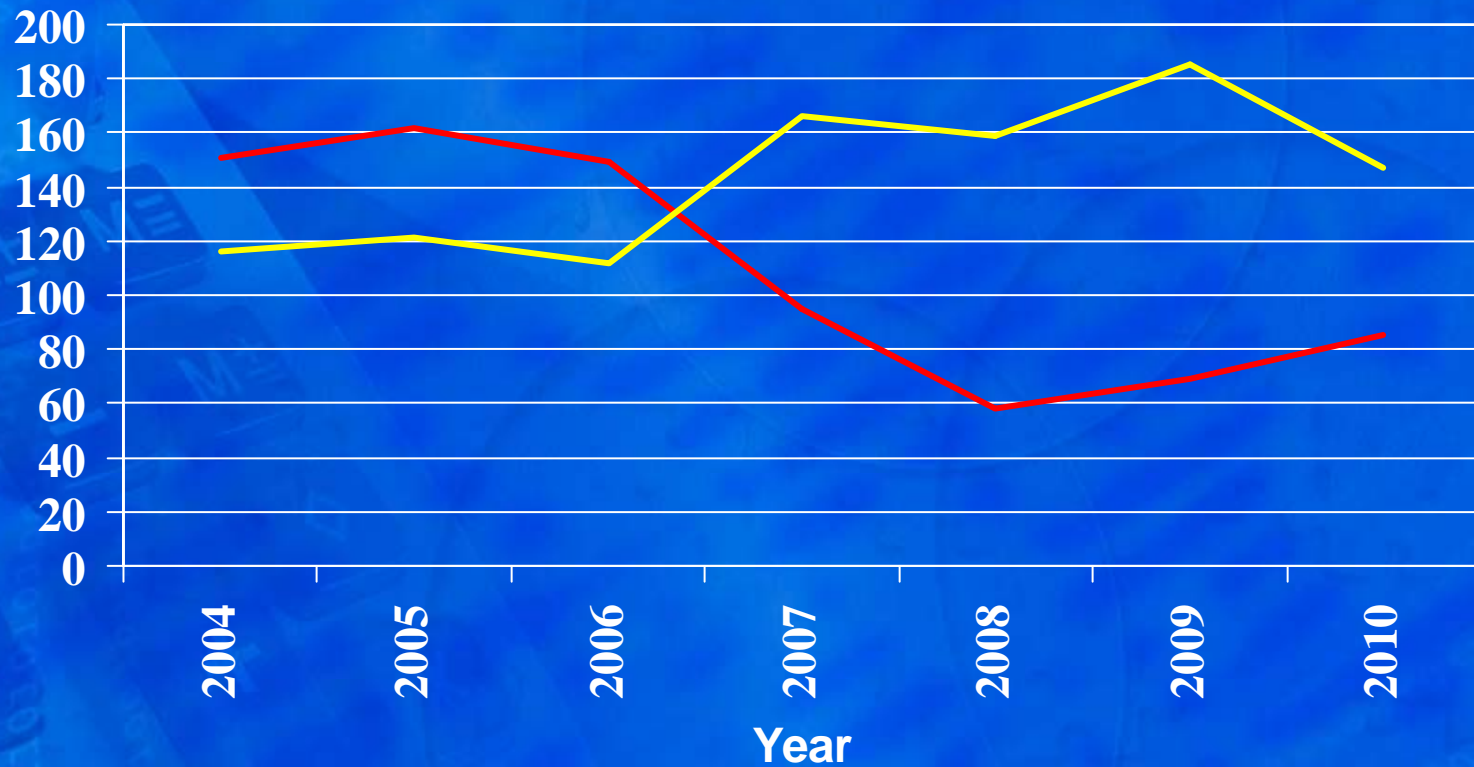


Unemployment Rate



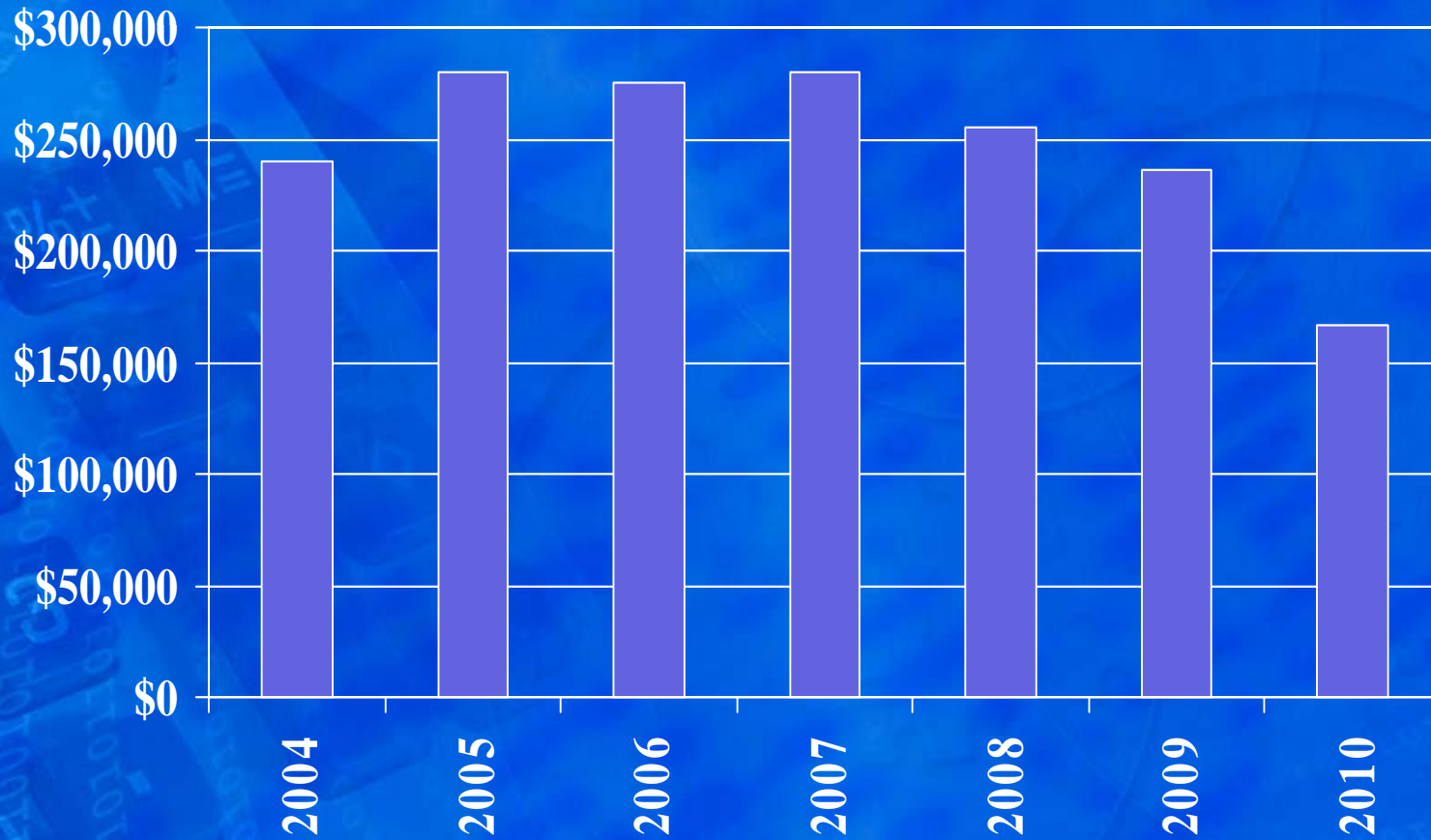
— US — Delaware — Sussex County

Housing Data (*SF Residential*)

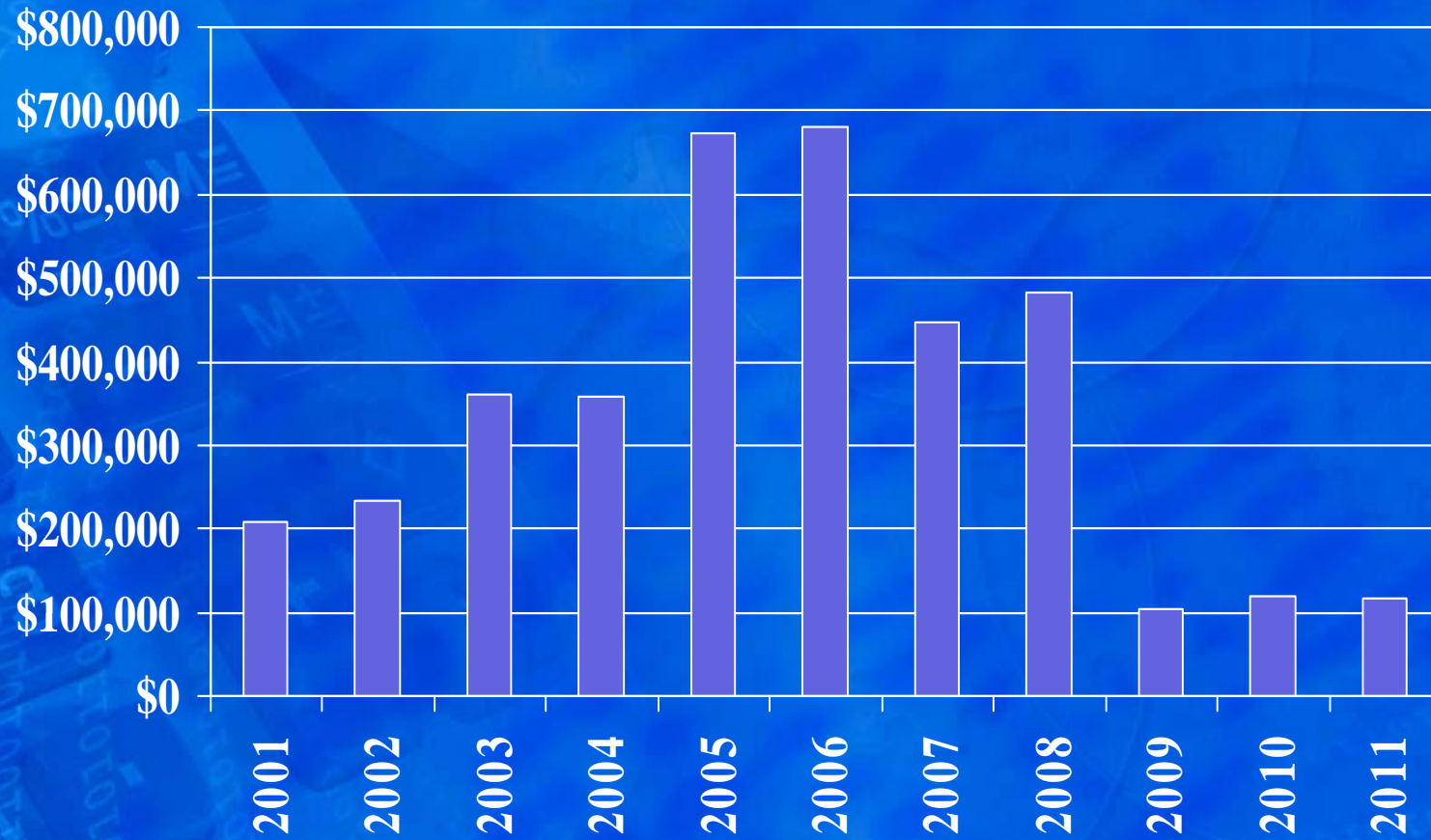


— Units Sold — Days on Market

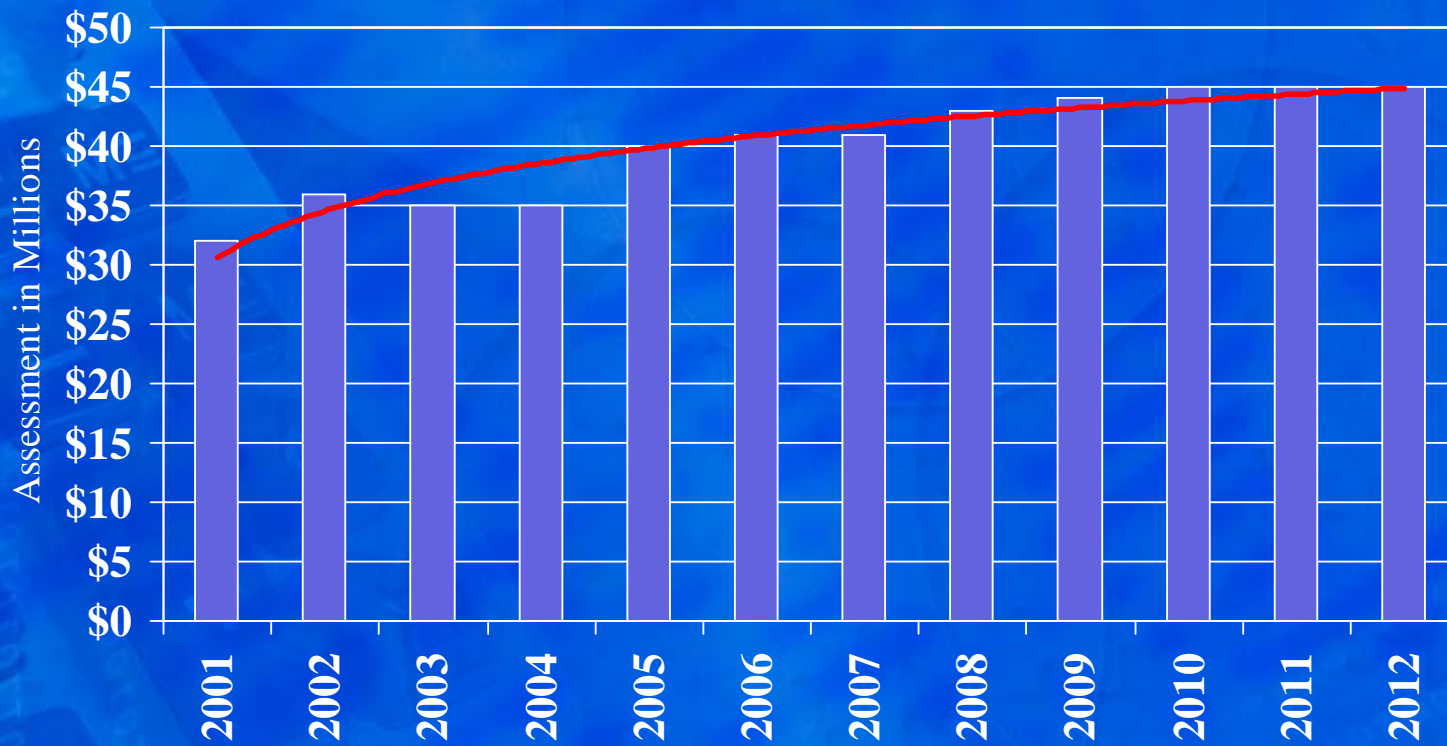
Median Home Sales Price



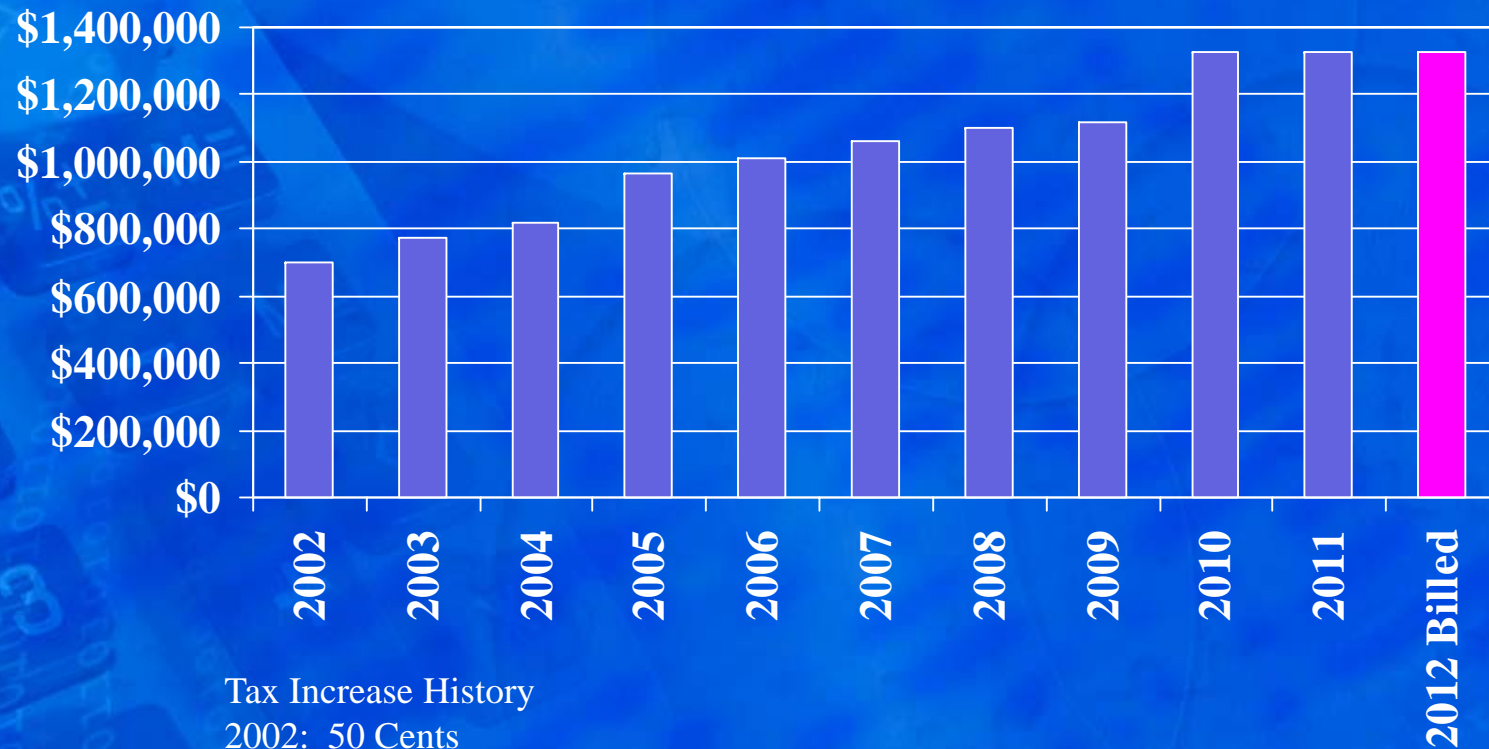
Realty Transfer Tax



Taxable Property Assessments



Property Tax Collected



Tax Increase History

2002: 50 Cents

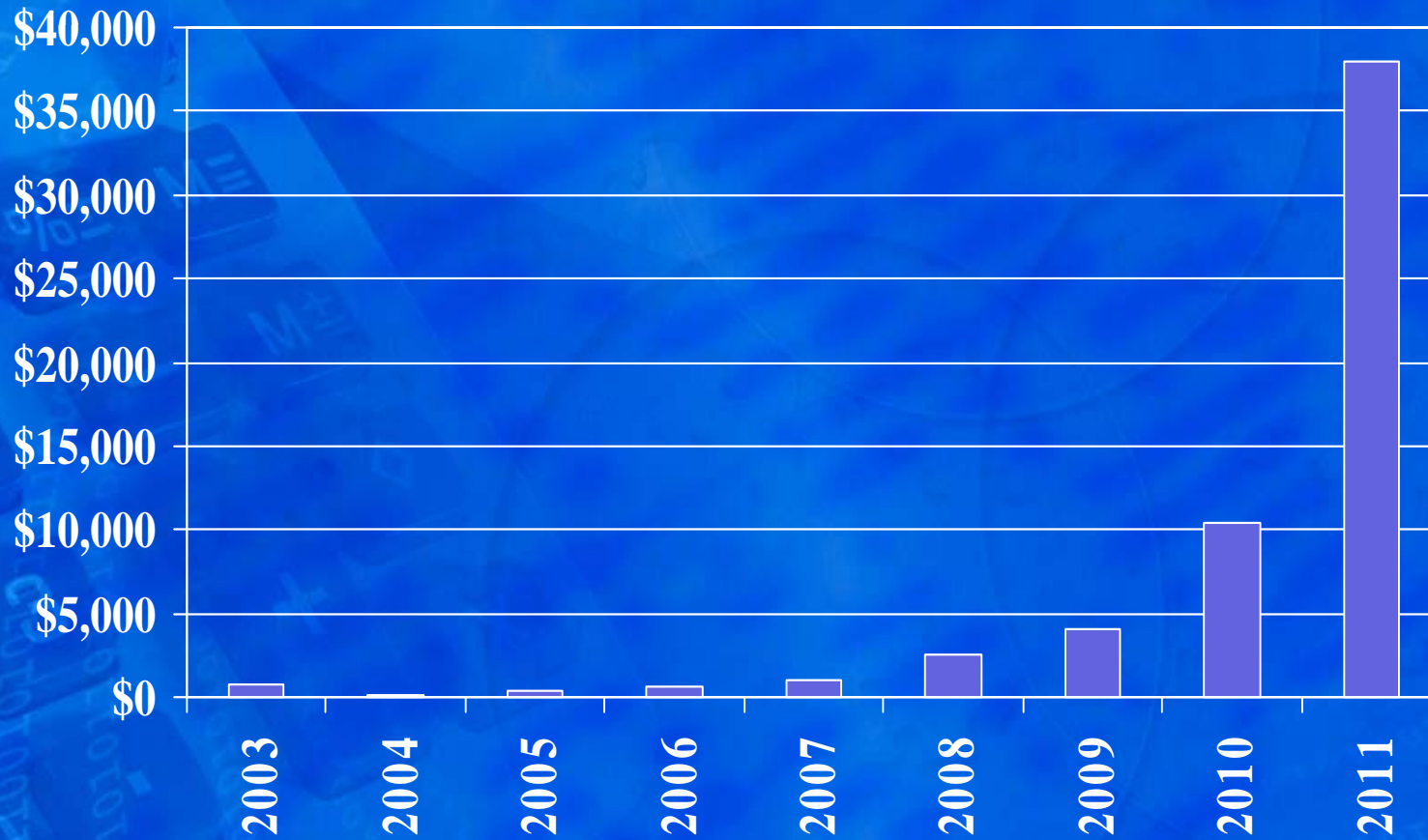
2005: 30 Cents

2007: 8 Cents

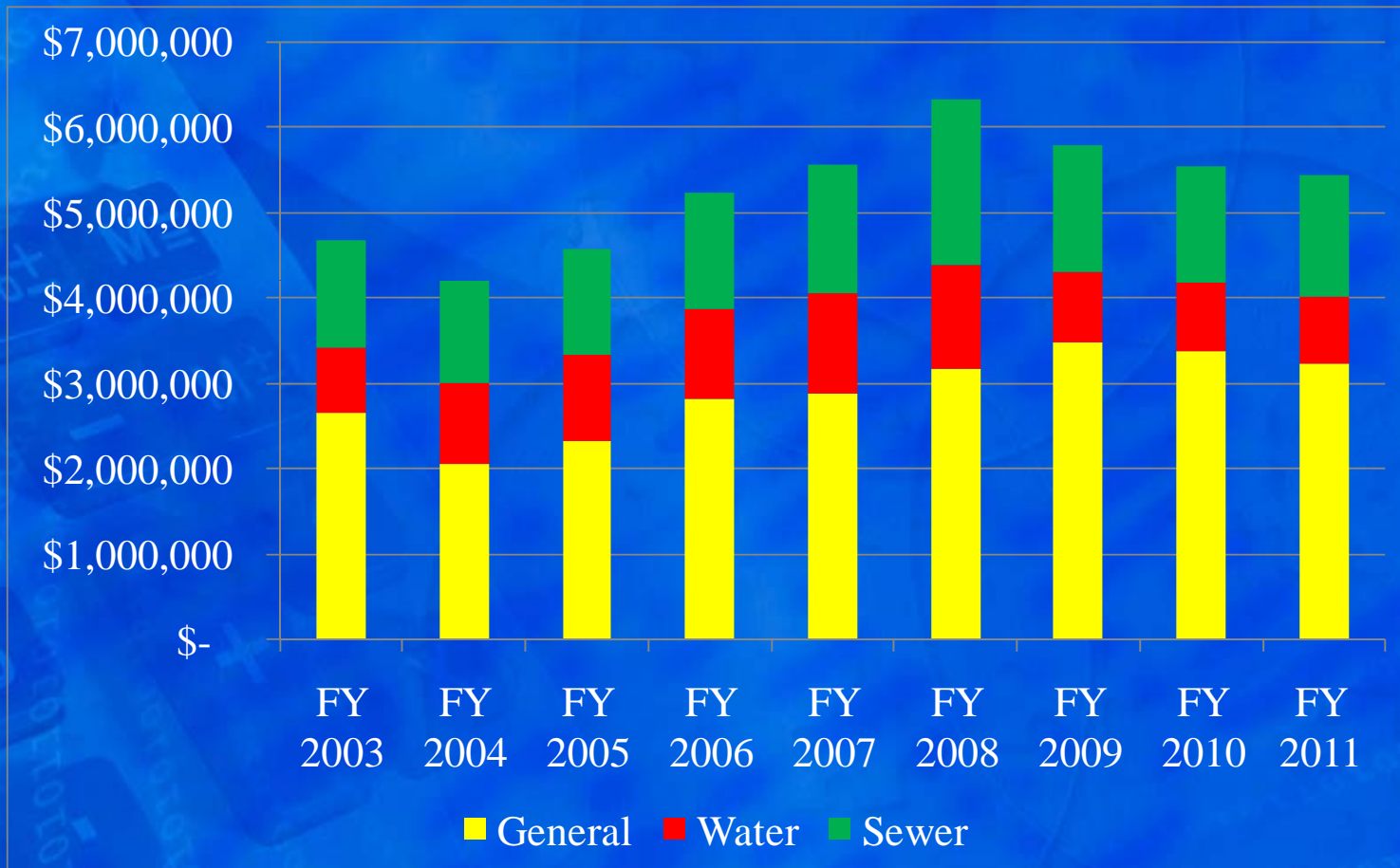
2010: 40 Cents

Delinquent Property Taxes

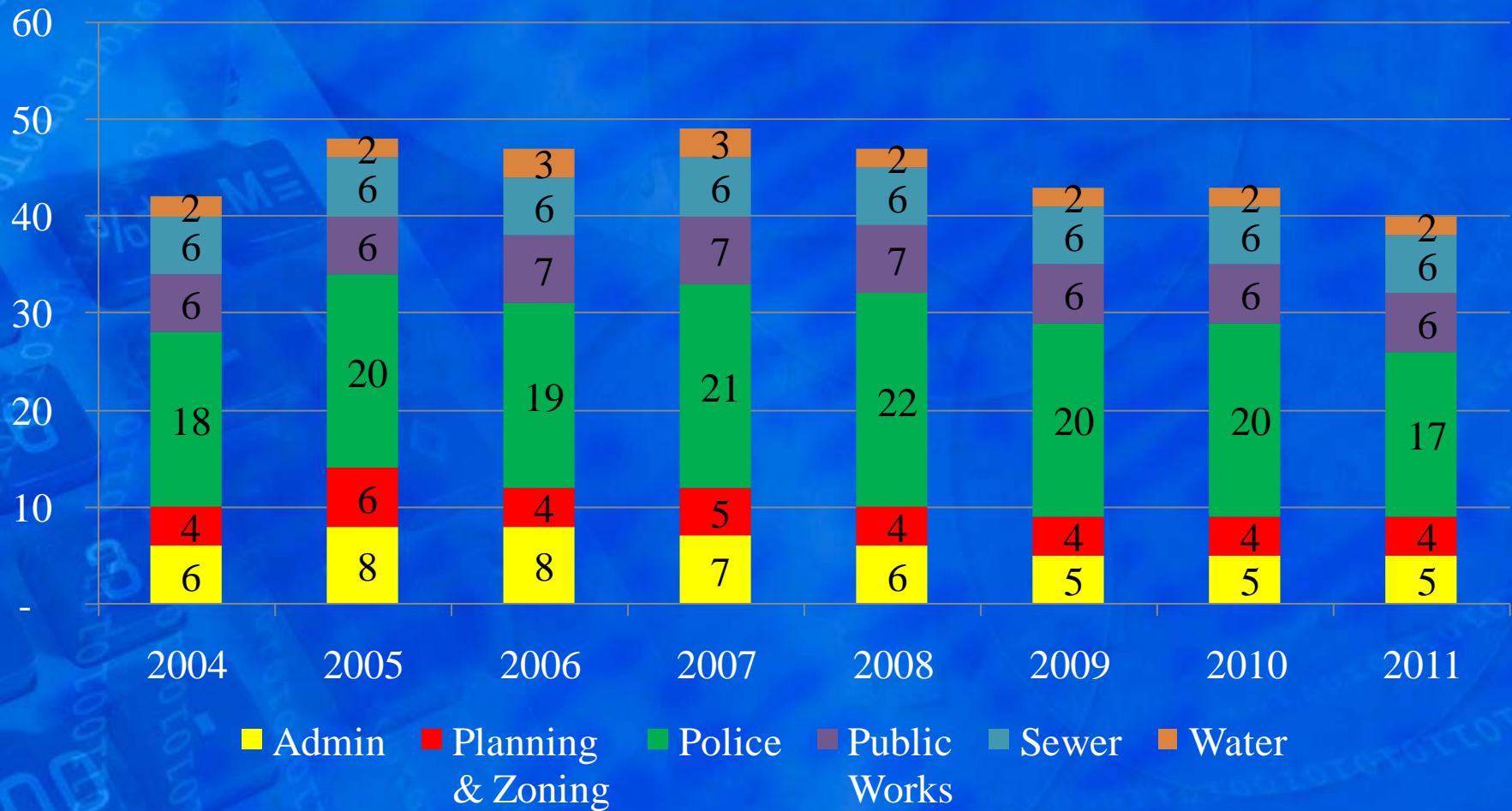
Tekman Properties: \$ 14,733
Arrow Safety LLC: \$ 4,487



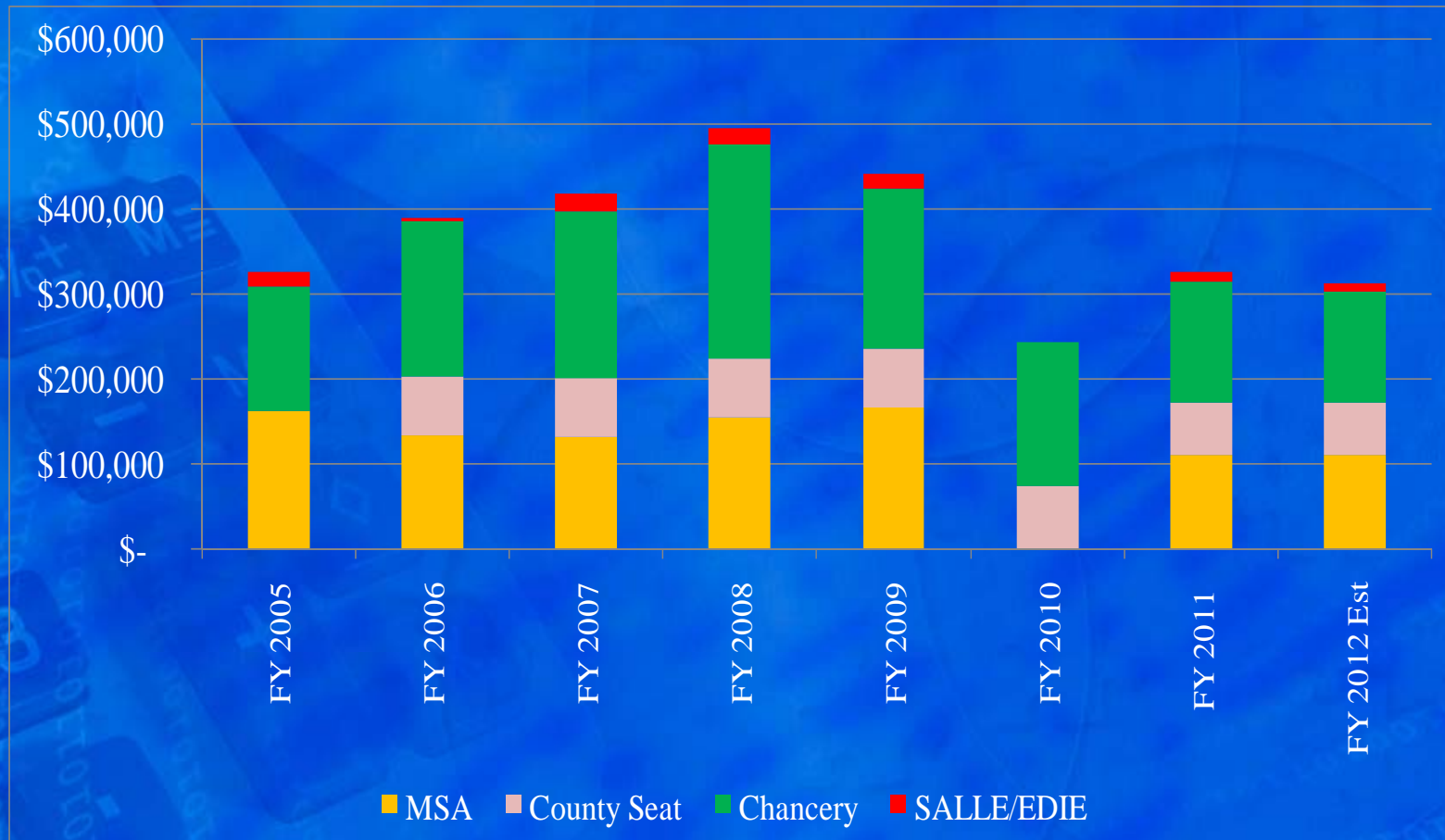
Budget History



Staffing History



State Aid



Building on Success

- Eliminated Reliance on Realty Transfer Tax
- Revised Revenues
 - Eliminated 90% of State Funding Items
 - Reduced Department Projections
- Operating Cost Reduction
 - FY 2009: **-5.3%**
 - FY 2010: **-8.3%**
 - FY 2011: **-2.1%**
 - FY 2012: **0.0%**

Building on Success

- Purchasing Card Rebate
 - Rebate to Date FY11: \$4,075 (5% of Purchases)
- Office Consolidation
 - Town Hall & Planning
- Pooling of Insurance - DFIT
 - Workers Compensation – 2008
 - General Liability – 2009
 - Health Care – Investigated (Not Done)
- 98% Spending Cap – FY 2012
 - Forced Reduction is \$109,170

Initial FY 2012 Budget

<u>REVENUES</u>	
General Fund Revenues	\$ 2,586,475
Water Revenues	\$ 1,247,000
Wastewater Revenues	\$ 1,635,000
TOTAL REVENUES	\$ 5,468,475
<u>EXPENDITURES</u>	
General Fund Expenses	\$ 3,159,669
Water Fund Expenses	\$ 1,146,395
Wastewater Fund Expenses	\$ 2,000,668
TOTAL EXPENDITURES	\$ 6,306,732
PROJECTED SURPLUS/(DEFICIT)	\$ (838,257)

Reclassification of Jobs

- Upgrade Finance Clerk II classification from Grade 8 to Grade 10
 - Additional responsibilities & workload
 - Have not filed cashier or AP Clerk positions
- Upgrade Project Administrator to Planning Administrator from Grade 8 to Grade 10
 - Eliminated Planning & Zoning Director position
 - Added accountabilities & responsibilities

Addressing the Deficit

- Sewer Fund
 - Sewer Rate Change
 - Increase Usage Rate by \$1.45 per \$1,000 gallon
 - Rate from \$4.56 to \$6.13 (32%)
 - Generates **\$365,668.00**
 - Service existing debt and new debt
- Water Fund
 - Fully Funded – No Changes Proposed

Addressing the Deficit

- General Fund
 - Personnel Elimination
 - Police Department (3): **\$204,575.00**
 - Sewer Department (1): **\$55,695.00**
 - Tax Increase
 - Increase Tax Rate by \$0.29 per \$100
 - Rate from \$2.93 to \$3.22 (10%)
 - Generates **\$130,500.00**
 - Transfer from Water and Sewer Funds
 - Requires **\$238,119.00**

Addressing the Deficit

- Ignore Current Year Debt Service
 - Potential Surplus
 - Defers Issue to FY 2013
 - Growth will dictate how large the issue
 - Impact Fees for 75 EDU to cover annual debt
- Reconsider CHRP Grant
- Other Options

Major Concern – Debt Service

- Total Debt: \$13,967,421
- Water (31.34%)
 - Debt: \$4,377,715
 - Annual Payment: \$311,059 (Principle)
 - Current Reserves: < 1 Year Service
- Sewer (66.63%)
 - Debt: \$9,307,435
 - Annual Payment: \$505,842 (Principle)
 - Current Reserves: 2 Years Service
- Interest Payment in Operating Budget

Transfer Tax Uses

- Purchase Edmund's Modules – \$9,680
 - Escrow Accounting
 - Building Permits & Code Enforcement
- Spicer Memorial – \$20,000
 - May Dedication
- Document Management System – \$4,500
 - ShoreScan
- Margaret Street Match (CDBG) – \$37,955
 - Only if Awarded
- Debt Reduction (Existing)

Other Considerations

- Economic Development Incentive (2010-11)
 - Split Impact Fee Payment
 - Suspended Emergency Services/G.R.E.A.T. Fee
 - Property Tax Increase Phase In
 - Expedited Review
- Suspend Water and Sewer Impact Fee Increases
 - Hold at FY 2010 Rate
- Discontinue Out-of-Town Sewer Service

Next Steps

- Agree on Items to Address the Deficit
- Present Modified FY 2012 Budget
- Adopt Budget
 - March 23 Meeting or
 - April 13 Meeting



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