

TOWN OF OCEAN VIEW
DELAWARE

March 3, 2021

TO: Mayor and Council

FROM: Carol S. Houck, Town Manager *CSH*
Dawn Parks, Finance Director *DMP*

SUBJECT: Supplemental Information for Consideration
FY2022 Budget – Seeking Direction

Background

At the Second Budget Workshop for the FY2022 Budget, held on February 23, 2021 which focused on Budget Draft 2, there was no clear Council consensus or direction related to the recommendation of a 2 cent (8%) tax increase necessary to balance the proposed budget. Some discussion took place regarding consideration of additional cuts (note: prior to our submission of Draft 1 staff had already addressed an original deficit with revenue and expense adjustments that resulted in a cumulative budget reduction of \$520,000.) On February 23rd one suggestion was made regarding the \$90,000 associated with the additional costs in FY2022 for our planned full reassessment of real property for the FY2023 tax billing. In addition, various tax increase levels were mentioned. We ended the Workshop such that we would take the time to consider the discussion including cancelling the annexation, the varied tax increase levels as well as other possible options to further reduce the budget. This correspondence is our attempt to provide you with additional information and a focused “menu” of sorts for consideration. We have also provided, where applicable, commentary and or recommendations.

The first chart provides the revenue impact of tax increases from “0” to the recommended 2 cent tax increase:

For FY2022, based on our Total Assessable base of \$998,311,900

Tax Rate Increase	Assessed Value of % increases	Deficit to FY22 Draft 2 Budget Figures
\$0.020/2 cent	\$199,662	\$0
\$0.015/1 ½ cent	\$149,747	(\$49,916)
\$0.010/1 cent	\$99,831	(\$99,831)
\$0.005/ 1/2 cent	\$49,916	(\$149,747)
\$0.00	0	(\$199,662)

Below please find detail related to various budgeted items and their associated cost in FY2022. This represents the menu of items mentioned above:

	Impact on FY22 Budget
<p>1% Early Payment of Property Taxes Discount Highly successful - recommend maintaining</p>	\$26,735
<p>FY22 Emerging Projects (use of unrestricted Transfer Tax to offset to fund emergind opportunities) These funds are recommended as seed funding to allow the Town to take advantage of opportunities if they become viable. They are non-recurring funds suitable to be identified for this purpose.</p>	\$121,970
<p>Delay of Town Reassessment Full reassessment is a basic responsibility of a Town to ensure fairness. Review of our Charter suggests conflicting statements with the use of shall and may in the section. At some point other entities made a decision to postpone reassessments only to increase the difficulty and and cost of doing so in the future as well as not being equitable. I do not recommend postponing our planned reassessment. Given the fiscal period of readjustment we are entering, completing the full reassessment for the FY2023 tax billing seems to have greater importance.</p>	\$90,000
<p>Additional Police Officer/Vehicle (includes the removal of the COPS grant of \$53,000) The Police staffing study completed in 2019 recommended 2 additional officers. This FY22 addition of a 2nd new officer since that time/absent new responsibilities is deemed appropriate and necessary for the fulfillment of duties.</p>	\$112,595
<p>Eliminate Merit/Bonus possibility of 2.12% for all staff - but maintains COLA of 1.088% for all staff with the exception of contractual staff where the contract will remain in effect. Note: Social Security COLA for 2021 is 1.3%</p>	\$39,565
<p>Community Events The elimination of our community events will further reduce the momentum we gained in 2019 (prior to COVID) and may have a negative impact on how the Town is viewed for its level of engagement with the community and possibly our future success. The Town Manager places a high value on these offerings and has accepted responsibility for them with the exception of one which is managed by the OVPD. We have received possitive feedback and expressions of satisfaction from residents for our efforts.</p>	\$40,000
<p>Part-Time Maintenance Position to Full Time The elimination of this position as full-time in the FY22 budget may ultimately impact our ability to address maintenance/facility needs in a timely manner. Doing so will also not allow us to address concerns for managing risk associated with the type of work performed or realistically allow for vacation and illness coverage.</p>	\$22,801

We are hopeful this information will assist in Council's discussions and providing direction. A vote of Council, if necessary, will provide adequate direction regarding the need to develop an FY2022 Budget Draft 3. In addition, this would also determine the need to hold the planned third budget workshop on March 23rd. Please note that the Budget Ordinance Introduced at the March 9, 2021 meeting was developed at Draft 2 FY22 values to accommodate the opportunity to reduce the budget while we are still discussing it. This was necessary as after introduction of a Budget Ordinance it may not be increased without being re-introduced. If anyone has any questions or needs additional information, please advise asap so that we can attempt to be as prepared as able for the Council Meeting of March 9th.