

Town of Milton

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Dear Mayor Kanakos and Town Council members:

Within sections of the "Fiscal Year 2020 Annual Budget" binder, there are many documents for your review. At the beginning is a spreadsheet titled "Town of Milton, Fiscal Year 2020 Budget, Town Managers Proposed Revenues and Expenditures", which details anticipated revenues and budgeted expenditures. The additional documents are the FY20 Fee Schedule, Adopted FY18 Pay Scale including a summary of department salary allocations, each department supervisors' budget submission, list of town-owned vehicles, debt summary of the Towns Drinking Water State Revolving Fund (SRF) loans, Capital Improvements Program, and Statement of Revenues and Expenditures as of June 30, 2019.

An overview of the Fiscal Year 2020 budget is as follows:

- General Fund Revenues total \$2,150,752 while expenditures total \$2,146,640. The result is a surplus of \$4,112.
- Proprietary Fund Revenues total \$1,142,850, while expenditures total \$1,025,365. A net surplus of \$117,485 remains of which \$70,000 is water impact fee revenue. There are drinking water capital projects in planning stages, but not at the point of construction; therefore, the water impact fees projected in FY20 are not budgeted. The resulting proprietary fund budget surplus is \$47,485.

I am presenting an annual budget with no change in the tax rate or other fees. However, there is a proposed change in the use of Municipal Street Aid (MSA) funding. Municipal Street Aid funding is a grant-in-aid revenue source from the State of Delaware based on a calculation of municipal maintained streets; MSA funding is codified in Delaware Code Title 30, Chapter 51. For many years, it's been the practice in Milton that Municipal Street Aid grant revenue is expended for the monthly costs of street lights along dedicated, town-owned streets (except FY12 and FY13- the State restricted a portion to be spent on street repairs). The last 15 years, MSA funding has varied between \$4million and \$6million, with FY10 being funded at \$0. In my opinion, operational costs such as street lights should not be funded by a grant-in-aid revenue source that may not be consistently funded. For this reason, I have proposed that MSA be used towards annual street improvements rather than street lights. The street improvement project selected in FY20 is paving a portion of Shipbuilders Boulevard (Mulberry Street to South Spinnaker Lane) and South Spinnaker Lane (Shipbuilders Boulevard to Main Sail Lane), and Bay Court.

Notable items:

- Realty Transfer Tax (RTT) utilized in the FY20 budget is \$255,000 for operational expenses of public safety. (Use of RTT is codified in Delaware Code Title 22, Chapter 16).
- Trash, Recycle, and Yard Waste quarterly fee remains at \$56 per quarter.

- The base number of new home permits anticipated in FY20 is 35. Items such as building permits, water impact fees, water meters / water tap fees, sewer permits / impact fees are all calculated based on the fee schedule.
- Town insurance is calculated at a 5% increase. The renewal period will begin in August/September; definitive renewal rates will not be received until October.
- Hire a Project Coordinator to allow for a six-month dual-incumbency, due to Mr. Collier's impending retirement Spring 2020.
- Purchase of a Kubota lawn mower and installation of two additional lights in Memorial Park.
- Each department supervisors' budget reports are provided; however after thorough review of said reports in comparison to the current fiscal year, the presented budget for FY20 may not reflect the requested funds or purchase of capital items.
- Prior year General Fund surplus utilized in FY20 is \$45,000. This relates to the ADA sidewalk improvements that were not completed in FY19 due to waiting for the Fire Department to complete their project to alleviate any damage to the new concrete, and Town Hall lobby renovations. I've coordinated with the Fire Department and it's anticipated that the Town can proceed with its pavement/ADA improvement project Summer of 2020. (A portion of this project is funded by the Community Transportation Fund)
- Grants for lighting of Rails to Trails, Phase II are being pursued; however, it'll be late fall before the Town receives a grant award decision. Should the Town not be successful in receiving funding for lighting, I recommend utilizing prior year surplus funds to still proceed with lighting installation. Monthly electric supply costs are not available as grant funds.
- Last, the Town received \$300,000 towards the Magnolia Street Drainage Project from the State of Delaware legislature through its vote on the Bond Bill; this is approximately 50% of the project expense. Due to bulkhead exploration not being complete yet, I'm unable to budget the remaining funds for the project. Once the bulkhead report is updated, we'll be able to finalize a scope of work and total project estimate for review by Town Council.

I look forward to discussing the draft annual budget. As you review the documents, please let me know of any questions.

Respectfully Submitted,

Kristy L. Rogers
Town Manager