

TOWN MANAGER'S WEEKLY REPORT



UPCOMING MEETINGS & EVENTS ...

- ✓ **Sussex County Association of Towns:** Wednesday, February 5th, at 6:00 PM, hosted by Georgetown at Sussex Pines
- ✓ **Sussex County Association of Towns Steering Committee:** Friday, February 7th, at 9:00 AM, Arena's at the Airport
- ✓ **Town Council Meeting:** Wednesday, February 12th, 7:00 PM, Town Hall

UPDATES FROM DEPARTMENTS ...

Finance

- As of January 30th, 2014, the Town has collected \$420,808 (54%) of the January Utility Billing (\$779,397) – Due date is February 7th, 2014
- In the process of collecting Budget work papers from each department
- New telephone system installation in process

Planning

- 2014 Business License renewal update. As of January 29th, the following has been renewed:
 - In-Town Business: 85% (\$26,904)
 - Out of Town Business: 60% (\$46,122)
 - Rentals: 89% (\$68,425)

Police

- Significant Incident Reports distributed as received

Public Works

- Water Main leak located on the corner of Margaret and James Street - repairs were completed in about 8 hours on January 30, 2014 (see photo 1)
- Public Works staff did another fantastic job with snow removal this week
- Since January 1st, there have been over 40 residential water shut offs due to the freezing temperatures

TOWN MANAGER'S WEEKLY REPORT



Wastewater

- Large Lagoon depth is 17 ½ feet and Small Lagoon depth is 6 feet
- Replacement couplers have been received to repair those that froze in Pettyjohn Woods – repairs will begin on Tuesday, February 4th, 2014
- Annual DNREC report completed and submitted

TOWN MANAGER'S UPDATE ...

- Discussed with the Onix Group, key delivery date requirements for Redner's (sewer, water)
- Met with the Commonwealth Group to review infrastructure improvements for the Microtel site (sewer, sidewalks and road overlay)
- Prepared letter to Inside Outfitters regarding window shade order for Town Hall
- Attended, along with Jocelyn Godwin, the 6th Delaware Wetlands Conference
- Met with Pastor Williams (Georgetown Presbyterian) to discuss Town responsibilities with respect to the North Bedford Street Park (future agenda item)
- Reviewed two presentation's made by Governor Markell:
 - ✓ "Transportation Investments for Delaware's Future" (copy attached)
 - ✓ "FY 2015 Governor's Budget" (copy attached)
 - ✓ Key items to monitor:
 - \$0.10 increase in the gas tax to fund infrastructure
 - \$5,000,000 proposed for Municipal Street Aid Employment Law" (copy attached)

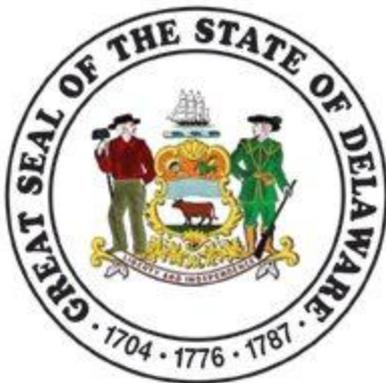
TOWN MANAGER'S WEEKLY REPORT



Photo 1 – Water Main: James Street & Margaret Street

***PLEASE NOTE THIS REPORT AND ANY ATTACHMENTS ARE ONLY BEING SENT
ELECTRONICALLY UNLESS OTHERWISE REQUESTED***

Governor Markell's Transportation Investments for Delaware's Future



Delaware's Transportation Goals

- Public Safety
 - Accelerates Infrastructure Improvements Needed to Maintain a Safe Transportation Network
 - Congestion Alleviation
- Economic Development
 - Jobs Created with Each Project
 - Upgraded Infrastructure will Attract Businesses
- Fiscal Responsibility
 - Maintain Long Term Financial Viability
 - Financial Certainty



Transportation Trust Fund

- 2011 Transportation Trust Fund Task Force Report

“The TTF has experienced **insufficient revenues** over a significant period, managed only by the delay of necessary capital projects in order to size the budget to meet available revenues.”

Transportation Trust Fund

- 2011 Transportation Trust Fund Task Force Report

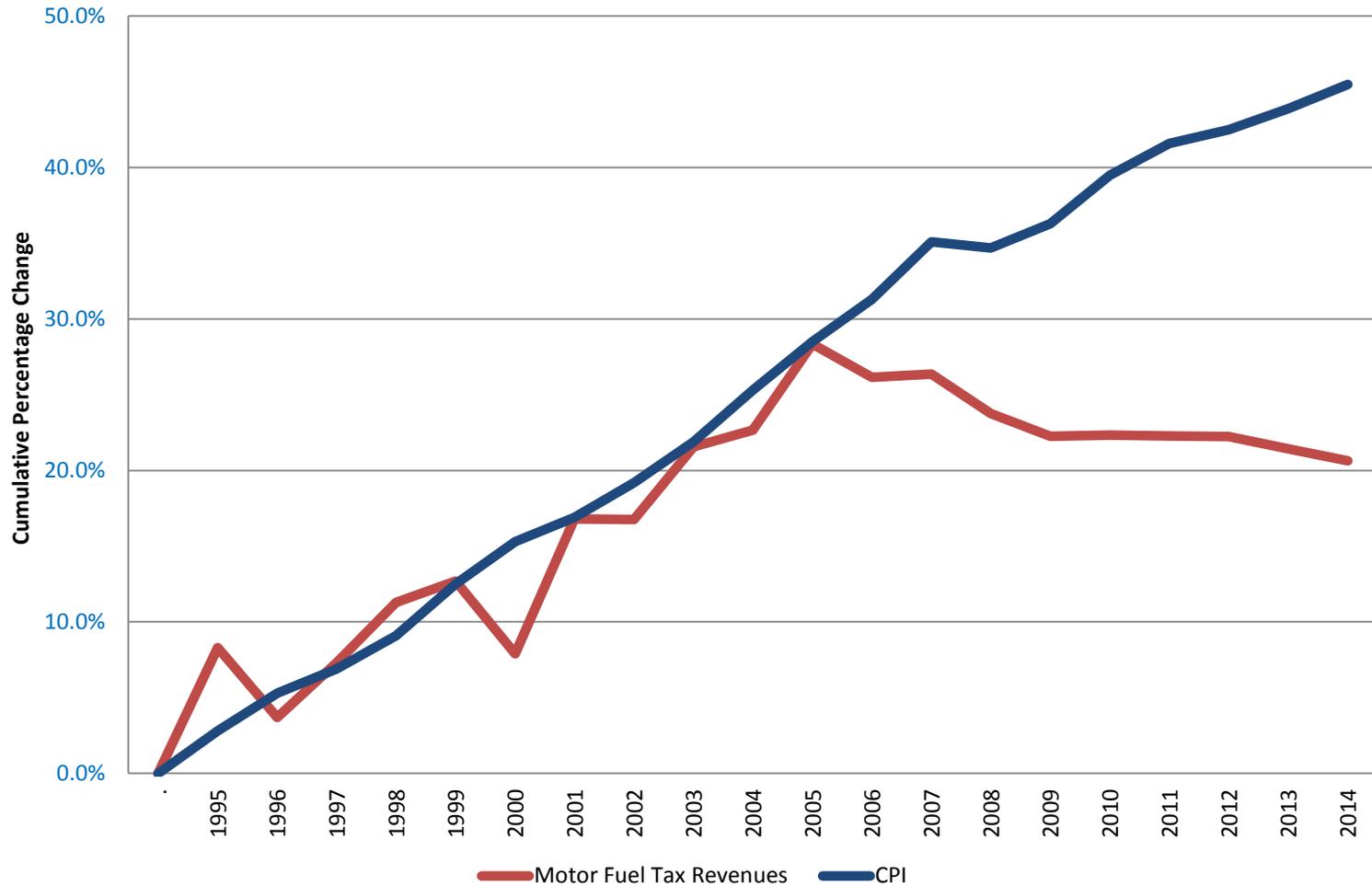
“The essential goal in correcting the structural problem of funding the TTF is to create a **sustainable stream of revenue** which supports an appropriately sized capital program to meet the State’s infrastructure needs.”

- ✓ Realign the Capital Transportation Program Based on Need vs. Want
- ✓ Control Borrowing and Reduce Department’s Overall Debt
- ✓ Right Size Transit (In progress)
- Increase Existing Revenue

Resources Have Not Kept Up with Demand

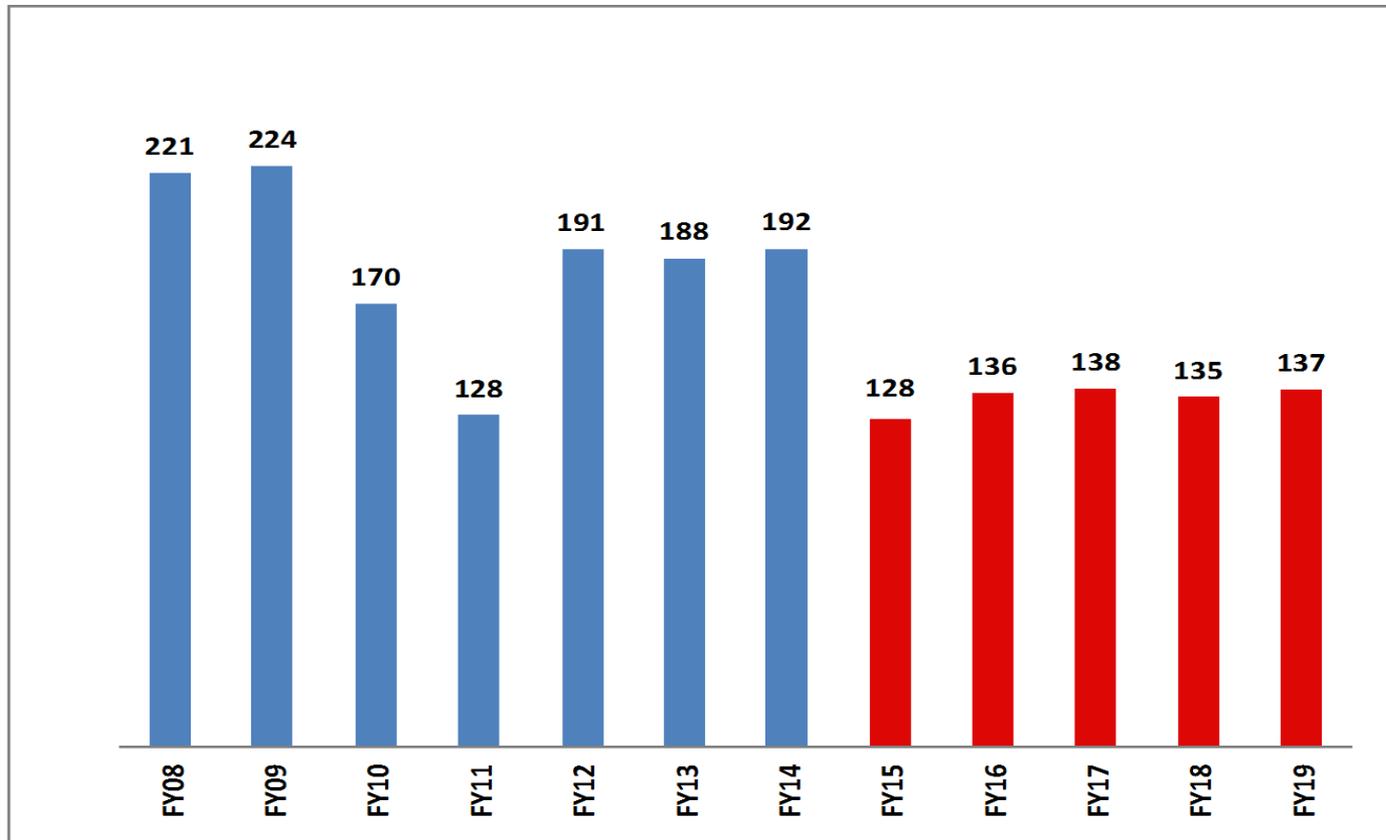
- Population continues to grow
- Lane miles have increased 10% since 2000
- From 1995 through 2013 Motor Fuel Tax revenues have grown by 25%, while the Consumer Price Index (CPI) has increased by 51%
- \$1 of Transportation Trust Fund purchasing power in 1995 is worth \$0.65 in today's dollars
- Over the next 7 years (FY 2014 –FY 2020) Motor Fuel Tax revenues are forecasted to decrease by 0.8% annually while CPI has been increasing at an annual average rate of 2.4%
- Last Delaware Motor Fuel Tax increase was in January 1995

Motor Fuel Revenues and Consumer Price Index



State Capital Spend Current Projection

In millions



Actual / Forecasted

FY15 Capital Program

\$128 Million

- Delayed Safety Projects
 - Mill Creek/Stoney Batter Rd; SR 896 & Porter Rd; SR 896 & Old Chestnut Hill Rd
- Delayed Bridge Projects
- Delayed Improvement Projects
 - Christiana River Bridge; Cavaliers Mitigation; SR 1 Widening from Tybouts Corner to SR 273; Park Avenue Realignment
- Delayed Newark Train Station and Claymont Train Station
- Reduced Paving Program
- Delayed Division of Motor Vehicles technology enhancements resulting in increase wait time
- Reduced Community Transportation Funding
- Reduced Municipal Street Aid

FY16- FY19 Capital Program Impacts

- Delayed Projects:

SR 1 Widening

Christiana River Bridge

Newark Train Station

Wilmington Transit Hub

Little Heaven Grade Separation

SR 1, NE Front St. Grade Separation

SR 1, South Frederica Grade Separation

Park Avenue Realignment

Claymont Train Station

141 Commons Blvd Improvements

US 40/SR 7

Road A/SR 7

Plantation Road Improvements

SR 24, Love Creek to Mulberry Knoll

SR 72, McCoy to SR 71

Wilmington Initiative Projects

- Reduced Paving Program

- Reduced Community Transportation Fund

- Reduced Municipal Street Aid

Risks of Doing Nothing

Long Term Impacts

- Escalated Infrastructure Deterioration
 - Pavement Conditions Worsen
 - Pavement Reconstruction Costs 5x more than Preservation
 - Bridge Conditions Decline
- Delayed Safety and Capacity Improvements
- Increased Congestion on Roadways
- DMV Wait Times Increase
- Risk of Losing Federal Funding
- Employment Impacts on the Contracting Community
- Potential Adverse Impact to Credit Rating



Opportunity

Transportation Investments for Delaware's Future

\$500 Million Increase over 5 Years

- Maintain a safe and reliable transportation system
- Put thousands of people back to work
- Fix shortfall in revenues in Transportation Trust Fund
- Create a sustainable stream of revenue
- Maintain long term financial viability

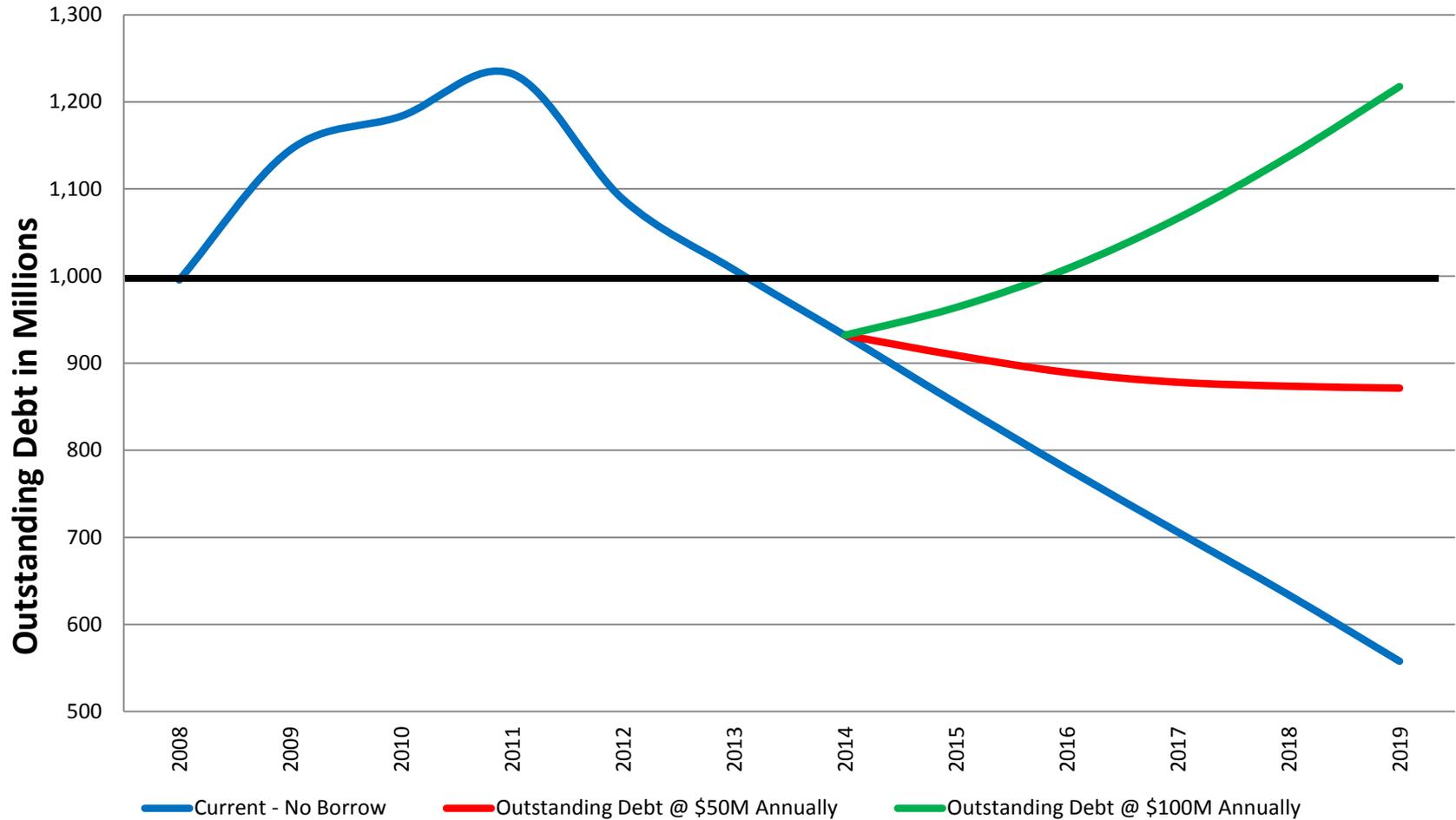
Balanced Approach

- Combination of Increased Revenue and Borrowing
 - Increase Revenue by \$50 Million
 - \$.10 Motor Fuel Tax Increase
 - Borrow \$50 Million Annually

Responsible Borrowing

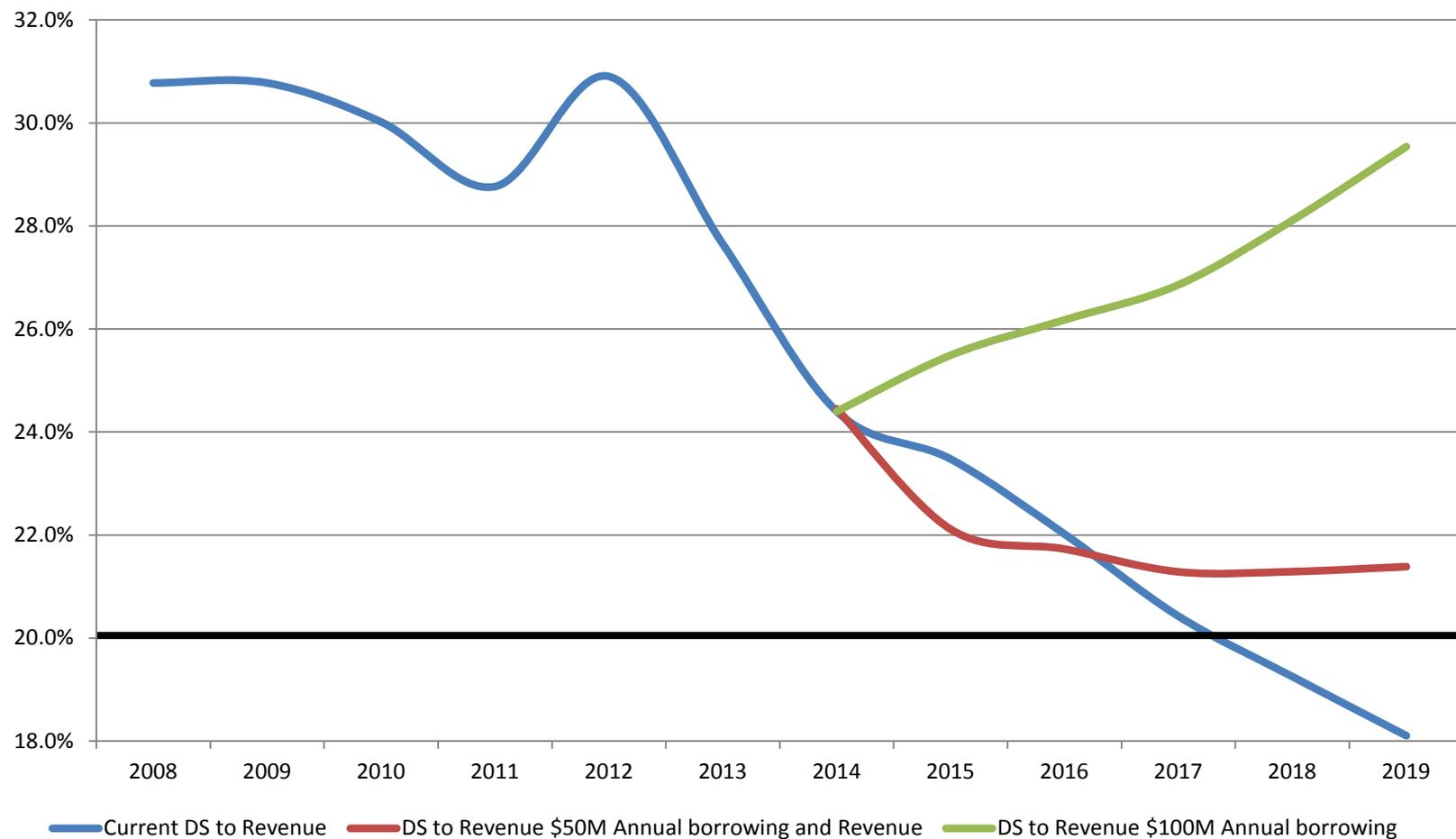
- \$50 Million in Borrowing Annually
 - A balanced approach allows us to borrow, while still reducing our debt/revenue ratio
- Responsible Debt Management
 - In FY 2011, the DelDOT's Debt Service/Revenue was 28%
 - The national average of Debt Service/Revenue is 20%
 - By putting a hold on borrowing, overall debt has been reduced by \$380 million
 - DelDOT's Debt Service/Revenue now at 24%
 - In FY 2011 debt was \$1.234 billion and in FY 2015 debt will be \$854 million

Borrowing Scenarios Outstanding Debt



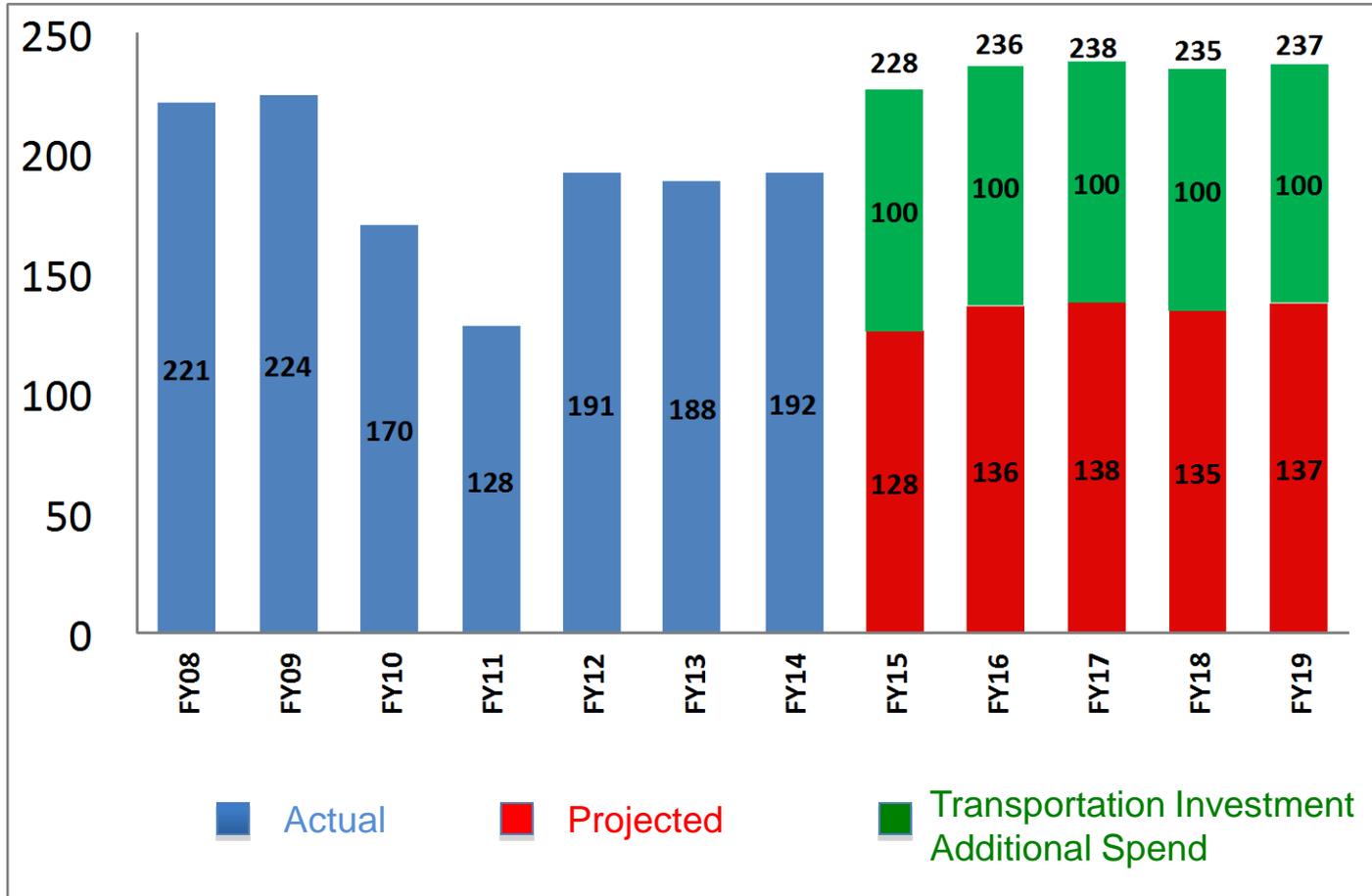
Borrowing Scenarios

Debt Service as a Percentage of Revenues



State Capital Spend Under Transportation Investment Plan

In millions



Transportation Investment Plan

State Capital Program

- Start Construction on Grade Separations
- Funding for Safety Improvements
- Advance Multi-Modal Projects
- Start Construction on Various Intersection Improvements
- New Priority Paving Program for Suburban Streets
- Municipal Street Aid Funding Increased
- Increase Design Work
- Increased Funding for Pedestrian ADA and First State Trails and Pathways
- Funding for Major Bridge Projects

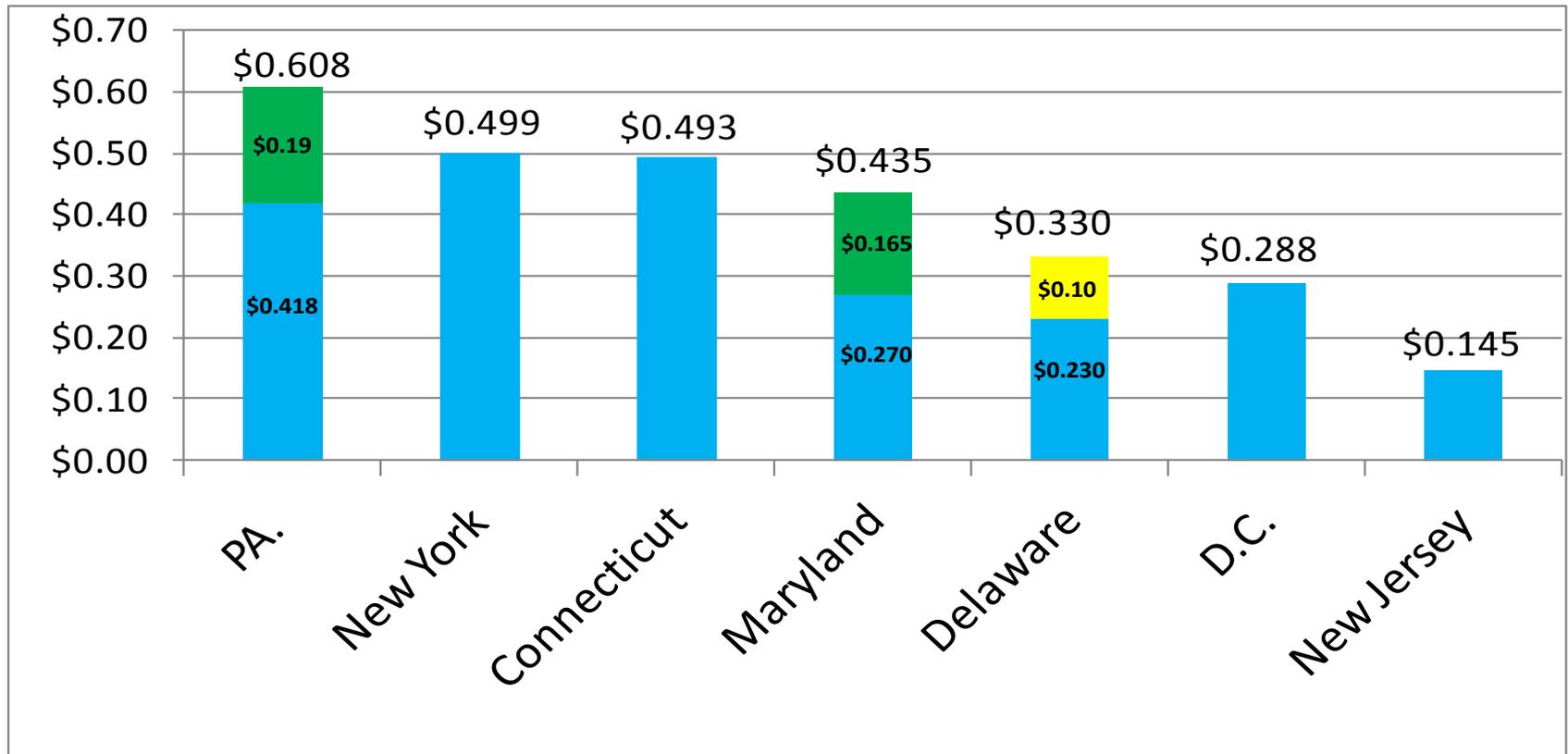
Impact on Average Consumer

Average Person drives 13,476 miles annually, averaging 23.5mpg, purchasing 573 gallons of gas a year.

573 gallons x \$.10 = \$57 annually

\$4.78 a month

Motor Fuel Tax Rate Comparison



Source: American Petroleum Industry

NOTES:

Maryland estimate based on anticipated on new tax structure by 2016

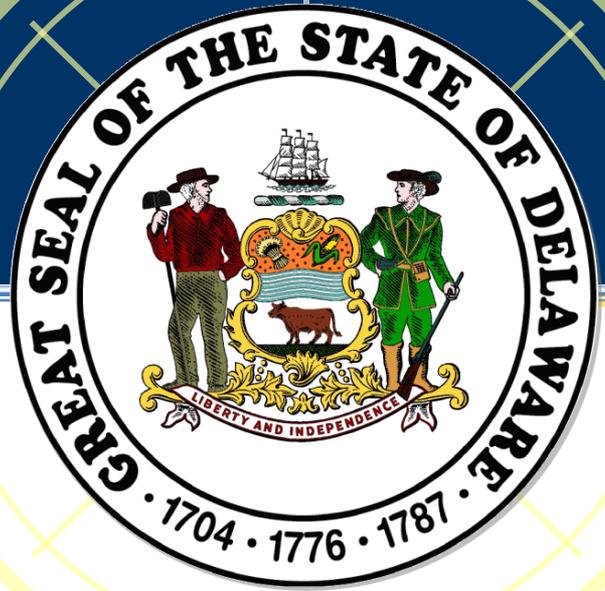
Pennsylvania's full tax to be phased in by 2018

Delaware proposed \$.10 increase

Benefits of Transportation Investment Plan

- Public Safety
 - Accelerates Infrastructure Improvements Needed to Maintain a Safe Transportation Network
 - Congestion Alleviation
- Economic Development
 - Thousands of Jobs Created
 - Upgraded Infrastructure will Attract Businesses
- Fiscal Responsibility
 - Maintain Long Term Financial Viability
 - Financial Certainty





State of Delaware
Office of the Governor
Fiscal Year 2015
Financial Overview
January 30, 2014

Moving Delaware Forward

Investments

- **Education:** Preparing students to be college and career ready
- **Public Safety:** Preventing illegal firearms and crime
- **Job Growth:** Supporting innovation and workforce development partnerships

Unleash Potential

- Expanding college opportunities for high school students
- Reducing barriers to employment and increasing re-entry services for offenders
- Aligning workers' skills with employers' needs

Quality of Life

- Investing in our transportation network
- Revitalizing our Downtowns
- Clean Water for Delaware's Future

Operating Budget Overview

December FY 2015 DEFAC Resources (@98%)		\$ 3,810,700.0
FY 2014 Appropriations		(3,823,796.0)
Funds Available		\$ (13,096.0)
FY 2015 Costs		
Personnel		(32,764.4)
1% General Salary Increase	(15,650.2)	
Public Education Steps	(9,211.1)	
Annualize the education paraprofessional pay plan	(1,200.0)	
Projected employer pension contribution	(323.5)	
Other Steps/Annualizations/Personnel	(6,379.6)	
Education		(32,260.0)
Public Education - Projected growth of 220 units	(18,990.8)	
Pupil transportation formula increases	(3,412.8)	
Equalization formula growth	(3,204.6)	
Academic Excellence growth	(2,411.4)	
Teacher and Leader Development	(1,700.0)	
College Access Program	(1,500.0)	
Other education items	(1,040.4)	
Medicaid		(23,976.0)
Debt Service		(17,000.0)

Operating Budget Overview

Health and Social Services		<u>(12,988.1)</u>
Developmental Disabilities Services new placements	(5,579.1)	
Special School Graduates		
Community-Based services for individuals with serious and persistent mental illness	(3,615.0)	
Substance Use Disorder Services	(2,000.0)	
Nurse Family Partnership	(1,300.0)	
Other health items	(494.0)	
Operations		<u>(6,880.8)</u>
Elections - Primary and General Election	(1,967.1)	
Labor - Workforce Development	(1,000.0)	
Correction - Food Service Program	(718.0)	
DSCYF - Youth aging out of foster care	(515.0)	
DSHS - School Facility Access Control	(400.0)	
DSHS - Ballistic Resistant Vests	(315.9)	
DSHS - Enhanced Firearms Investigations	(265.3)	
DSCYF - Child Well-being Assessment Tool	(250.0)	
DSCYF - Youth Re-entry Services	(250.0)	
Correction - Pre-trial supervision	(250.0)	
Other operational items	(949.5)	
Total FY 2015 Costs		\$ <u>(125,869.3)</u> 4

New Initiatives Represent Minimal Budget Growth

Substance Use Disorder Services	\$	2,000.0
Teacher and Leader Development		1,700.0
Nurse Family Partnership		1,300.0
Workforce Development		1,000.0
School Facility Access Control		400.0
Enhanced Firearms Investigations		265.3
Pre-trial Supervision		250.0
Youth Re-entry Services		250.0
Child Well-being Assessment Tool		250.0
		<hr/>
	\$	7,415.3

New initiatives represent 0.199% budget growth

Available Resources Insufficient to Fund FY 2015 Costs

Funds Available Surplus/(Deficit)	\$ (13.1)
FY 2015 Cost Drivers	<u>(125.9)</u>
Subtotal: Appropriation Surplus/(Deficit)	\$ (139.0)

Figures above expressed in millions.

The State of the State's Finances

Addressing the FY 2015 Gap

Subtotal: Appropriation Surplus/(Deficit)	\$	(139.0)
Reductions/Reallocations/Special Funds		33.0
Agency and Program Cuts		<u>56.5</u>
Total: Appropriation Surplus/(Deficit)	\$	(49.5)

Figures above expressed in millions.

Agency and Program Cuts

Transportation Trust Fund	\$ 39,200.0
Open Space	7,840.0
Farmland Preservation	7,840.0
Energy Efficiency Fund	1,568.0

Revenue reflected at 98%

The State of the State's Finances

Addressing the FY 2015 Gap

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Agency and Program Cuts		<u>56.5</u>
Total: Appropriation Surplus/(Deficit)	\$	(49.5)

Figures above expressed in millions.

Realigning Business Taxes

Incorporation Proposals

Increase annual tax on Limited Liability Companies, Limited Partnerships and General Partnerships from \$250 to \$300

- Raises \$33.0 million

Increase minimum annual Corporation Franchise Tax from \$75 to \$175

- Raises \$18.0 million

Revenue Impact: \$51.0 million

A Balanced Plan

Subtotal: Appropriation Surplus/(Deficit)	\$	(49.5)
Incorporation Revenue (@98%)		50.0
Total: Appropriation Surplus/(Deficit)	\$	0.5
Grants-in-Aid		(0.5)
Total:	\$	0.0

Figures above expressed in millions.

FY 2015 Recommended Capital Budget

Economic Development

Spurs job creation, retention
and economic growth.

Meets agency core needs and
provides continued funding
for ongoing state projects.

\$22.2 million for Strategic Fund Recommended.

Previous Strategic Fund Investments:

- Springleaf General Services Corp.
- Mountaire Farms of Delaware, Inc.
- ILC Grayling
- Amplified Geochemical Imaging
- Amazon
- Incyte Corp.
- Handy Tube Corp.
- Uzin Utz AG
- Kraft Foods Group
- Miller Metal Fabrication
- SevOne Corp.
- GE Aviation
- Ashland
- Atlantis Industries

FY 2015 Recommended Capital Budget

Economic Development



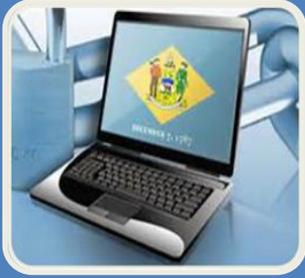
\$10.0 million for a container crane and infrastructure improvements at the Diamond State Port Corporation.



\$3.1 million for the Riverfront Development Corporation.

FY 2015 Recommended Capital Budget

Economic Development



\$3.0 million to assist in the planning and design of the Delaware Cyber Initiative.



\$2.0 million for the Federal Research and Development Matching Grant Program.

FY 2015 Recommended Capital Budget

Education



\$92.6 million for Public Education projects.

- Funding for Minor Capital Improvements.
- Funding for major capital projects in the Capital, Laurel, Red Clay, Woodbridge, Cape Henlopen, Milford, Lake Forest, Smyrna, Indian River, NCC Vo-Tech and Polytech districts.



\$16.5 million for Higher Education projects.

- Funding for projects at Delaware State University, Delaware Technical and Community College and the University of Delaware.

FY 2015 Recommended Capital Budget

Quality of Life



\$7.0 million to promote rehabilitation and construction in designated Downtown Development Districts.



\$6.0 million (in addition to \$4.0 million in the operating budget) for DSHA's Housing Development Fund.

Between FY 2009 and FY 2013, \$46.8 million was dedicated to this fund, leveraging over \$172.2 million in federal and private funds and retaining or creating an estimated 1,387 jobs.

FY 2015 Recommended Capital Budget

Quality of Life



\$4.2 million for libraries, including Delmar, Lewes, Route 9/13 and Harrington.

Since FY 2010, \$24.6 million has been dedicated to library construction.



\$2.9 million for redevelopment of strategic sites, including NVF and Fort DuPont.



\$2.7 million for Statewide Trails and Pathways.

FY 2015 Recommended Capital Budget

Ensuring Public Safety



\$3.0 million for new Troop 3 in Camden.



\$1.7 million for the renovations to the Delaware National Guard's 198th Readiness Center in Newport.

FY 2015 Recommended Capital Budget

Infrastructure



\$25.0 million in agency Minor Capital Improvements and Equipment and Maintenance and Restoration funds.



\$14.8 million for statewide facility improvements.

FY 2015 Recommended Financial Plan

General Fund Operating Budget	\$3,829.7 million
Transportation Trust Fund Budget	\$342.2 million
Grants-in-Aid	\$45.2 million
Bond and Capital Improvements Act	\$460.9 million
- State Capital Projects.....	\$253.5 million
- Transportation Projects.....	\$207.4 million

FY 2015 Operating Budget reflects 3.0% growth

End of Presentation