

Town of Milton

115 Federal St
Milton, DE 19968



www.milton.delaware.gov

Phone: 302-684-4110

Fax: 302-684-8999

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Dear Mayor Kanakos and Town Council members:

Within sections of the “Fiscal Year 2021 Annual Budget” binder, there are many documents for your review. First is a spreadsheet titled “Town of Milton, Fiscal Year 2021 Budget, Town Managers Proposed Revenues and Expenditures”, which details anticipated revenues and budgeted expenditures. The additional documents are the proposed FY21 Fee Schedule, Proposed FY21 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, Statement of Revenues and Expenditures as of June 30, 2020, and lastly a copy of the Annual Budget Presentation.

An overview of the Fiscal Year 2021 budget is as follows:

- General Fund Revenues total \$3,439,684 (which includes use of \$656,650 in reserves) while expenditures total \$3,435,975. The result is a surplus of \$3,709.
- Proprietary Fund Revenues total \$1,160,800, while expenditures total \$1,098,940. A gross surplus of \$61,860 remains of which \$60,000 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 anticipated in FY21 are not budgeted. The resulting proprietary fund budget surplus is \$1,860.

The annual budget includes two changes on the fee schedule. The first change is a 6.25% increase in the property tax rate (\$.24 to \$.255 per \$100 of assessed value) and a \$2.00 increase in the quarterly waste collection fee (\$56 to \$58). Of the projected Property Tax Revenue, \$70,095 is the revenue raised from the tax rate increase; the \$11,520 difference is based on projected revenues earned from building permit assessments. The primary basis for the tax increase is to lessen the Town’s public safety operating budget being expended from Realty Transfer Tax (a \$50,000 decrease from FY20); the other \$20,095 assists with overall operational increase in conducting Town business.

Notable items:

- Realty Transfer Tax (RTT) utilized in the FY21 budget is \$205,000 for operational expenses of public safety. (Use of RTT is codified in Delaware Code Title 22, Chapter 16). As mentioned above, this is a \$50,000 reduction from FY20.
- Trash, Recycle, and Yard Waste quarterly fee increases to \$58 per quarter.
- The base number of new home permits anticipated in FY21 is 30. 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 10% increase. The renewal period will begin in August/September; definitive renewal rates will not be received until October.

- Capital projects, such as Lighting of Rails to Trails Phase II and Magnolia Street Drainage are included in the FY21 budget as Town Council previously approved these projects. To follow is a funding breakdown:
 - Lighting of Rails to Trails is estimated at \$195,000. The Town has received \$97,500 in grant funding, which is 50% of the project. The remaining \$97,500 (50%) is budgeted from general fund reserves.
 - Magnolia Street Drainage is estimated in the FY21 budget at \$814,150. The Town has received \$435,000 in grant funding. The remainder of the project, \$379,150 is budgeted from general fund reserves.
- Capital purchases, such as a F250 truck with snow plow attachment, Dump truck, and VAC machine are included. The F250 and Dump Truck are funded by General Fund reserves; the VAC machine is funded from operating revenues of the Utility Fund.
- Each department supervisors' budget reports are provided; however, the budget varies from the said requests.
- Lastly, the Town has filed funding applications with two agencies, State of Delaware Drinking Water State Revolving Fund (DWSRF) and the U.S. Department of Agriculture Rural Development (USDA) for water main upgrades on Atlantic Avenue, and portions of Chestnut Street and Atlantic Street. Upon receipt of an offer for funding, this will be presented to Mayor and Town Council for discussion and decisions on the project.

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