

Town of Georgetown

Budget Workshop
Monday, April 12, 2021

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Reminder

This is a workshop and no
formal actions are to be taken.

Suggestions or action items identified
during the workshop may require formal
Town Council action at a properly noticed Regular
Town Council Meeting.

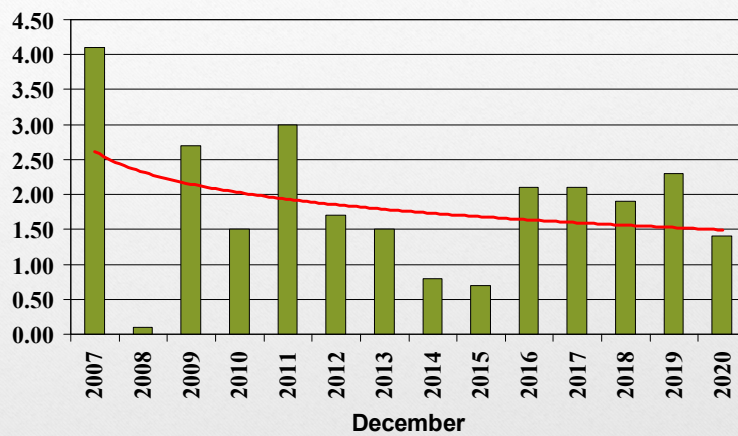
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Agenda

- Current Economic Realities
- Impact on Town of Georgetown
- Building on Success
- Initial FY 2022 Budget
- Addressing the Deficit
- Considerations
- Next Steps

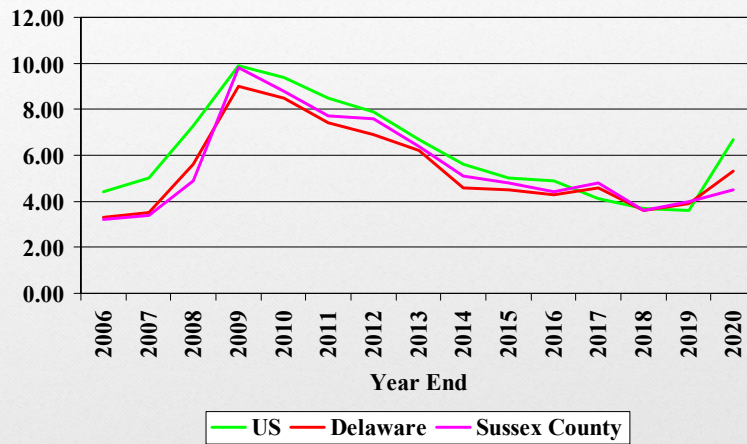
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Consumer Price Index



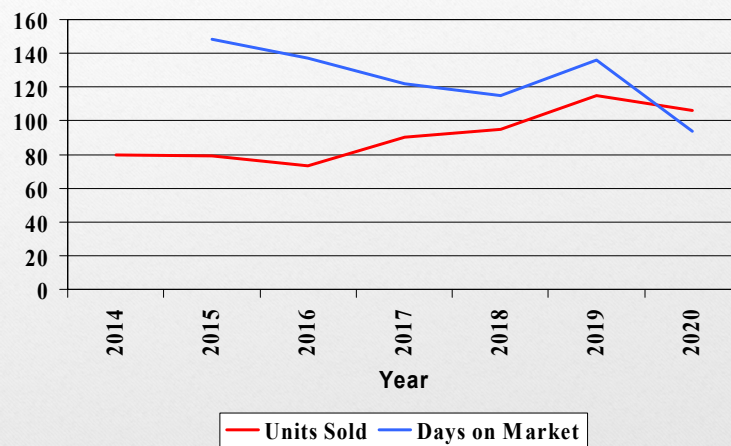
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Unemployment Rate



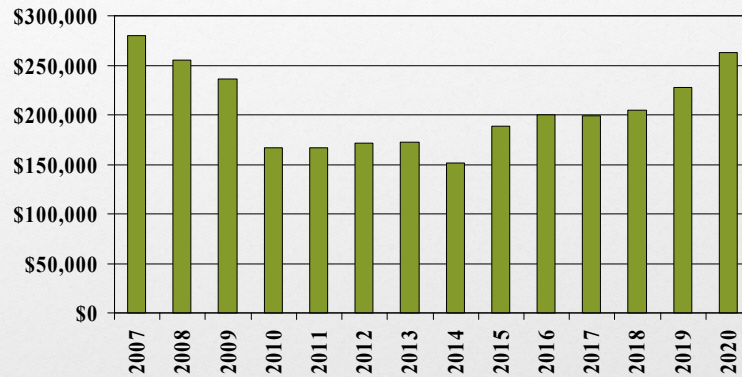
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Housing Data (*SF Residential*)



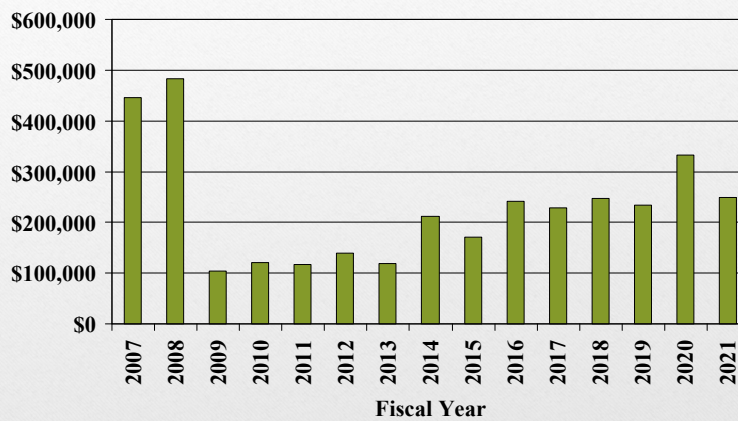
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Median Home Sales Price



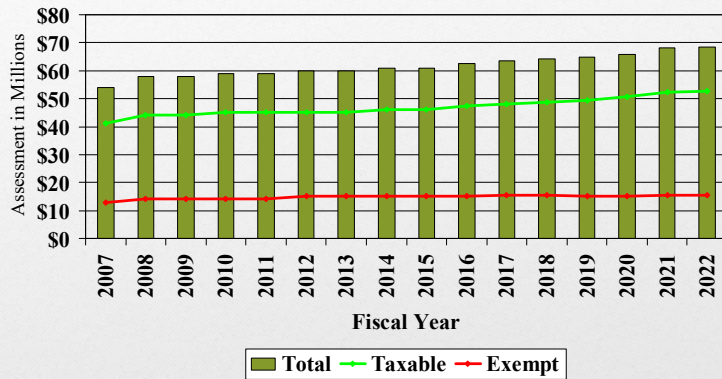
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Realty Transfer Tax Collected



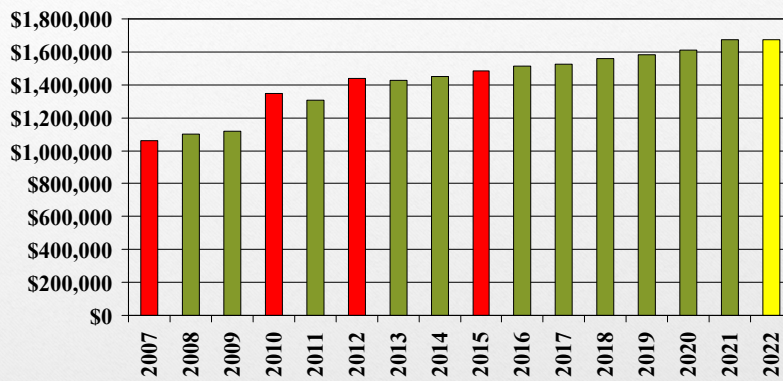
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Property Assessments



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Property Tax Billed



Tax Rate Increase History

2007: \$0.08 Cents

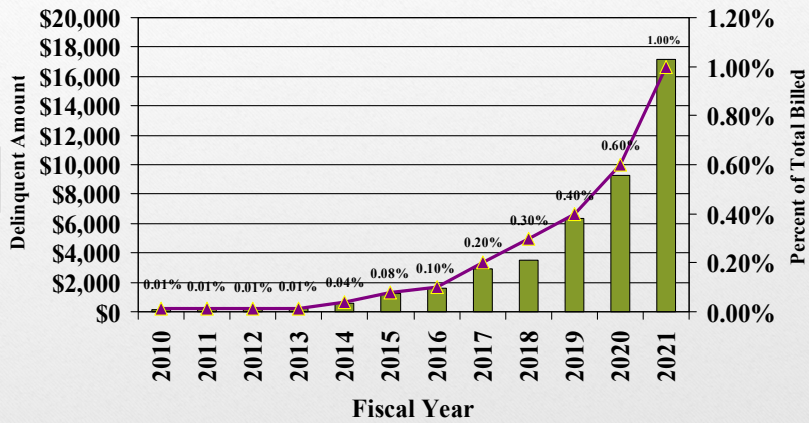
2010: \$0.40 Cents

2012: \$0.21 Cents

2015: \$0.03 Cents

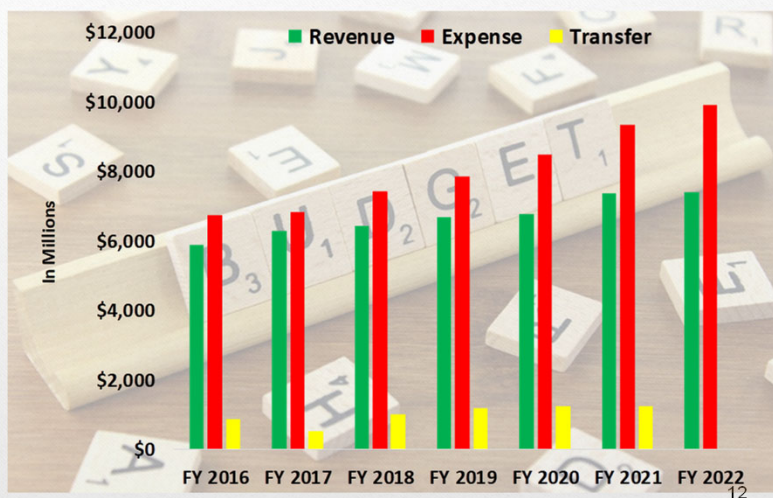
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Delinquent Property Taxes



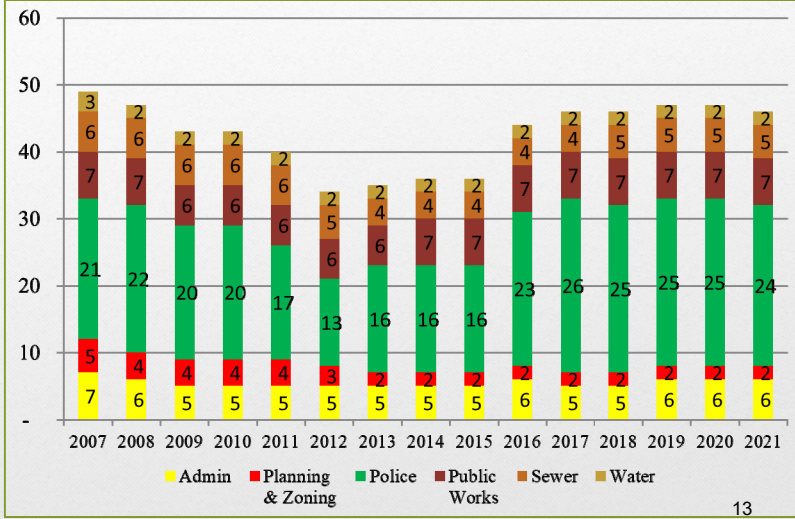
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Budget History



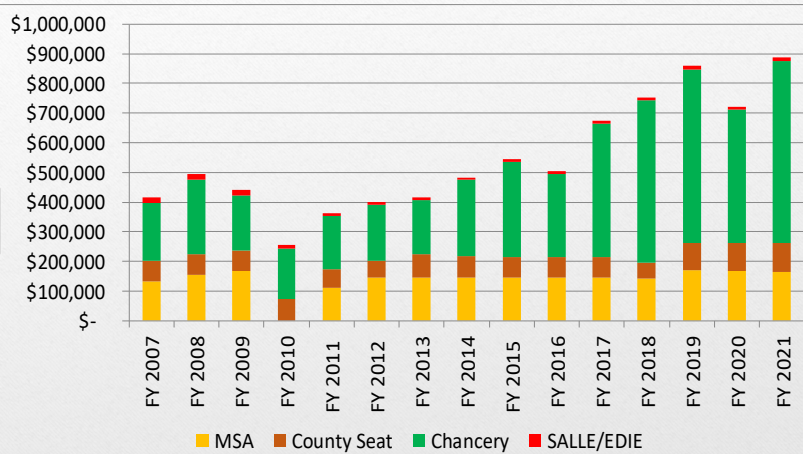
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Staffing History



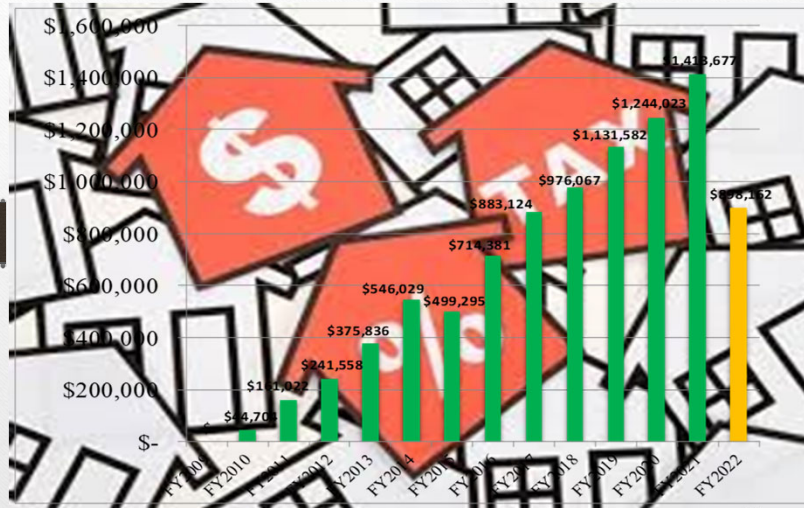
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State Aid



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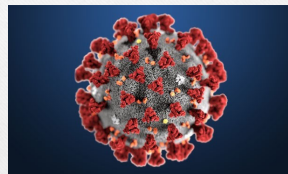
Realty Transfer Cash Account



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Coronavirus (COVID-19) Impact

- Revenues – Cash Flow Focus
 - Utility Receipts – tracking closely
 - Accommodations Tax
 - Realty Transfer Tax
 - State Support
 - Federal Support
- Expenses
 - Health and Safety (Sanitization) – As needed
- Unknown
 - Re-Opening Requirements – potential cost impacts



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Building on Success

- Conservative Revenue Estimates
- Major Project Funding with 100% Principal Forgiveness and 1.3775% Interest Rate
 - Market & Bedford Street Water Main Project
 - Total Project Funding \$1,255,000
 - Additional Funding through RTT \$413,668
- Bond Refinancing
 - Savings of \$930,696 (estimated – subject to actual rate)
- Purchasing Card Rebate
 - Rebate to Date FY 21: \$3,350 (5% of Purchases)
 - Rebate Since Inception FY 08: \$59,477

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Initial FY 2022 Budget

<u>REVENUES</u>	
General Fund Revenues	\$ 4,089,252
Water Revenues	\$ 1,363,500
Wastewater Revenues	\$ 2,058,500
TOTAL REVENUES	\$ 7,511,252
<u>EXPENDITURES</u>	
General Fund Expenses	\$ 5,977,557
Water Fund Expenses	\$ 1,556,301
Wastewater Fund Expenses	\$ 2,366,969
TOTAL EXPENDITURES	\$ 9,900,827
PROJECTED SURPLUS/(DEFICIT)	\$ 2,389,575

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Significant Items

- Personnel Expense Increase
 - New Positions
 - Police Department - (3) New Hire
 - Additional % Increase Requests
 - Public Works
 - Additional 4% increase (1)
 - Additional 2% increase (2)
 - Administration
 - Additional 2% increase Cashier
 - Additional 2% increase Finance (3)
 - Planning Department
 - Additional 2% increase (2)
 - Wastewater
 - Additional 2% increase (5)

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Proposed Capital Expenditures

- Public Works
 - Storm Sewer Pipe Lining/Repair (Franklin St) - \$127,000
 - New Pole Shed- \$320,000
 - Replace Street Sweeper
 - Purchase - \$270,000
 - Finance - \$293,447 (5 years, \$58,689.30 Annually)
 - Replace 2007 Truck \$22,000
- Water
 - Replace Utility Body Service Truck - \$70,000
 - Replace Water Meters (1/2)- \$55,053

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Proposed Capital Expenditures

- Wastewater
 - New Tractor- \$27,000
 - Replace Water Meters (1/2)- \$55,053
- Police Department
 - Sally Port- \$65,000

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Considerations

- Potential Legislative Impacts
 - Governor Carney's Proposed Budget
 - Realty Transfer Tax (HB 71)
 - 1% Decrease (return to 2017 level)
 - Legislation not yet Introduced
- IRSD Funding for Resource Officer
- Labor Union Negotiations
- Coronavirus – lingering effects

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Town Indebtedness

- Total Debt: \$7,850,201
 - Water (13.36%)
 - Debt: \$754,105
 - Annual Principal Payment: \$468,970
 - Water Impact Account Balance: \$118,613
 - Debt Coverage: 3 months
 - Sewer (65.36%)
 - Debt: \$5,213,176
 - Annual Principal Payment: \$726,022
 - Sewer Impact Account Balance: \$1,433,203
 - Debt Coverage: 2 years
 - Town Hall (21.28%)
 - Balance: \$1,882,920
 - Annual Principal Payment: \$43,643



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Recent Events

- SB 83 – Payment for Tax Exempt Properties owned by the State (PILOT)
 - County Seats (Dover, Georgetown, Wilmington)
 - > 25,000 Population; > 20% Tax Exempt
- American Rescue Plan Act of 2021
 - \$3,856,423 Potential
 - Water, Sewer, Broadband Infrastructure
- One-Time Bond Bill
 - Infrastructure Items
- Moody's Bond Rating Upgrade
 - A2 to A1



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Banking Summary

- **M & T Bank**
 - Drug Strike Force
 - SALLE
 - Health Care
 - Realty Transfer
 - Sewer & Water Impact
 - Payroll
 - Great Fund
 - Water & Sewer Depreciation
 - Operating Account
- **WSFS**
 - Police Savings Account
- **Fulton Bank**
 - Municipal Street Aid
 - Police Pension
 - Project Escrow Account
 - La Red Escrow
 - College Park Escrow
 - Reserve Account
- **County Bank**
 - Annexation
 - Fund to Combat Violent Crime
 - Equitable Sharing

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Major Projects

- Continued Street Rehabilitation – North Race Street
 - Pepper Street to Douglas Street
 - Municipal Street Aid
 - Community Transportation Funds
- Stevenson Lane Pump Station Repairs
- Sewer Redirection & Water Connection
 - Leverage with Sussex County
- Service Line Replacements
 - Market & Bedford Streets
- DelDOT Projects
 - Gateway East Improvements
 - Arrow Safety Road – Phase I
 - Route 18/404 Grade Separated Intersection

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Important Points to Remember

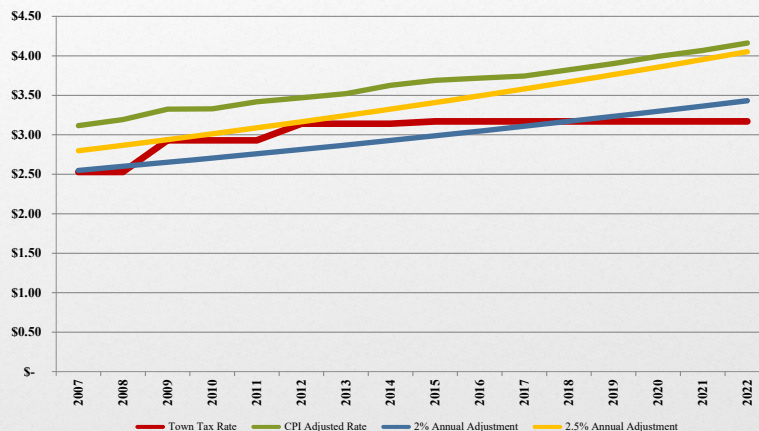
- Cash is King
 - Importance of building and maintaining reserves
 - Once borrowed, need to replenish doubles
- Deferral Cost More
 - Postponement of tax and rate increases generally results in larger, less palatable increases
 - Need for capital improvements is not decreasing
- Financial Issues
 - Operating Cost increase annually
 - Ability to manage to some degree
 - Some items outside our control
 - Debt Service is concern



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Tax Rate Increase History

Tax Rate Increases: 2007, 2010, 2012, and 2015



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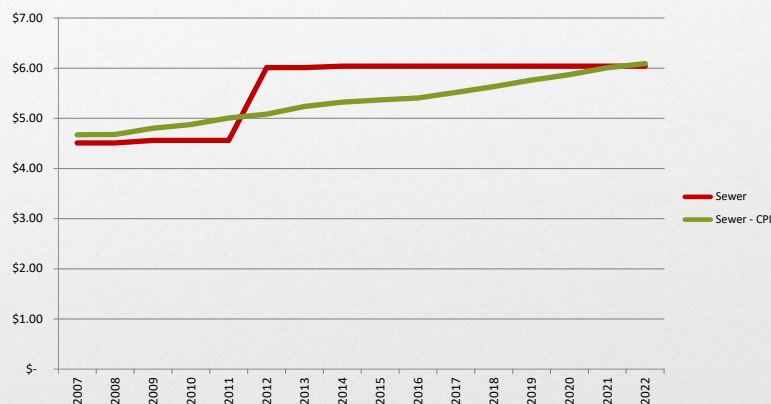
Tax Rate Increase History

- Consider Annual Increase
 - Avoid Negative Press Impacts
 - Minimized Magnitude of Increase
- Easier for Residents to Adjust
 - Smaller incremental increases
- Eliminates “Catch Up” after two to three years of higher costs
- Every one cent increase, generates \$5,119 income

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Sewer Rate Increase History

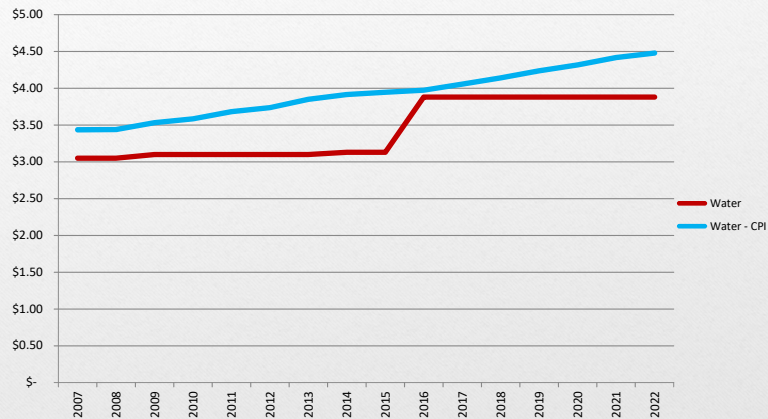
Sewer Rate Increases: 2007, 2009, 2012, and 2014



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Water Rate Increase History

Water Rate Increases: 2007, 2009, 2014, and 2016



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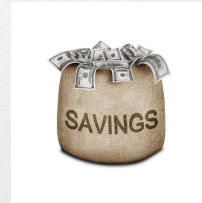
Next Steps

- Review and Discuss Line Item Budget Detail
- Review, Discuss, and Agree on Items to Address the Deficit
 - Present and Adopt FY 2022 Budget at April 28 Meeting

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Addressing the Deficit

- Eliminate 2% Spending Cap
 - Erodes ability to set aside funds for “Rainy Day”
 - Since inception – 1% in 2013
- Utilize Cash Balances
 - Maybe a one-time fix
 - Difficulty in replacing cash used
 - Impact on FY 2023 Budget
- Remove all New Positions
- Remove all Additional Step increases
- Other Ideas



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