

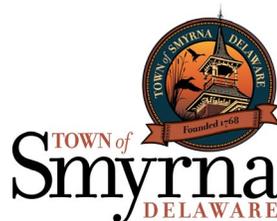
Town of Smyrna 2022 Draft Budget

Town Council Meeting
October 18, 2021



2022 Draft Budget Adoption Timeline

- ❑ July/August/September 2021
 - Staff review of expenses and revenues
 - Departmental submissions and review with Manager's Office/Finance Department
- ❑ August 24, 2021 Finance Committee Meeting
 - Review of 2021 Revenue Expense report
- ❑ September 24, 2020 Finance Committee Meeting
 - Presentation of full 2022 Draft Budget, Operating and Capital Budgets
 - Comments and feedback to be incorporated to presentation to Council
 - Committee recommended 4-0 the 2022 Draft Budget to Council for consideration
- ❑ **October 18, 2021 Town Council Meeting**
 - Presentation of 2022 Draft Budget, Operating and Capital Budgets
- ❑ November 15, 2021 Town Council Meeting
 - Second 2022 Draft Budget discussion or potential approval of Budget
- ❑ December 6, 2021 Town Council meeting
 - Approval of 2021 Budget, if necessary

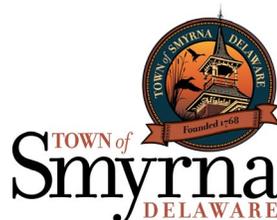


What's New in 2022?

Draft 2022 Budget has a \$2.6M increase over 2021 Budget.

Major increases include:

1. \$842,000 in inflationary increases. Bureau of Labor Statistics August 2021 CPI is 4.6%
 - a) 2022 Draft Budget used 3.5%
 - b) Inflation is 33% of 2022 increases over 2021
2. \$275,000 in organizational-wide wage contractual wage or merit growth increases.
 - a) Contractual/Wage Growth is 10.7% of 2022 increases over 2021
3. \$625,000 in new position wages
 - a) \$410,000 in Public Safety
 - b) \$120,000 in Public Works
 - c) \$95,000 in Admin/Planning & Inspections
 - d) New positions are 24% of increase
4. \$300,000 in contractual service increases across the organization
5. \$260,000 public safety required radio upgrade
6. ARPA – most of the capital activity in 2022 is planned ARPA-eligible projects
7. Revenue enhancements for 2022 include:
 - Year Three of the Water, Sewer and Electric Rate Plan
 - Reduction in 6% Discount on Real Estate Taxes to 2%
 - Implement Lodging Tax ordinance





2022 Utility Rates

The highlighted rates to the right are Year 3 of 3 adopted rates for electric, water, and sewer.

2022 Real Estate Taxes – No Change

Remain the same, \$0.44/\$100 assessed value.

- Proposing 2% early-payment incentive for 2022
- Payments received before July 1
- Reduction from prior year (6%)

Residential:		2019	Year 1 2020	Year 2 2021	Year 3 2022	
Electric	Customer Charge:		\$13.00	\$14.50	\$16.00	\$17.50
	Energy Charge:					
	0-500 kWh	\$0.1340	\$0.1330	\$0.1320	\$0.1310	
	Over 500 kWh	0.1180	0.1200	0.1200	0.1200	
	(Electric Heat Winter Only) Over 750 kWh	0.1050	0.1090	0.1130	0.1175	
Water (per 1,000 gal)	Inside Town Limits:					
	0-3,000 Gallons Minimum Charge	\$11.98	\$13.65	\$16.30	\$19.50	
	3,001-4,000 Gallons an additional	\$4.00	\$4.55	\$5.45	\$6.50	
	4,001-6,000 Gallons an additional	\$5.32	\$6.05	\$7.25	\$8.65	
	6,001-7,000 Gallons an additional	\$6.66	\$8.00	\$9.55	\$11.40	
	7,001-10,000 Gallons an additional	\$7.99	\$9.10	\$10.90	\$13.00	
	Over 10,001 Gallons an additional	\$5.32	\$6.05	\$7.25	\$8.65	
Outside Town Limits:						
0-3,000 Gallons Minimum Charge	\$23.96	\$27.30	\$32.60	\$39.00		
3,001-4,000 Gallons an additional	\$8.00	\$9.10	\$10.90	\$13.00		
4,001-6,000 Gallons an additional	\$10.64	\$12.10	\$14.50	\$17.30		
6,001-7,000 Gallons an additional	\$13.32	\$16.00	\$19.10	\$22.80		
7,001-10,000 Gallons an additional	\$15.98	\$18.20	\$21.80	\$26.00		
Over 10,001 Gallons an additional	\$10.64	\$12.10	\$14.50	\$17.30		
Sewer (per 1,000 gal)	Inside Town Limits:					
	0-3,000 Gallons Minimum Charge	\$25.21	\$26.70	\$28.25	\$30.00	
	Over 3,000 (per thousand Gallons)	\$7.99	\$8.45	\$8.95	\$9.50	
Outside Town Limits:						
0-3,000 Gallons Minimum Charge	\$50.42	\$53.50	\$56.75	\$60.10		
Over 3,000 Gallons	\$15.98	\$17.00	\$18.00	\$19.10		
Yard: (Effective Jan. 4, 2016)	Inside Town Limits:					
	0-3,000 Gallons	\$4.00	\$4.55	\$5.46	\$6.50	
	3,001-4,000 Gallons	\$4.00	\$4.55	\$5.46	\$6.50	
	4,001-6,000 Gallons an additional	\$5.32	\$6.05	\$7.25	\$8.65	
	6,001-7,000 Gallons an additional	\$6.66	\$8.00	\$9.55	\$11.40	
	7,001-10,000 Gallons an additional	\$7.99	\$9.10	\$10.90	\$13.00	
	Over 10,001 Gallons an additional	\$5.32	\$6.05	\$7.25	\$8.65	
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Over 10,001 Gallons an additional	\$10.64	\$12.10	\$14.50	\$17.30		

Proposed New Personnel in 2022

Public Safety:

1. Five (5) full-time sworn patrol officers
2. One (1) full-time dispatcher
3. One (1) full-time administrative assistant
4. One (1) full-time victim's services specialist

Administration – Finance Division:

1. One (1) full-time customer service manager

*Replace and backfill transfer of full-time payroll/AP supervisor to Administration-HR

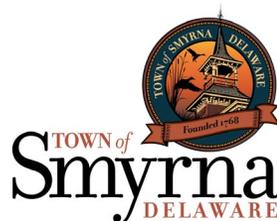
Public Works:

- Public Works – Water Division
 1. One (1) full-time apprentice (water plant operator)
- Public Works – Parks Division
 1. One (1) full-time municipal worker
 2. Two (2) seasonal, full-time workers
- Public Works – Streets Division
 1. One (1) full-time municipal worker

Planning & Inspections:

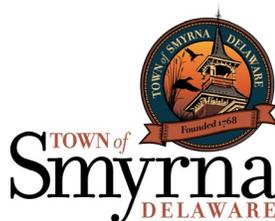
1. One (1) full-time planner 1

*Repurpose third-party economic development professional services



2022 Capital Improvement Program (CIP)

- ARPA supporting most 2022 CIP project
 - E. Commerce Street; N. Main Street; North of Duck Creek; North Water Tower; Southern Water Treatment Plant; Capital Asset Management Inventory; Downtown Parking Lot all are funded in whole or part by ARPA resources
 - See Slide 7 for current detailed listing.
- PW/Electric: Division bucket truck, \$250,000; however, supply chain issues has estimated delivery delayed until 2023
- Planning & Zoning: comprehensive re-write of the Town Zoning Code, \$70,000
- Administration: George C. Wright Jr. Municipal Park bathroom upgrade (\$250,000)
 - Contingent on 50% (\$125,000) matching DNREC ORPT grant award
- Administration: Master Parks Plan, estimated at \$50,000 - \$80,000 and pending final approval by Council.
- Police: \$260,000 upgrade to public safety radio system.
- George C. Wright Jr. statue, \$125,000 (CTF Funded)

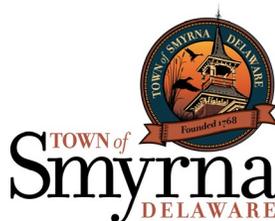




American Rescue Plan Act Funding		\$	6,377,623	NOTES:
Project/Initiative	Department	Budget/Allocation		
Revenue Loss	Fin	\$	-	\$0 Eligible Rev Loss
Community Planning:				
Park/Rec Master Plan Update	Council/Planning	\$	-	Impact Fee Funded
Broadband Utility	Fin/Mngr Ofc	\$	-	State initiative
Civic Plus: Enhanced Digital Citizen Access	Admin	\$	34,000	
Skatepark	Council/PW	\$	-	On Hold
Town Park Signage	Admin	\$	25,000	
ORPT Basketball Match '21	Admin	\$	37,000	Park Development
Public Safety/Resiliency:				
PW Access Gates	PW/Mngr Ofc	\$	-	Not ARPA Qualified
PD HVAC	PD	\$	-	Corrected; not needed
PW Generator	PW/Elec	\$	-	Not ARPA Qualified
Façade Improvements:				
Smyrna Opera House	Admin	\$	35,000	
Commercial Façade Program (proposed)	Admin	\$	400,000	
S. Main Street Parking Lot	PW	\$	400,000	MSA, State \$, Impact Fees
Utilities Infrastructure:				
E. Commerce St Utilities	PW	\$	1,200,000	
North of Duck Creek Utilities	PW	\$	1,200,000	
N. Main Street Utilities	PW	\$	1,200,000	
Asset Management	PW	\$	100,000	
Water Tower (Engineer/Design)	PW	\$	250,000	
Second Water Treatment Plant (Engineer/Design)	PW	\$	500,000	
Rate Studies (2023-2025 Water/Sewer/Elec)	Fin/Mngr Ofc/PW	\$	80,000	
Utility Assistance	Finance	\$	-	Not Supported
Police Victim Services/Mental Health (Public Health)	PD	\$	150,000	FY2023 Needs
Ambulance 64	Admin	\$	-	GF Reserves
Total Allocated Funds:		\$	5,611,000	
Unallocated Funds:		\$	766,623	

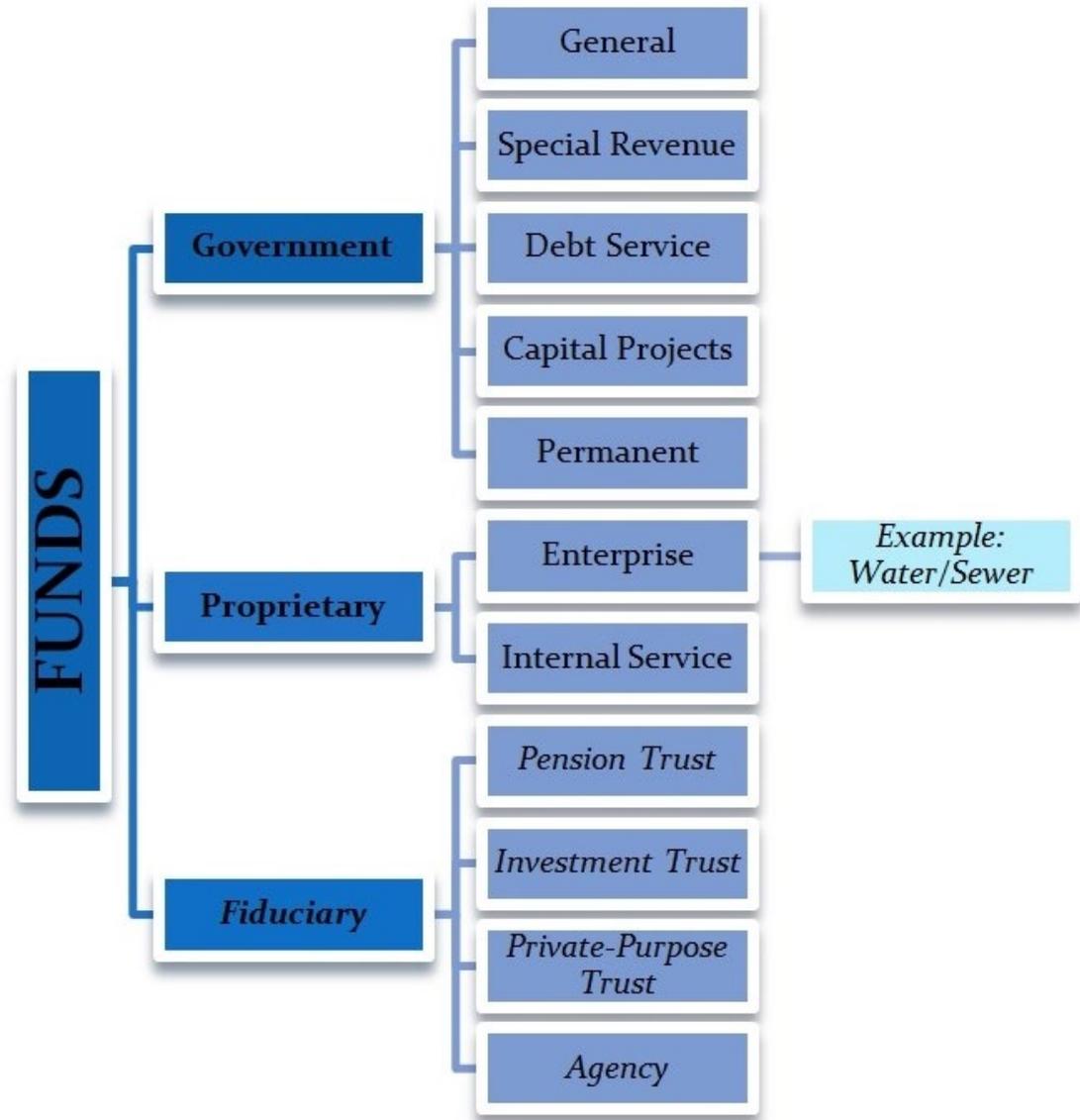
Town Funds Breakdown

GOVERNMENTAL FUND ACCOUNTING TO DELIVER SERVICES



Town Funds

- General Fund
- Electric Fund
- Water/Sewer
- Special Revenue (Gen / Police)
- Trash



Multi-Fund Accounting and Revenues



Where do the operating dollars come from?

1. Real Estate Taxes
2. Transfer Tax
3. Electric Utility Sales
4. Water Utility Sales
5. Sewer Utility Sales
6. Permits and Fees
7. Grants
8. Inter-Governmental Funding
9. Loans/Bonds

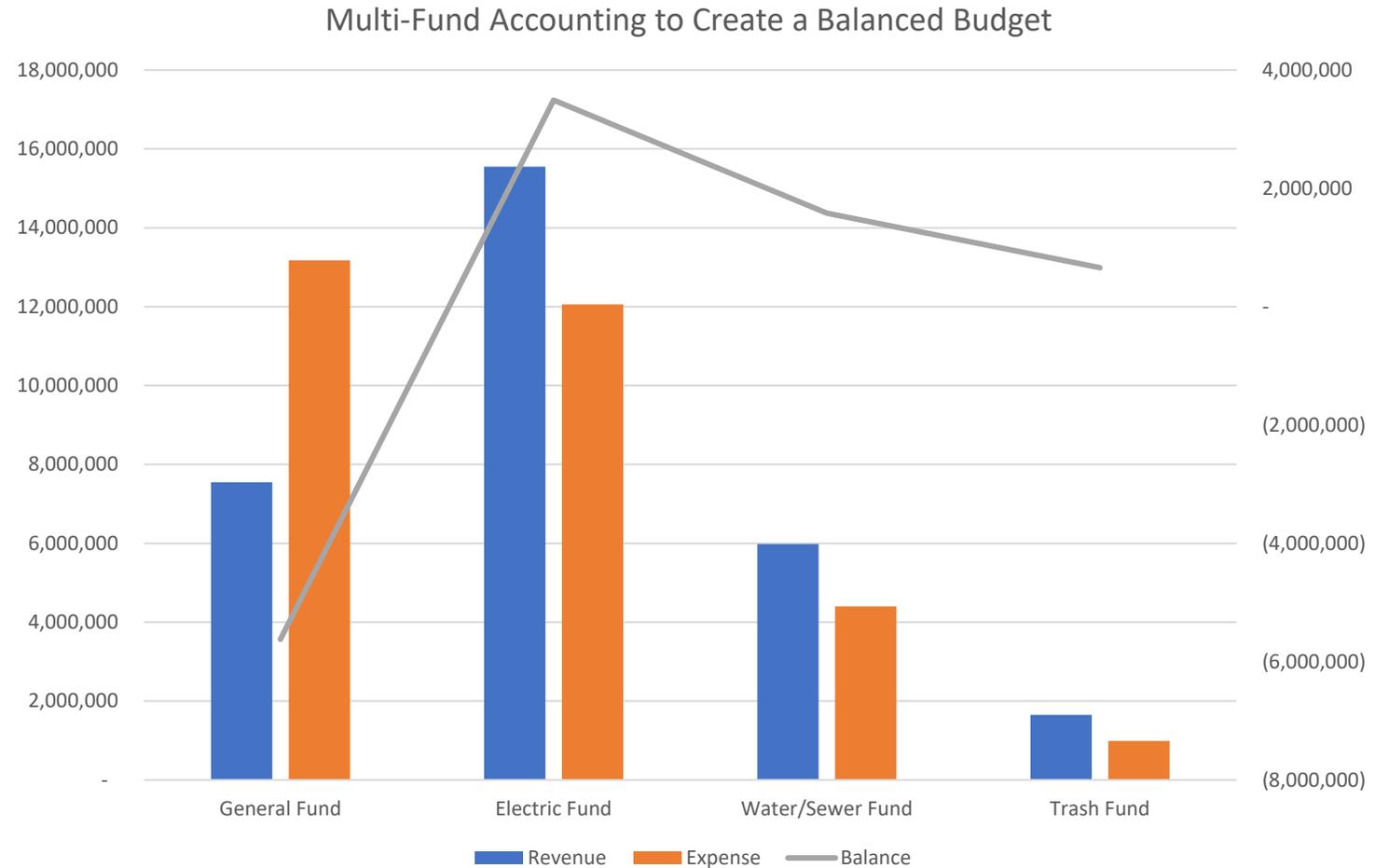
Utility Funds Supporting General Governance

Allocation for Expenses:

Certain governmental functions support in whole or part the utility operations, and a corresponding percentage of total operating costs are charged back to the utility funds.

Interfund Transfers:

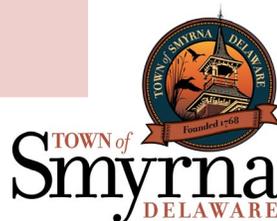
The Town operates a public utility model where the utility funds provide a revenue transfer to the General Fund to achieve a balanced budget.



General Fund

- Removed \$1.65M Revenue that is Trash/Yard Waste Fund.
- \$7.55M General Fund revenue
- \$5.6M Deficit before allocations and transfers
 - 2022 v 2021 significantly greater due to correction of budgeted wages
 - 2021 (and before) pre-allocated wages creating an inaccurate image of wage alignment by department
- Governmental operations include: police, public works (streets and parks), finance, IT, manager’s office (including town council), HR, customer service, facilities, library, planning & inspections, and fleet.

2022 Budget Expense	2022 General Fund Revenue	Deficit
\$13,173,494 before allocations	\$7,550,000 when assigned to funds	-\$5,600,000
	Nearly \$4,100,000 in department allocations charged back	-\$1,500,000
	\$1,500,000 interfund transfer revenue	Balanced General Fund Budget



Electric Fund



Photo credit: Josh Little

2022 Revenue: \$15,550,000
2022 Expense: \$12,058,000
2022 Interfund Transfer: \$1,000,000 to General Fund
2022 Projected \$2,200,000 fair share allocations



Water/Sewer Fund

2022 Revenue: \$5,982,000

2022 Expense: \$4,400,000

2022 Interfund Transfer: \$500,000 to General Fund

2022 Projected \$1,200,000 fair share allocations



Trash/Yard Waste Fund

2022 Revenue: \$1,650,000
2022 Expense: \$991,000
2022 Interfund Transfer: \$0 to General Fund
2022 Projected \$600,000 fair share allocations



Photo credit: Louis Ruggerio

Town Public Utility Funding Model



The use of multiple funding sources provides a diversity of revenue for overall town governmental services.

Without town public utilities, real estate tax rates would be at minimum 37% higher to receive the same level of town services.

2022 Major Revenues Forecast

- Projected 6% Revenue Growth
- Proposed Lodging Tax will be an additional value not yet in 2022 forecast, if adopted
- 2022 new residential construction forecast lower than strong 2019, 2020, and 2021

Description	FY2019 Actual	FY2020 Budget	FY2021 Budget	FY2022 Draft Budget
Property taxes	(3,872,403.78)	(3,905,000.00)	(4,000,000.00)	4,600,000
Transfer Taxes	(1,227,357.44)	(995,000.00)	(950,000.00)	1,200,000
Cable TV	(169,706.58)	(145,000.00)	(165,000.00)	160,000
P&Z - Permits	(289,162.64)	(240,000.00)	(240,000.00)	225,000
Intergovernmental	-	(280,000.00)	(280,000.00)	250,000
P&Z- Lic/Inspections Fe	(91,122.35)	(55,000.00)	(125,000.00)	100,000
P&Z Impact Fee	(368,289.75)	(308,229.55)	(350,000.00)	200,000
Trash	(1,498,167.51)	(1,350,000.00)	(1,550,000.00)	1,650,000
Police Services	(23,638.51)	(65,000.00)	(20,000.00)	130,000
Rental Income	(94,211.69)	(50,000.00)	(65,000.00)	90,000
Sewer Sales Town	(2,308,061.53)	(2,532,127.50)	(2,904,216.00)	3,150,000
Water Sales	(1,550,983.46)	(1,631,700.00)	(2,213,150.00)	2,395,000
Sales Residential	(13,288,442.85)	(13,791,707.46)	(13,345,717.00)	14,750,000

The Town website Smyrna.Delaware.gov/budget will be updated with detailed information for transparency throughout the budget process.

Thank You

PLEASE PROVIDE QUESTIONS TO ANDREW HAINES, TOWN MANAGER

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