

TOWN MANAGER'S WEEKLY REPORT



UPCOMING MEETINGS & EVENTS ...

- ✓ **Sussex County Association of Towns:** Wednesday, April 5, 6:00 PM, hosted by South Bethany
- ✓ **Sussex County Association of Towns – Legislative Breakfast:** Friday, April 7, 9:00 AM, CHEER Center
- ✓ **Town Council Meeting:** Wednesday, April 12, 6:45 PM Public Hearing; 7:00 PM Regular Meeting
- ✓ **Planning Commission:** Wednesday, April 19, 6:00 PM, Town Hall
- ✓ **Town Council Meeting:** Wednesday, April 26, 7:00 PM, Regular Meeting, Town Hall
- ✓ **Delaware League of Local Governments:** Thursday, April 27, 5:30 PM, Duncan Center (Dover)

UPDATES FROM DEPARTMENTS ...

Finance

- As of March 24, the Town has collected \$889,179 (99%) of the January 2017 Utility Billing (\$895,193)
- As of March 24, the Town has collected \$1,508,672 (98%) of the May 2016 Property Tax Billing (\$1,533,832)
- Staff attended Women Leading Government Meeting (Kristen Dabrowski, Laura Givens)
- FY 2018 Budget Workshop held on March 23 (Bill Bradley, Gene Dvornick, Laura Givens, Olga Holm, Bob Holston, R. L. Hughes, Rebecca Johnson-Dennis, Chris Lecates, Eric Rust, Bill West)

Wastewater

- Lagoon depths: Large Lagoon is 14.50 feet and Small Lagoon is 7.00 feet
- Installed new pump at Delaware Tech Pump Station
- Aztec Construction installed new plug valve at Gordy Street Pump Stations (See Photo 1)

Police

- Departmental Press Releases issued as warranted

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Public Works

- Changed out banners and lights on The Circle
- Repaired sidewalk on East Market Street near North King Street
- Repaired damaged sewer lateral on West North Street

Planning

- No Report this week

TOWN MANAGER'S UPDATE ...

- Addressed property owner concern with neighboring property
- Met with Farr Engineering to discuss possible small projects in Town (Gene Dvornick, Bill West)
- Received DelDOT Agreement for Bramhall Street (\$79,900)
- Met with a representative of Parkeon to review current parking meter process and discuss their parking meter solution (Gene Dvornick, Bobby Fletcher, Laura Givens)
- Prepared information for local State Representative
- Attended Perdue Community Partner Event – excellent presentation on the Company and the Georgetown Facility
- Met with local resident to review issue related to a minor site plan amendment
- Met with property owner to review Condemnation Order and implications (Gene Dvornick, Michael Picarello, Mayra Reyes)
- Completed required documentation (from the Town) for USDA review and approval of Town Hall & Annex Project
- Started work on SCAT Legislative Breakfast Presentation
- Drafted proposed revisions to Town Code, Chapter 29 – Personnel. Under review by staff and Town Solicitor
- Participated in webinar to review proposed platform for next generation of Town website (Gene Dvornick, Laura Givens)
- Governor Carney released his Proposed FY 2018 Budget – no reductions in Municipal Street Aid, Community Transportation Funds or Reallocation of Realty Transfer Tax included
- Prepared and distributed a Press Release for Burger King Road rehabilitation work
- Followed up on several Code Enforcement items

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Photo 1 - Old Plug Valve (Gordy Street Pump Station)



Photo 2 - Broken Sewer Lateral (West North Street)

TOWN MANAGER'S WEEKLY REPORT



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

Town of Georgetown

Budget Workshop
Thursday, March 23, 2017

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Agenda

- Current Economic Realities
- Impact on Town of Georgetown
- Building on Success
- Initial FY 2018 Budget
- Addressing the Deficit
- Considerations
- Next Steps

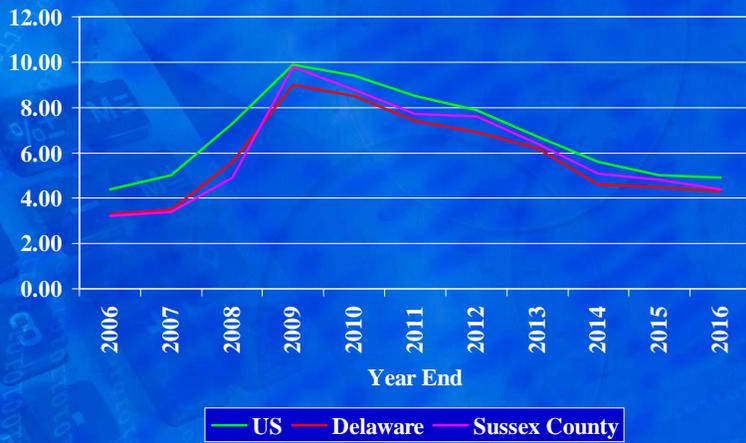
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Consumer Price Index



3

Unemployment Rate



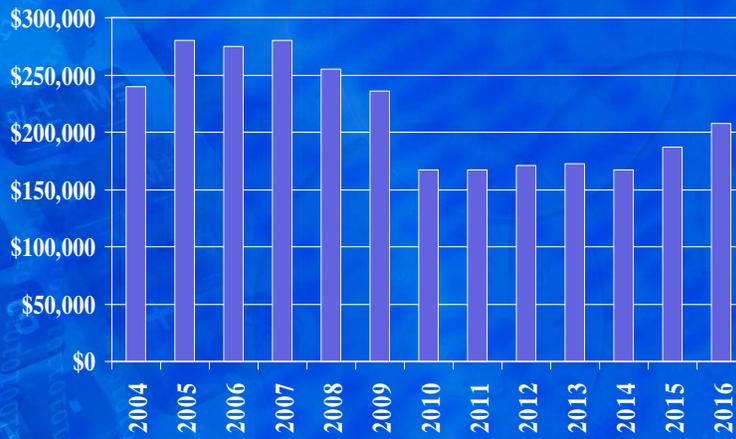
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Housing Data (*SF Residential*)



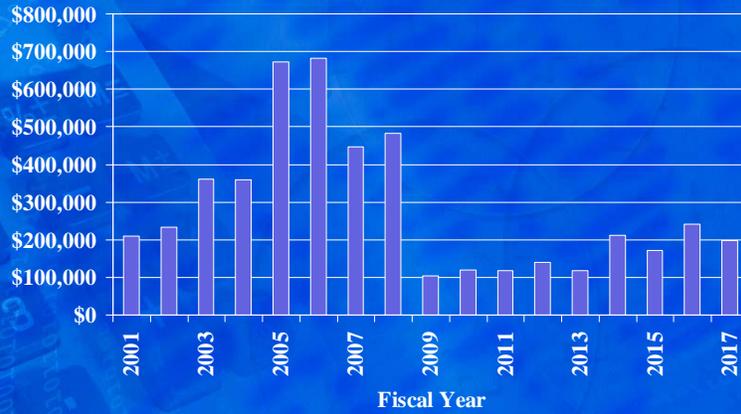
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Median Home Sales Price



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Realty Transfer Tax



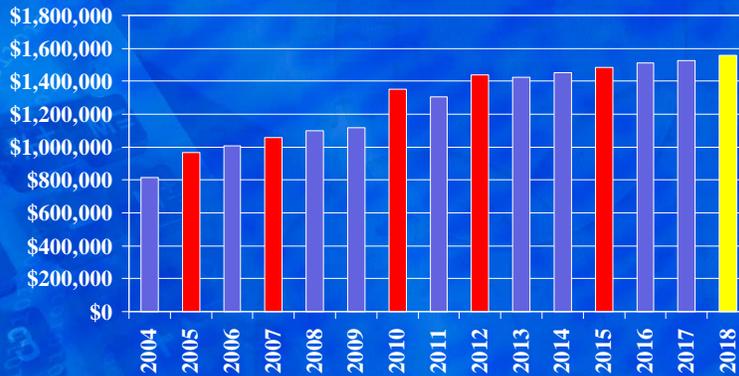
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Property Assessments



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Property Tax Billed

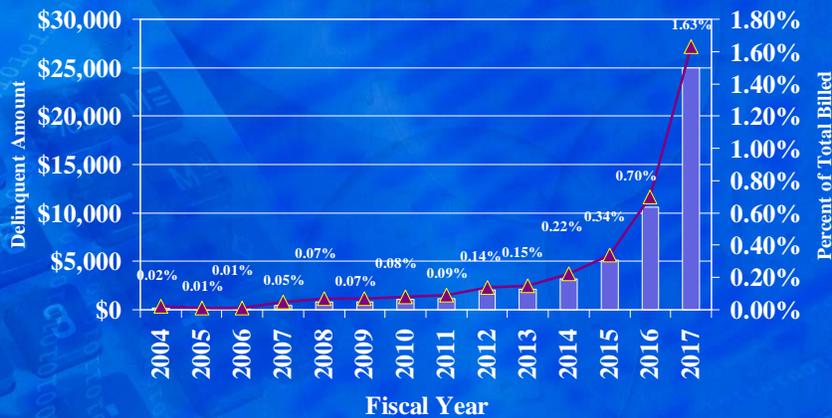


Tax Increase History

2005: \$0.30 Cents
 2007: \$0.08 Cents
 2010: \$0.40 Cents
 2012: \$0.21 Cents
 2015: \$0.03 Cents

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Delinquent Property Taxes



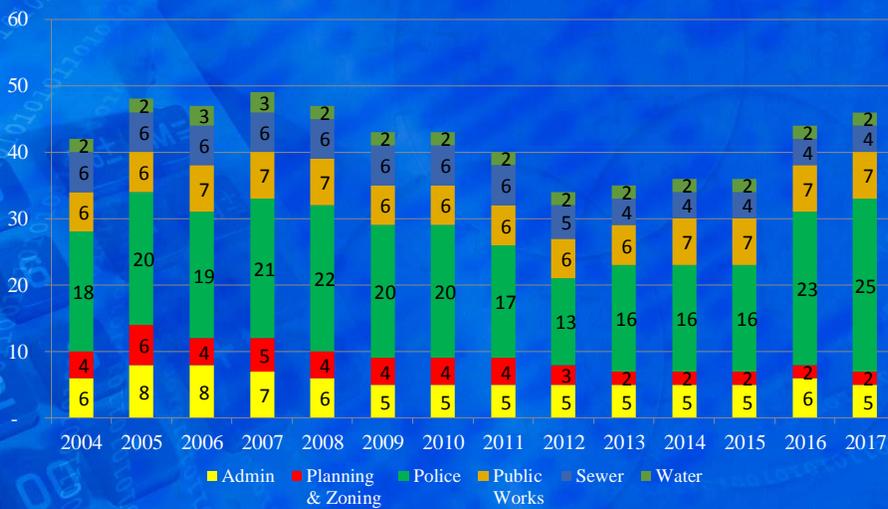
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Budget History

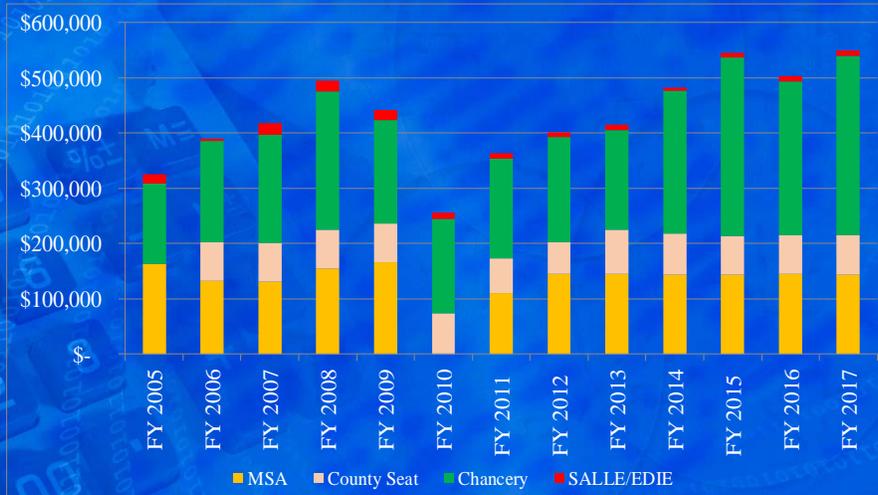
<u>Revenues</u>	<u>FY 2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
General Fund	\$ 2,961,817	\$ 3,031,627	\$ 2,969,005	\$ 3,153,171	\$ 3,245,814
Water Fund	\$ 1,177,000	\$ 1,047,796	\$ 1,088,500	\$ 1,279,025	\$ 1,279,025
Sewer Fund	\$ 1,994,750	\$ 1,810,002	\$ 1,815,543	\$ 1,846,000	\$ 1,896,500
Total Revenues	\$ 6,133,567	\$ 5,889,425	\$ 5,873,048	\$ 6,278,196	\$ 6,421,339
Fund Transfer		\$ 478,619	\$ 870,656	\$ 535,379	
<u>Expenses</u>					
General Fund	\$ 3,131,016	\$ 3,229,431	\$ 3,666,213	\$ 3,752,482	\$ 4,015,113
Water Fund	\$ 1,098,752	\$ 1,139,803	\$ 1,188,927	\$ 1,176,416	\$ 1,335,662
Sewer Fund	\$ 1,903,799	\$ 1,998,810	\$ 1,888,564	\$ 1,884,677	\$ 2,216,438
Total Expenses	\$ 6,133,567	\$6,638,044	\$ 6,743,704	\$ 6,813,575	\$ 7,567,213
Excess/(Deficit)					(\$ 1,145,874)

Debt Service Included in Budgeted Amounts

Staffing History

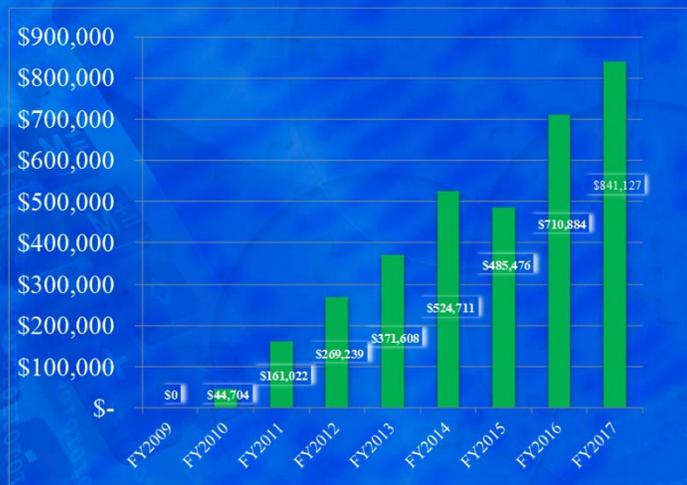


State Aid



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Realty Transfer Cash Account



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Building on Success

- Conservative Revenue Estimates
- Major Project Funding with 100% Principal Forgiveness and 0% Interest Rate
 - King Street Water Treatment Upgrades
 - Secured an additional \$500,000 Principal Forgiveness and 0% Interest
 - Total Project Funding \$3,800,000
- Purchasing Card Rebate
 - Rebate to Date FY17: \$3,725.00 (5% of Purchases)
 - Rebate Since Inception FY08: \$44,577.31

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Initial FY 2018 Budget

REVENUES	
General Fund Revenues	\$ 3,245,814
Water Revenues	\$ 1,279,025
Wastewater Revenues	\$ 1,896,500
TOTAL REVENUES	\$ 6,421,339
EXPENDITURES	
General Fund Expenses	\$ 4,015,113
Water Fund Expenses	\$ 1,335,662
Wastewater Fund Expenses	\$ 2,216,438
TOTAL EXPENDITURES	\$ 7,567,213
PROJECTED SURPLUS/(DEFICIT)	\$ (1,145,874)

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Significant Items

- Expense Increase
 - Personnel Reclassification
 - Police Department
 - Promotion to Sergeant– Three (3) Employees
 - Promotion to Sr. PFC – Three (3) Employees
 - Sewer Department
 - New Position – Maintenance I
 - Town Hall
 - Administrative Assistant– Part Time
 - » Filling a vacated position
 - Public Works
 - Summer Help – Two (2) Part Time

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Significant Items

- Proposed Capital Expenditures
 - Public Works
 - Replace 150 Water Meters – \$33,000
 - Wastewater
 - County Seat Pump Station Flow Meter – \$125,000
 - » Required by DNREC
 - » Final Flow Meter will be Easter Seals (FY 2019)

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Significant Items

- Potential Legislative Impacts
 - Governor Carney’s Budget
 - No proposed reductions to Municipal Street Aid
 - No changes to allocation of Realty Transfer Tax
 - Subject to review by Joint Finance Committee
 - IRSD Funding for Resource Officer
 - Sussex County
 - Revenue Sharing Police Department (\$25,000)

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Town Indebtedness

- Total Debt: \$10,541,723
 - Water (24.43%)
 - Debt: \$2,575,454
 - Annual Payment: \$422,464 (Principal)
 - Water Impact Account Balance: \$674,611
 - Debt Coverage: 18 months
 - Sewer (75.57%)
 - Debt: \$7,966,269
 - Annual Payment: \$653,396 (Principal)
 - Sewer Impact Account Balance: \$1,642,263
 - Debt Coverage: 2 years 4 months

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Banking Summary

M & T Bank

- Drug Strike Force
- SALLE
- Health Care Plan
- Realty Transfer
- Sewer & Water Impact
- Payroll
- Water & Sewer Depreciation
- Operating Account

WSFS

- Police Savings Account

Fulton Bank

- Municipal Street Aid
- Police Pension
- Project Escrow Account
- La Red Escrow
- College Park
- Reserve Account

County Bank

- Annexation
- Police Grant
- Fund to Combat Violent Crime
- Equitable Sharing

PNC Bank

- Interim Financing

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Major Capital Projects

- King Street Water Treatment Plant Upgrade
- Town Hall 37 & 39 The Circle
- Continued Street Rehabilitation
- County Seat Pump Station Flow Meter

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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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Other Considerations

Continue:

- No Out-of-Town Sewer Service

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Infrastructure Projects...

- Completed:
 - South Railroad Avenue Wells & Treatment (DWSRF)
- In Process:
 - King Street Treatment Improvements (DWSRF)
 - 37 & 39 The Circle (USDA - CF)
 - Burger King Drive Rehabilitation
 - Bramhall Street Rehabilitation
- Broadband Initiative

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Broadband

Broad Valley Micro Fiber Networks

- Increase Productivity
- Greater Efficiency
- Higher Reliability
- Improved Security



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Broadband

1st Proposal

- Connect All Town Buildings
 - 37 & 39 The Circle
 - 1 Town Alley
 - King Street Water Plant
 - Police Department
- Non Recurring Cost – \$45,000
- Monthly Recurring Cost
 - \$5,000 (\$60,000 yearly)

2nd Proposal

- Connect All Town Buildings
 - 37 & 39 The Circle
 - 1 Town Alley
 - King Street Water Plant
 - Police Department
- Non Recurring Cost – \$30,000
- Monthly Recurring Cost
 - \$2,600 (\$31,200 yearly)

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Broadband

3rd Proposal

- Connect Only
 - 37 & 39 The Circle
- Non Recurring Cost – \$27,500
- Monthly Recurring Cost
 - \$895 (\$10,740 yearly)

* Will need to discuss WiFi for the Circle

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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 2019 Budget
- Other Ideas

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Tax Rate Increase History



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Tax Rate Increase History

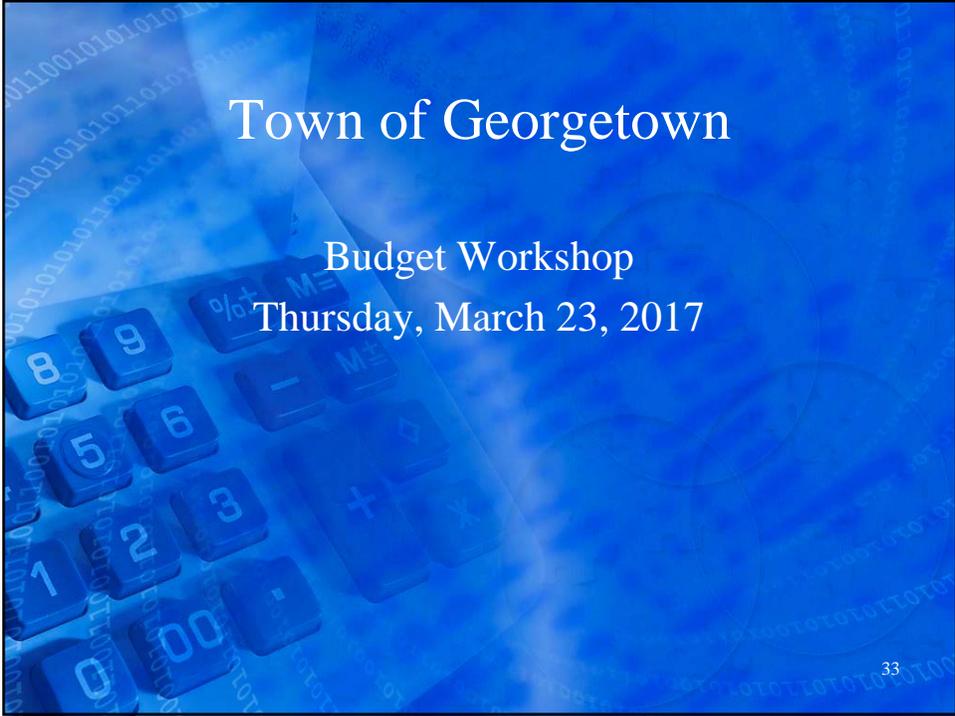
- Consider Annual Increase
 - Avoid Negative Press Impacts
 - Minimized Magnitude of increase
- Easier for Residents to Adjust
 - Smaller increases
- Eliminates “Catch Up” after two to three years of higher costs

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Next Steps

- Agree on Items to Address the Deficit
- Prepare and Present a Balanced FY 2018 Budget
- Adopt Budget

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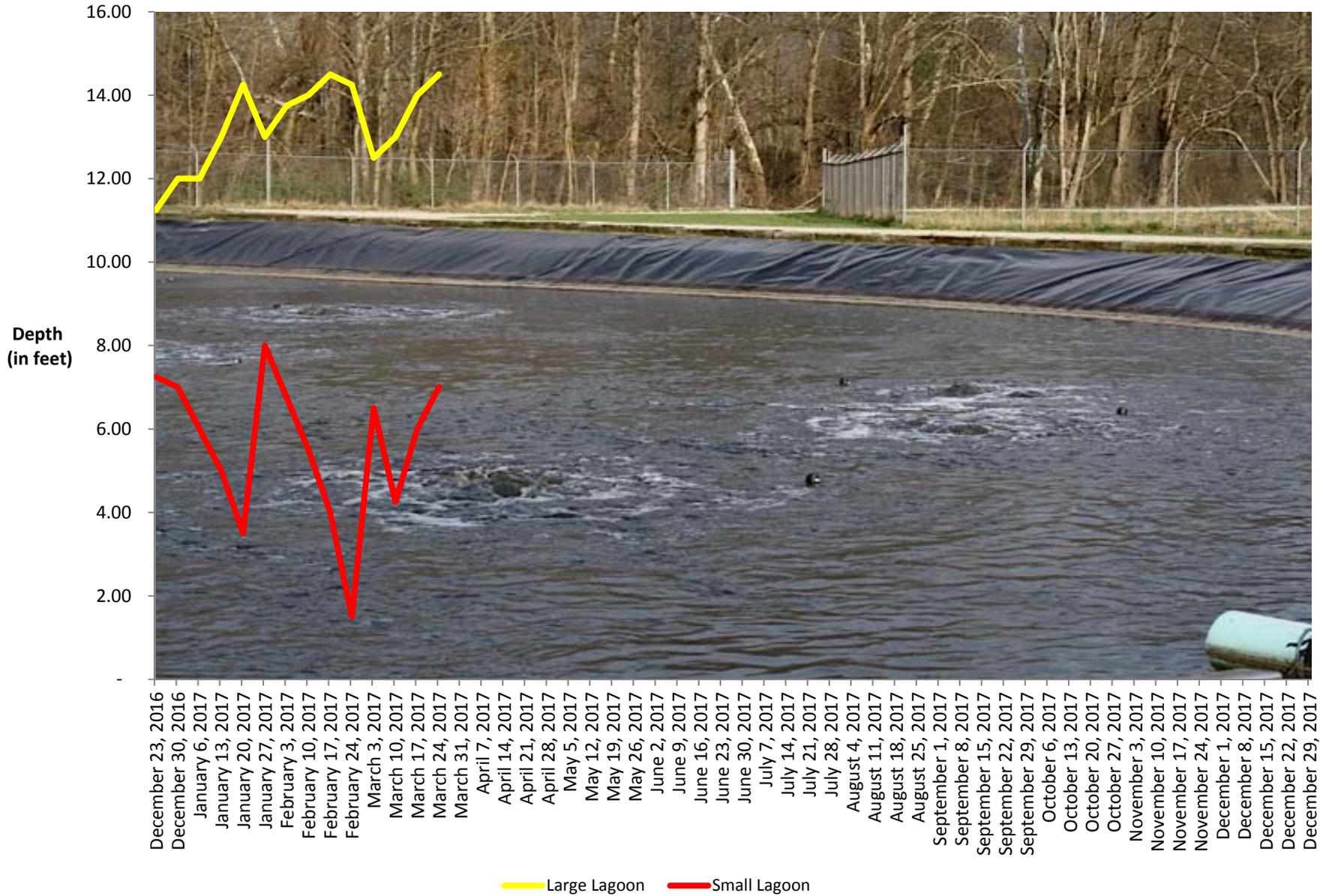


Town of Georgetown

Budget Workshop
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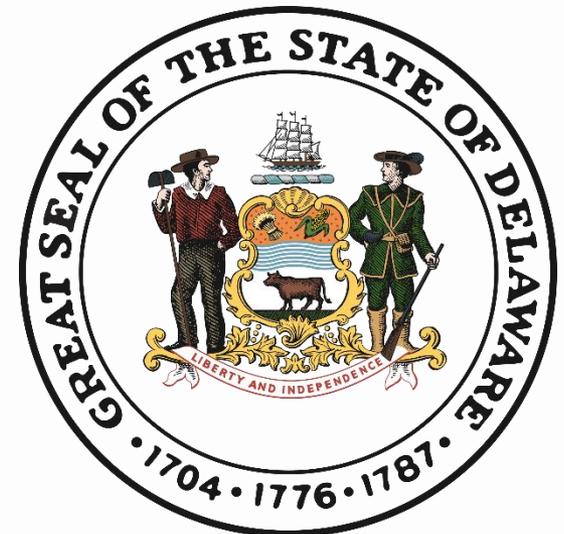
WWTF Lagoon Depths



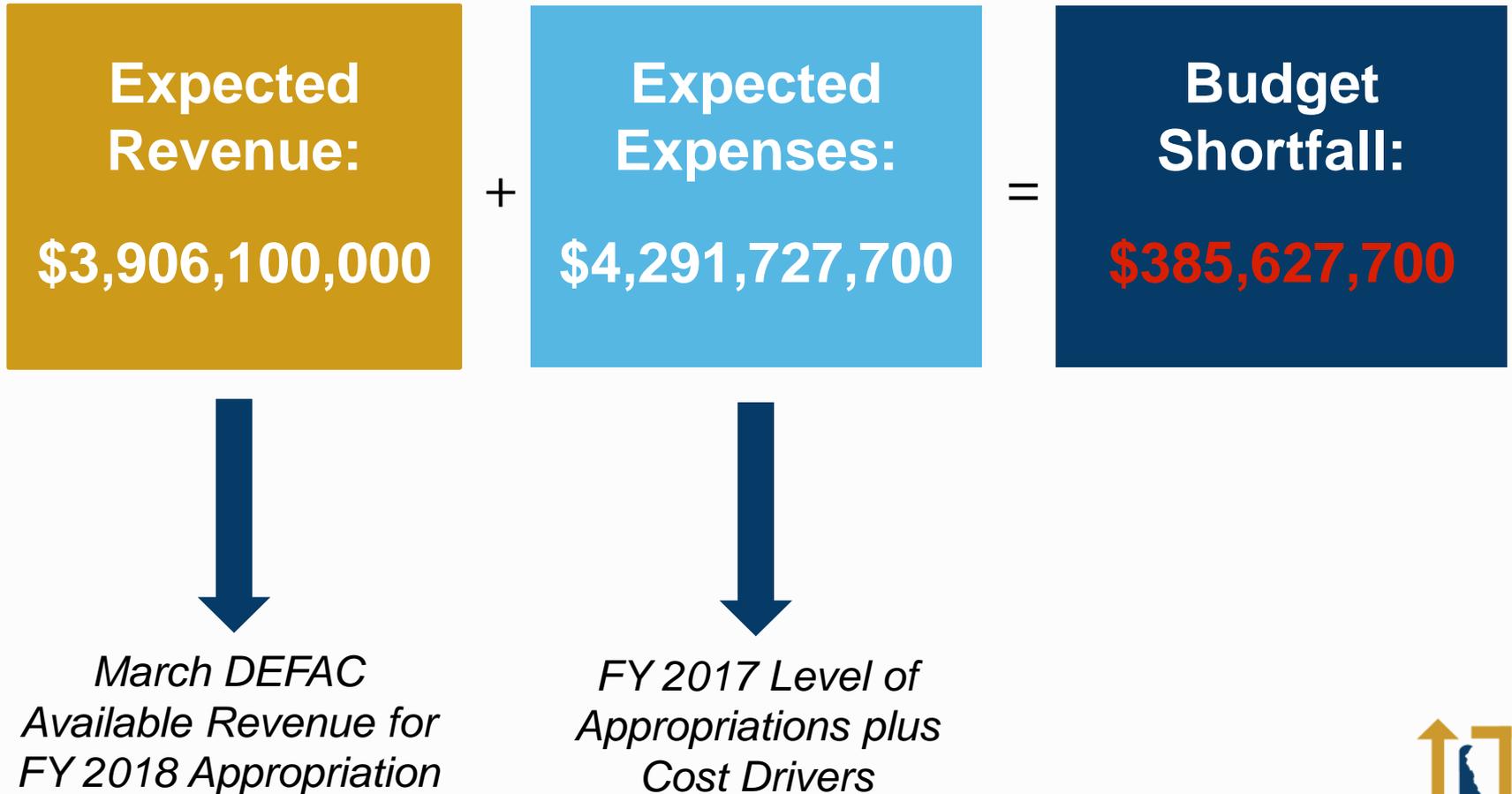
State of Delaware
**BUDGET RESET:
GOVERNOR CARNEY'S
BUDGET PROPOSAL**

FOR FISCAL YEAR 2018

March 23, 2017



\$385.6 Million Budget Gap for FY 2018

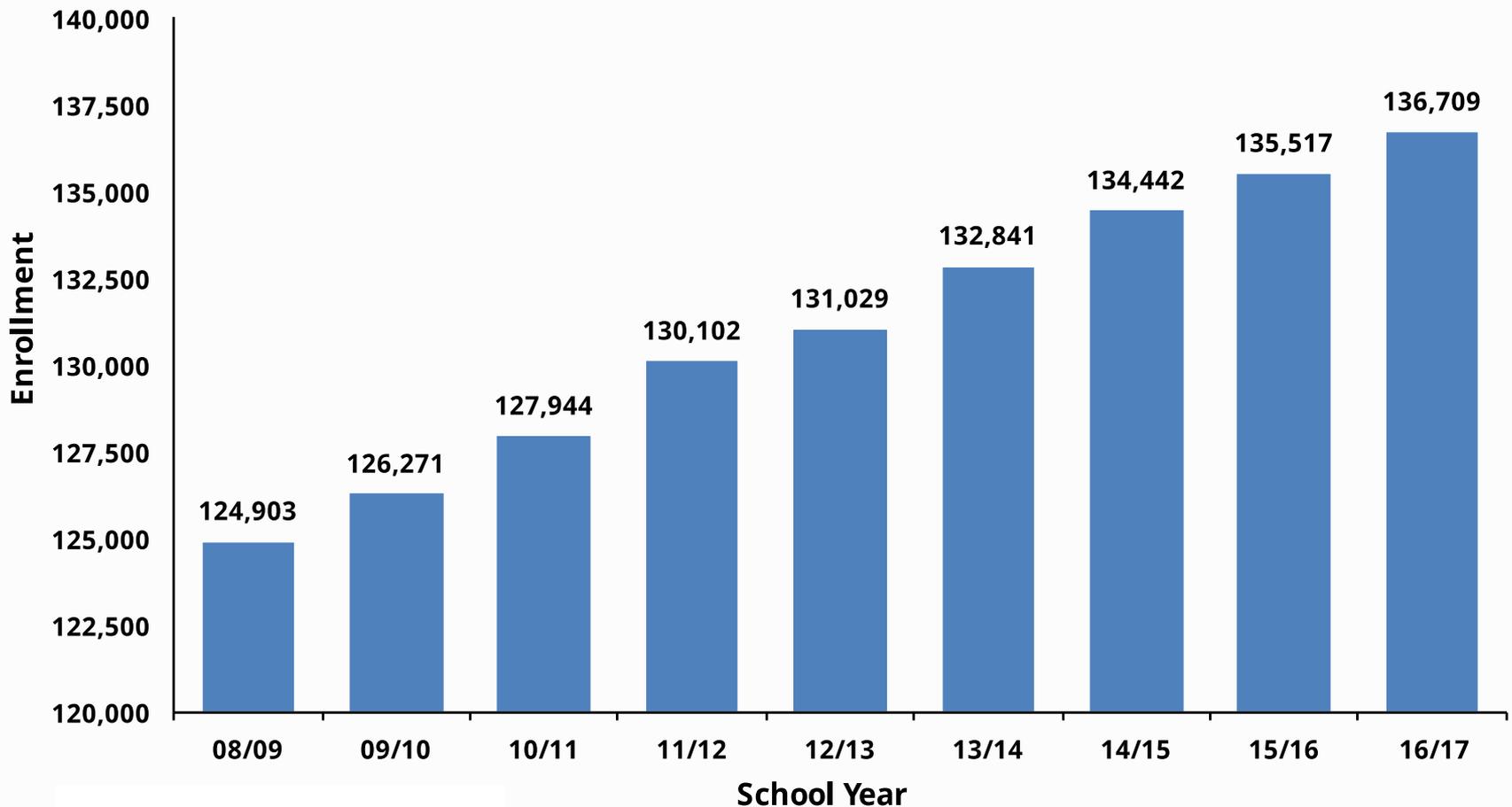


Governor Carney's Key Financial Principles

- ✓ **Making Delaware more competitive, while promoting economic growth.**
- ✓ **Using a balanced approach that cuts spending and raises revenue through shared sacrifice.**
- ✓ **Building a long-term, sustainable financial plan.**
- ✓ **Containing costs through continuous improvement, while investing in key public services.**



School Enrollment Growth Driving Increased Demand

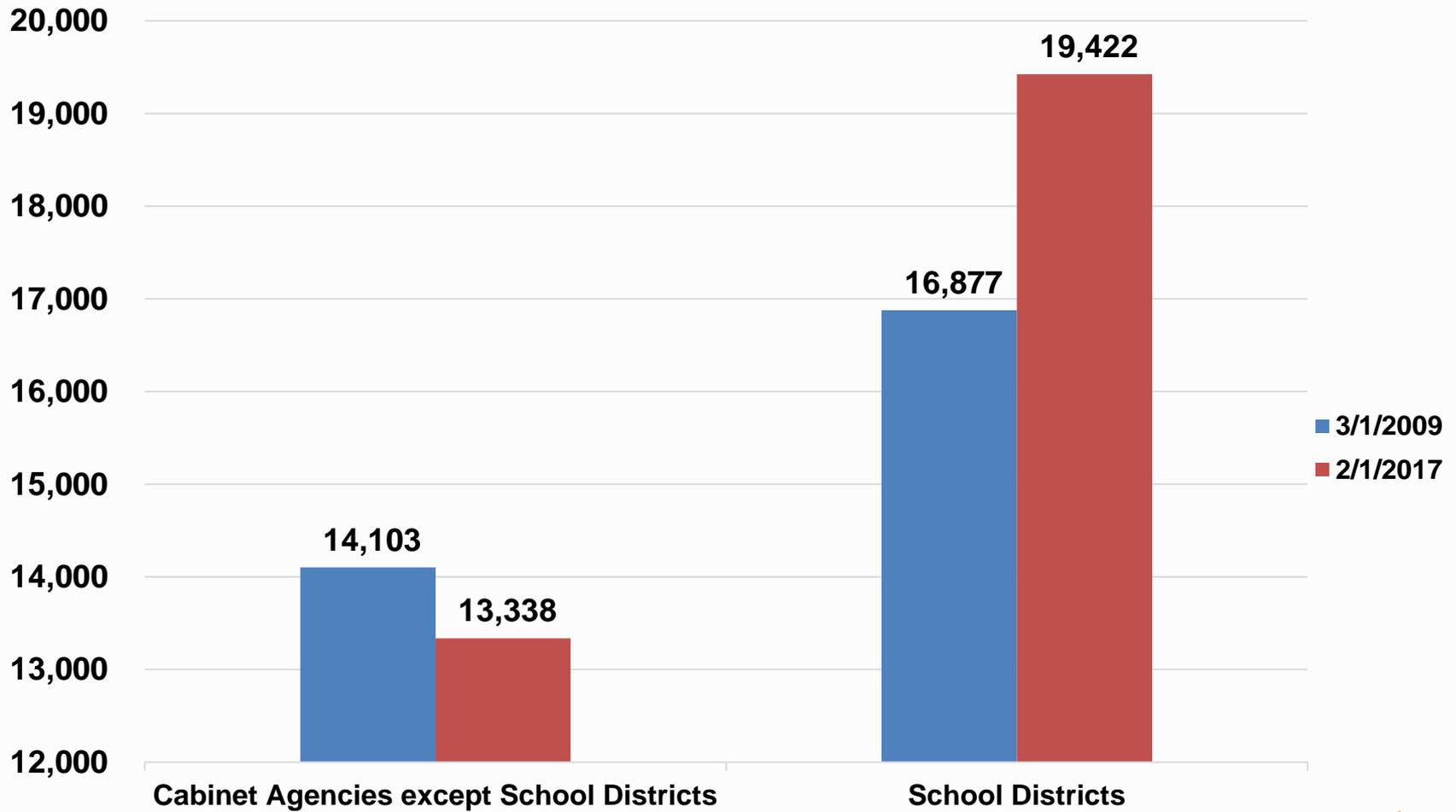


*Enrollment numbers exclude DAFB.

*From school year 15/16 – 16/17, Special Education Enrollment grew by 8%.



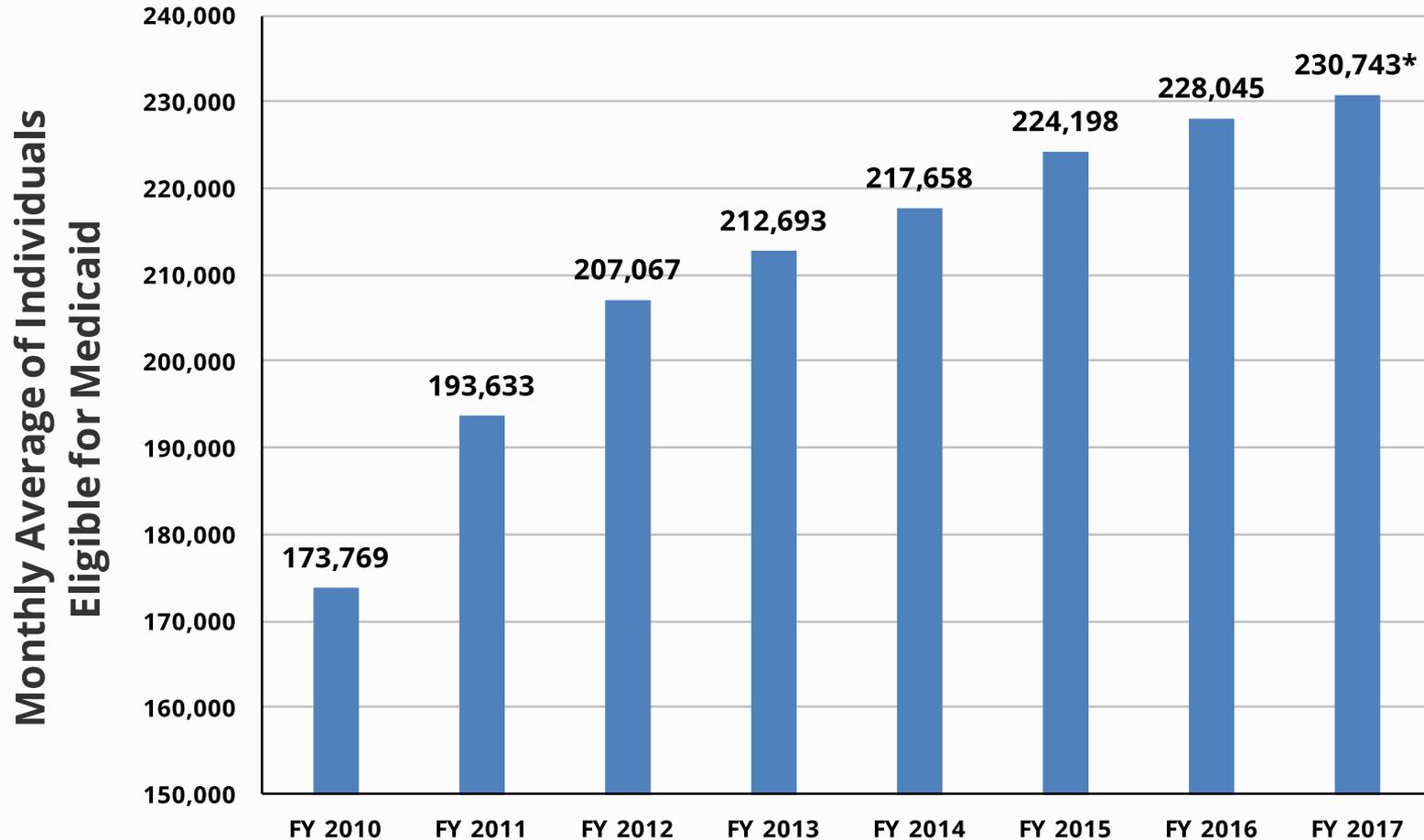
Employee Counts Rising in our Public Schools as Enrollment Grows



*Non-Cabinet Agencies Except School Districts went from 3,710 to 3,853.



Medicaid Enrollment Growing as Health Costs Rise

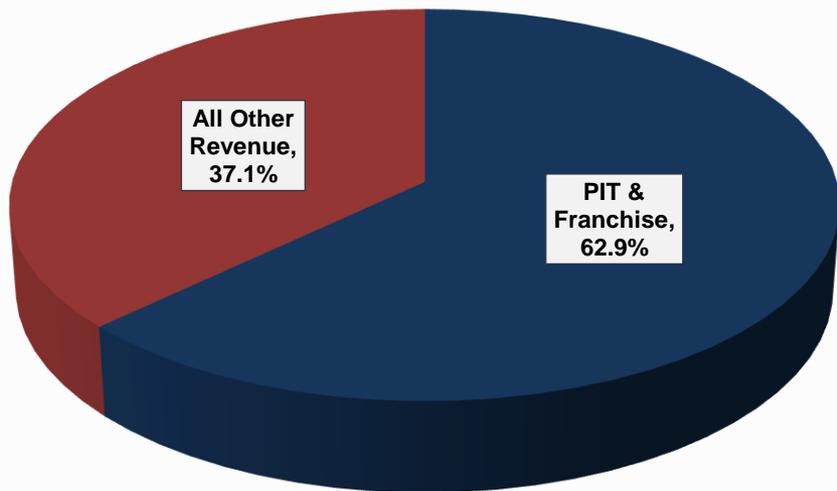


*Fiscal Year 2017 represents estimated Monthly Average of those eligible for Medicaid.

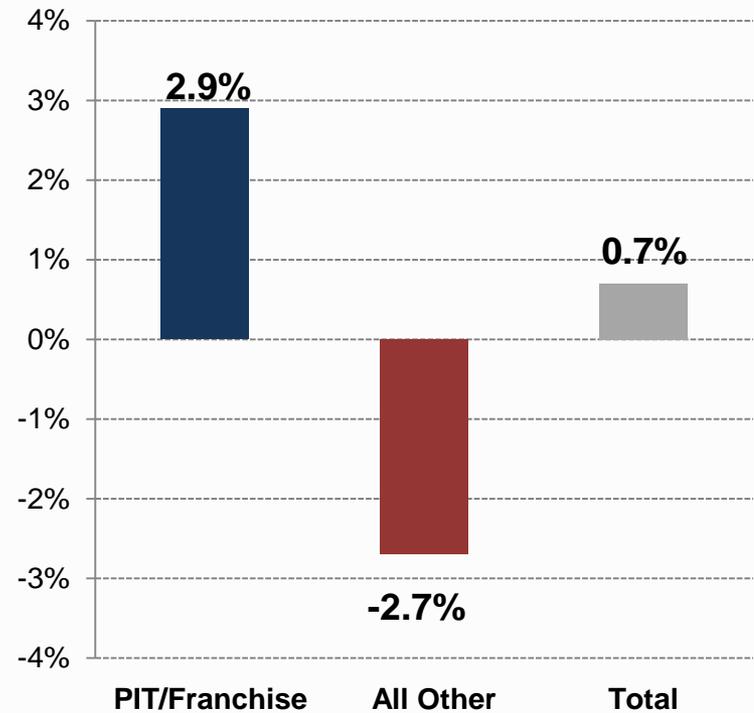


Imbalanced Revenue Portfolio

General Fund Revenue Portfolio Mix
FY2018



Annual General Fund Revenue
Growth FY2017-FY2018



Highlights of Governor Carney's Financial Plan

- ✓ **Limits Operating Budget Growth to 0.29% at \$4.1B.**
- ✓ **Balanced long-term budget solution through shared sacrifice.**
- ✓ **Rebalances revenue portfolio to align with economic growth.**
- ✓ **Addresses core government service demands, while containing long-term costs.**
- ✓ **Studies cost savings and efficiencies through Government Efficiency and Accountability Review Board (GEAR).**
- ✓ **Sets aside \$40.7M for Grants-In-Aid.**



Governor Carney's Plan Requires **SHARED SACRIFICE**

Governor Carney's Fiscal Year 2018 proposal includes immediate action to reduce the cost of state government operations:

- **Making Government More Efficient.**
 - 4.5% total reduction to state agency discretionary funds.
 - **\$6.5 million:** Adjust cost share in employee health plans.
 - **\$5.0 million:** Eliminate 200 vacant positions.
 - **\$3.5 million:** Eliminate double state share.
 - Ongoing commitment to study efficiencies and improvements in state government through the **Government Efficiency and Accountability Review Board (GEAR)** – created by *Executive Order #4*.



Governor Carney's Plan Requires **SHARED SACRIFICE**

- **Immediate Budget Reductions in the Fiscal Year 2018 Plan Include:**
 - **\$25.0 million** for Open Space, Farmland and the Energy Efficiency Fund until resources are available.
 - **\$5.0 million** to reduce the Senior Property Tax Credit by \$100.
 - **\$3.3 million** in higher education reductions.
 - **\$2.6 million** to reduce Medicaid dental reimbursements by 14%.
 - **\$1.2 million** in reductions for fleet services and energy expenditures.
 - **\$594,300** for a reduction to pass-through programs.
 - **\$460,800** to reduce funding for Delaware Art, and Library Standards.
 - **\$125,000** to close the Polly Drummond Hill Yard Waste site.
 - **\$171,000** to eliminate the Board of Parole.



Key Investments: Public Education

- **Preserving Core Investments in Education**
 - **\$25.1 million** for new teachers in Delaware classrooms.
 - **\$4.7 million** to maintain investments in Early Childhood Education.
 - **\$1.0 million** for Opportunity Grants for schools serving disadvantaged students.
- **Proposed Reductions**
 - **\$22.0 million** reduction to Educational Sustainment Fund; Delaware school districts would receive *flexibility* to raise the match tax without referendum to cover reductions to the Sustainment Fund.
 - **\$15.0 million** reduction to school district & charter school operations.



Key Investments

- **Promoting a Healthy Delaware**

- **\$11.8 million** to *fully fund Medicaid* for low-income Delawareans, Delawareans with disabilities, and Delaware seniors for long-term care.
- **\$1.0 million** to add funding for *substance abuse treatment* services.

- **Access to Quality Housing**

- **\$4.0 million** to maintain funding for *affordable housing* through the Housing Development Fund.
- **\$3.0 million** for the State Rental Assistance Program, which targets assistance for specific groups with a high need, such as Delawareans with disabilities, those aging out of foster care, and homeless veterans.

- **Addressing security in Delaware's prisons**

- **\$4.5 million** to *increase hazardous duty pay* for Delaware correctional officers.
- **\$2.3 million** for *75 new correctional officers* at James T. Vaughn Correctional Center and Baylor Women's Correctional Institution.
- **\$1.3 million** for new *equipment and training* for correctional officers.



Rebalancing Delaware's Revenue Portfolio

- Revenue proposal draws upon recommendations of the bipartisan “DEFAC Advisory Council on Revenues.”
- Structural reform will:
 - Make Delaware’s revenue portfolio more responsive to economic measures of demand for services.
 - Reduce revenue volatility while maintaining Delaware’s competitiveness with surrounding states.
- Balanced approach would equitably distribute costs.



Funding Core Services – Revenue Plan

Taxes & Fees	Description	FY 2018
Corporate Franchise	Create a two-tier maximum tax and true up other rates to reflect inflation.	\$ 116.1
Personal Income	Major tax reform to simplify the tax structure and define taxable income more equitably.	\$ 64.6
Cigarette and Other Tobacco Products (OTP)	Increase per pack and OTP rates. Treat e-cigarettes and moist snuff as OTP.	\$ 16.0
Total: Governor's Recommended Revenue Changes		\$ 196.7
Total: Governor's Recommended Revenue Changes @ 98%		\$ 192.8



Personal Income Tax – The Proposal

- **DEFAC Advisory Council:**
 - Eliminate itemized deductions.
 - Sync age-based tax preferences at 65, but on a rolling basis.
- **Our Proposal:**
 - *Effective January 1, 2018:* eliminate itemized deductions in Delaware and increase the standard deduction more than 50%.
 - Increase each tax bracket by 0.2 to 0.4 percentage points, with top rate rising to 6.8 percent.
 - Increase the eligibility age for additional personal credits and retirement income exclusions from 60 to 65 in 1-year increments.



Corporate Franchise Tax – The Proposal

- **DEFAC Advisory Council:**
 - Continued periodic adjustments when appropriate.
 - Focus on entities deriving greatest value from incorporation here.
- **Our Proposal:**
 - *Effective January 1, 2017:* create a second tier maximum tax at \$250,000 for public companies with greater than \$750M in revenue or assets and no less than \$250M in revenue or assets.
 - Increase the first tier maximum tax from \$180,000 to \$200,000 to reflect inflation since the last increase in 2009.
 - Make inflationary adjustments to miscellaneous filing fees.



Tobacco Taxes – The Proposal

- **Our Proposal:**
 - *Effective August 1, 2017:* increase the tax on cigarettes from \$1.60/pack to \$2.60/pack.
 - Treat moist snuff and e-cigarettes as Other Tobacco Products (OTP).
 - Increase the tax on OTP from 15% of wholesale value to 30%.
- **The proposal will:**
 - Reduce long-term healthcare costs by increasing a key disincentive to smoking.
 - Maintain a measure of regional tax parity on cigarettes.
 - Tax all mediums of tobacco and like products equally.



Governor Carney's Plan: A Balanced Solution

- **General Fund Operating Budget - \$4,096.1 million**
 - ✓ 0.29% overall growth from FY 2017.
 - ✓ Plan maintains investments in key areas such as public education, health, and safety.
 - ✓ Reduces discretionary funding through shared sacrifice, controls cost growth.

- **Grants-In-Aid - \$40.7 million**



- *End of Presentation* -

