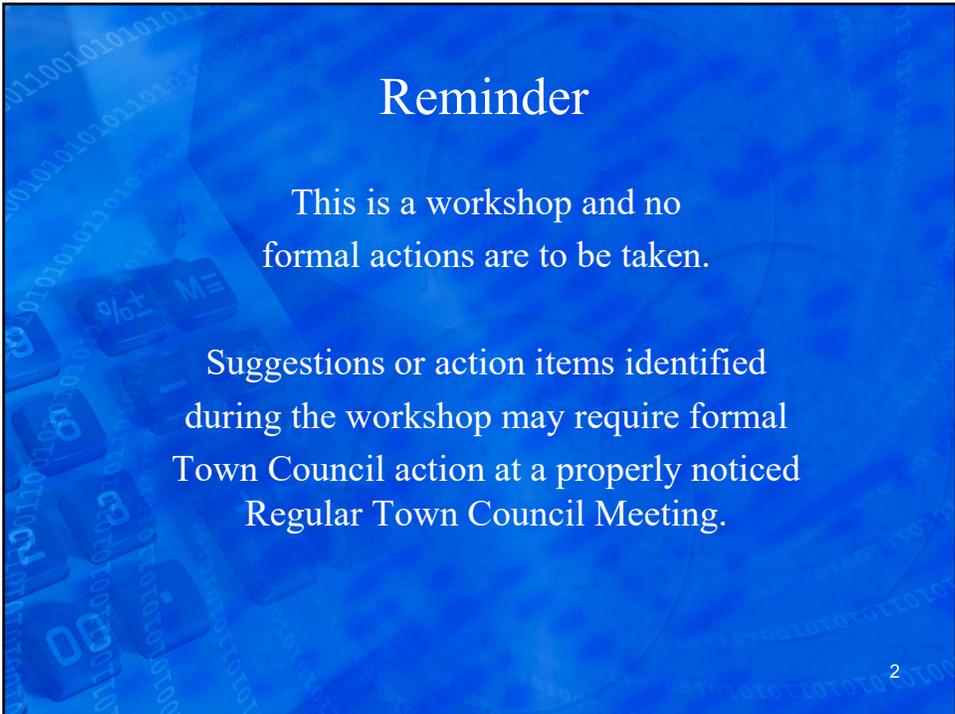


Town of Georgetown

Budget Workshop
Monday, April 20, 2020

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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.

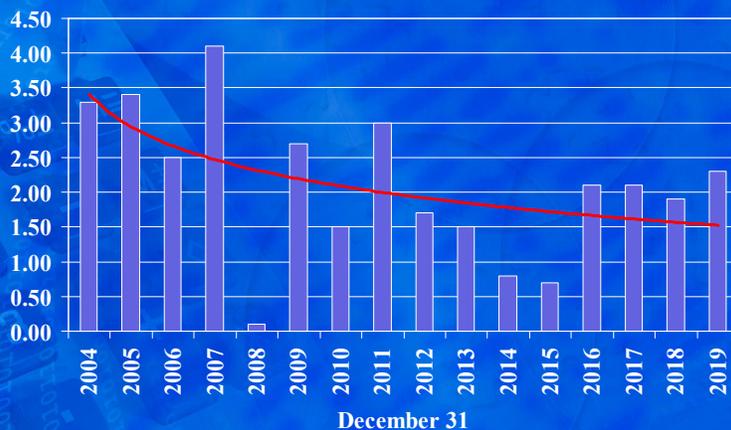
2

Agenda

- Current Economic Realities
- Impact on Town of Georgetown
- Building on Success
- Initial FY 2021 Budget
- Addressing the Deficit
- Considerations
- Next Steps

3

Consumer Price Index



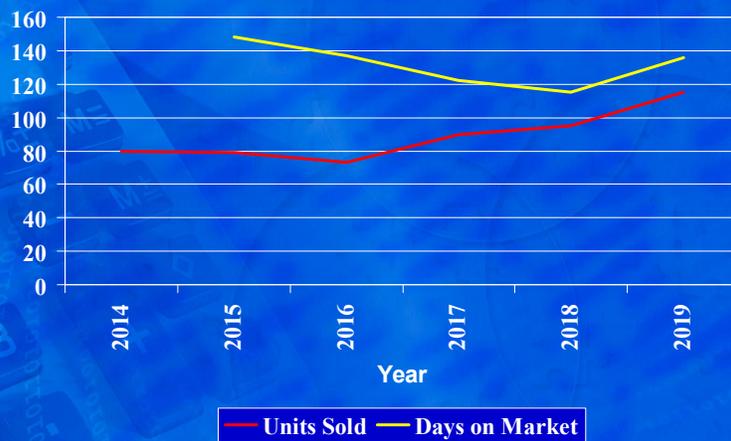
4

Unemployment Rate



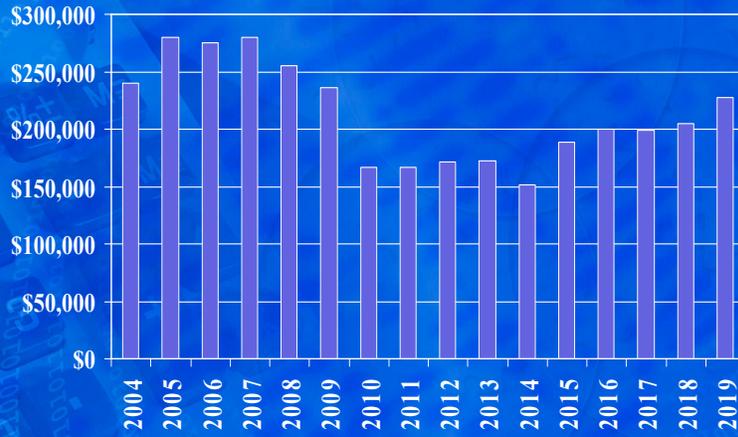
5

Housing Data (*SF Residential*)



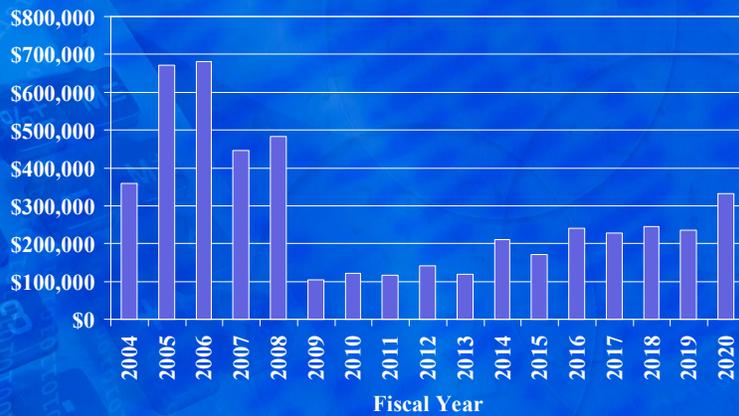
6

Median Home Sales Price



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Realty Transfer Tax Collected

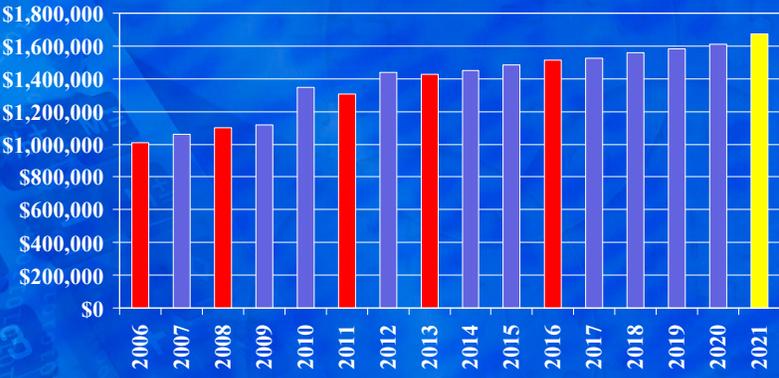


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Property Assessments

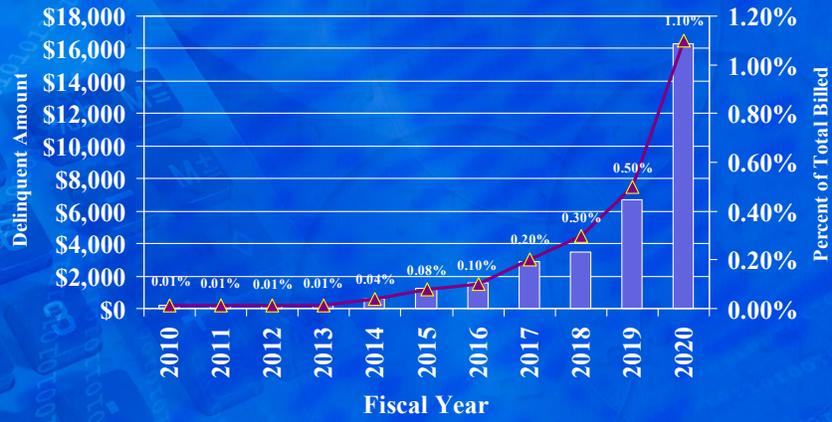


Property Tax Billed



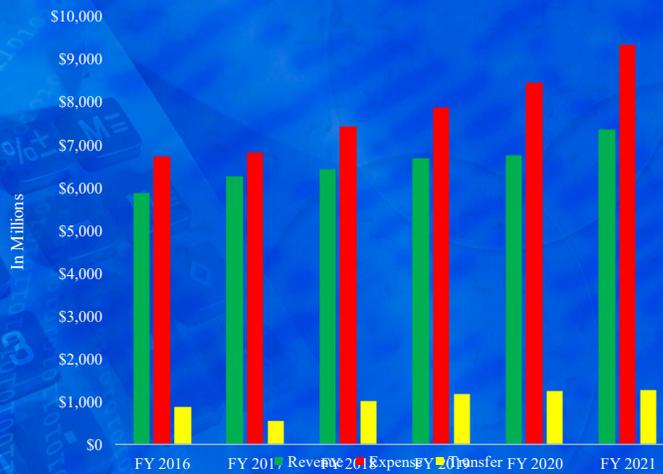
Tax Increase History
 2005: \$0.30 Cents
 2007: \$0.08 Cents
 2010: \$0.40 Cents
 2012: \$0.21 Cents
 2015: \$0.03 Cents

Delinquent Property Taxes



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Budget History



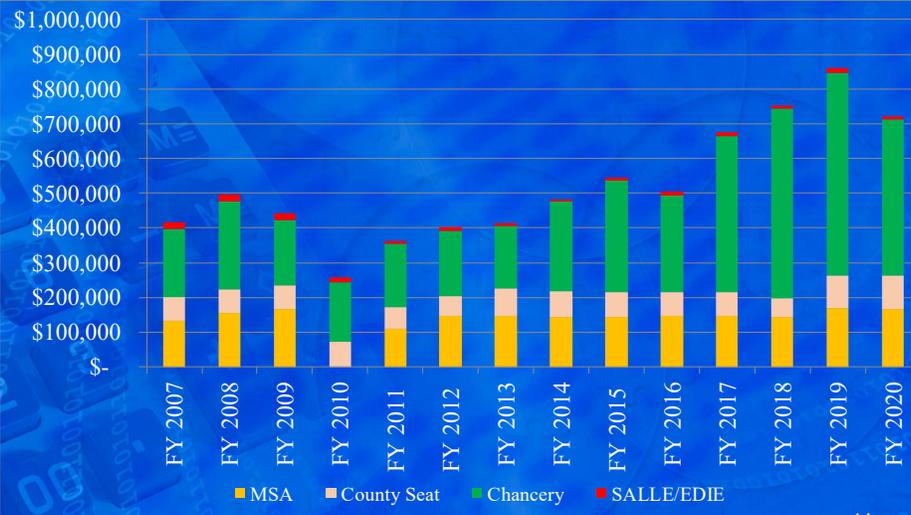
12

Staffing History



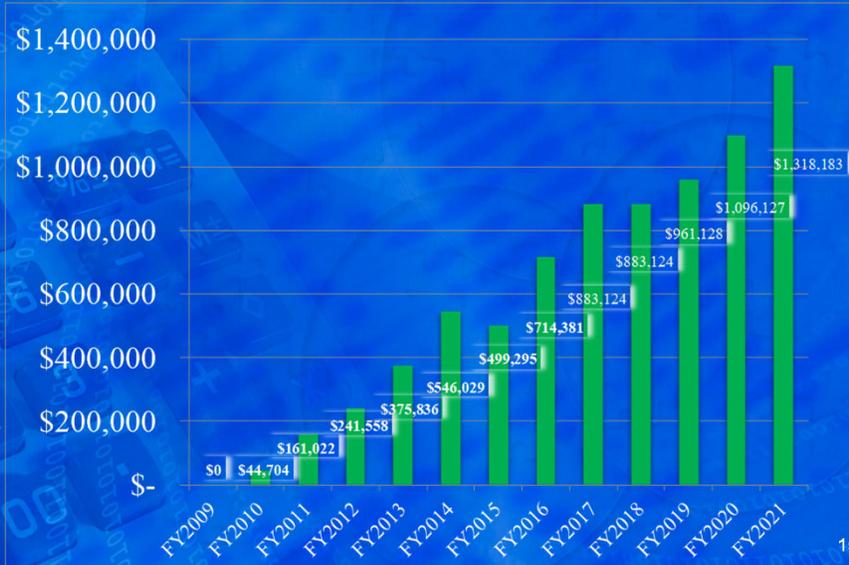
13

State Aid



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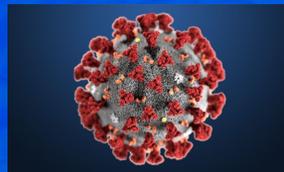
Realty Transfer Cash Account



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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
 - FEMA Reimbursement (up to 75%) – if any is incurred
 - 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
 - Referendum Needed – Re-scheduled
 - Total Project Funding \$1,255,000
- Purchasing Card Rebate
 - Rebate to Date FY20: \$3,725.00 (5% of Purchases)
 - Rebate Since Inception FY08: \$56,127.31

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Initial FY 2021 Budget

REVENUES	
General Fund Revenues	\$ 3,947,003
Water Revenues	\$ 1,363,500
Wastewater Revenues	\$ 2,058,500
TOTAL REVENUES	\$ 7,369,003
EXPENDITURES	
General Fund Expenses	\$ 5,581,587
Water Fund Expenses	\$ 1,458,015
Wastewater Fund Expenses	\$ 2,293,193
TOTAL EXPENDITURES	\$ 9,332,795
PROJECTED SURPLUS/(DEFICIT)	\$ -1,963,792

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Significant Items

- Personnel Expense Increase
 - New Positions
 - Police Department
 - (4) New Hire
 - Promotion PFC to S.PFC - Two Officers
 - Public Works
 - Grade 2 Level 3 to Grade 4 Level 1 (Maint I to Maint II)
 - Grade 4 Level 4 to Grade 4 Level 6
 - Grade 6 Level 5 to Grade 6 Level 8
 - Grade 6 Level 7 to Grade 6 Level 8
 - Grade 10 Level 16 to Grade 10 Level 17
 - Grade 10 Level 14 to Grade 10 Level 15

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Significant Items

- Personnel Expense Increase
 - Administration
 - Cashier-1 step increase
 - Finance (3) Positions- 1 step increase
 - Planning Department
 - Planning Administrator- 1 step increase
 - Planning Assistant-1 step increase
 - Wastewater
 - Grade 2 Level 2 to Grade 4 Level 1 (Maint. I –WWT. I)
 - 4 Positions – 1 Step Increase

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Significant Items

- Proposed Capital Expenditures
 - Public Works
 - New gate at Maintenance Shop - \$9,000
 - Replace Husqvarna Lawn Mower - \$11,000
 - Water
 - Replace Utility Body Service Truck - \$50,000
 - Replace Roof (King Street) - \$8,000
 - Wastewater
 - New Tractor- \$28,000
 - Easter Seals Spare Pump- \$20,000
 - Police Department
 - Pole Building (50X30) – \$60,000

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Significant Items

- Potential Legislative Impacts
 - Governor Carney's Proposed Budget
 - Municipal Street Aid Increase
 - Realty Transfer Tax
 - No Change in Allocation
 - PILOT Program
 - Adding City of Newark
 - Other Legislation not yet Introduced
- IRSD Funding for Resource Officer
- Labor Union Negotiations
- Coronavirus – lingering effects

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Town Indebtedness

- Total Debt: \$9,046,836
 - Water (13.36%)
 - Debt: \$1,208,251
 - Annual Principal Payment: \$451,725
 - Water Impact Account Balance: \$253,040
 - Debt Coverage: 6 months
 - Sewer (65.36%)
 - Debt: \$5,913,585
 - Annual Principal Payment: \$703,170
 - Sewer Impact Account Balance: \$2,193,844
 - Debt Coverage: 3 years
 - Town Hall (21.28%)
 - Balance: \$1,925,000.00
 - Annual Principal Payment: \$42,460

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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 Capital Projects

- Continued Street Rehabilitation – North Race 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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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 2022 Budget
- Remove all New Positions
- Hiring Freeze as of 4/1 workforce
- Remove all additional Step increases
 - Except for Wastewater Operator I (License)
- Other Ideas

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Tax Rate Increase History



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Tax Rate Increase History

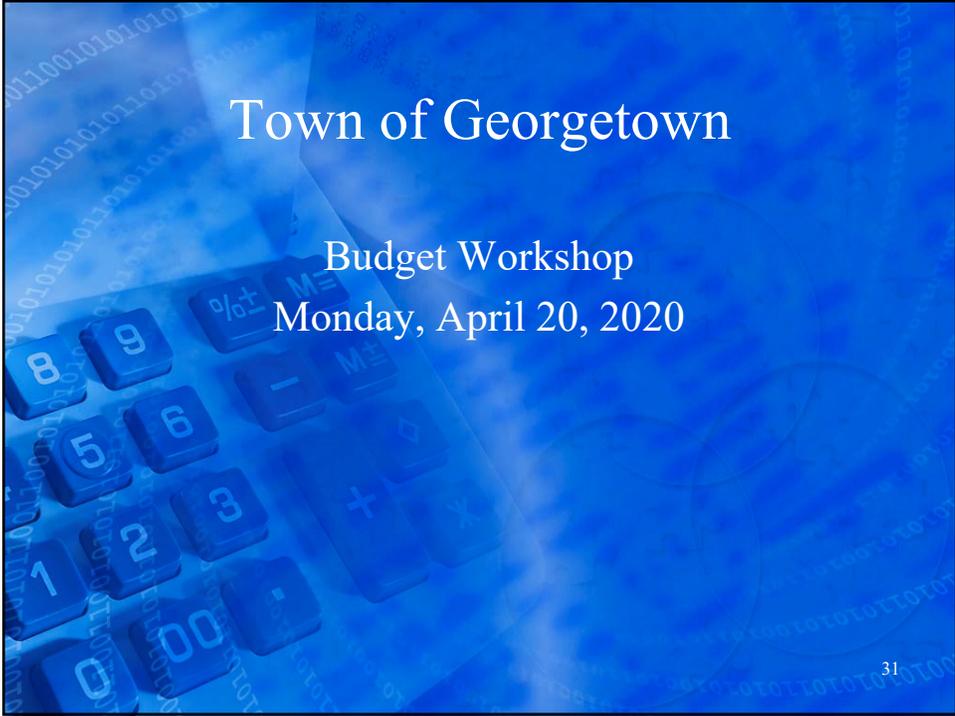
- Consider Annual Increase
 - Avoid Negative Press Impacts
 - Minimized Magnitude of Increase
- Easier for Residents to Adjust
 - Smaller incremental increases
- Eliminates “Catch Up” after two to three years of higher costs
- Every one cent increase, generates \$5,087 income

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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 2021 Budget at April 22 Meeting

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