

# Town of Bridgeville

Budget Outlook & Property Tax Increase Review

July 2018

## TOWN OF BRIDGEVILLE FY19 OPERATING BUDGET

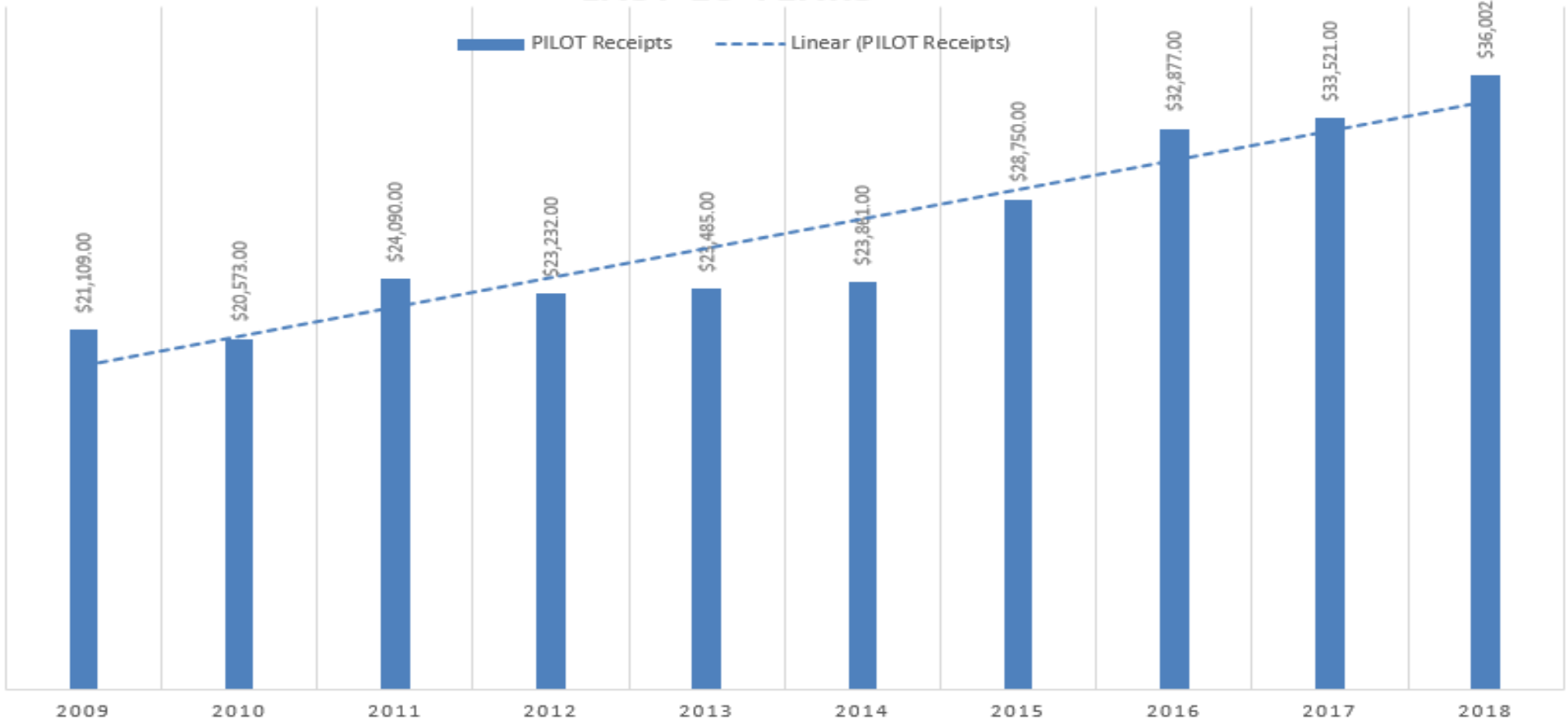
		<b>INCOME</b>			<b>FY19 Budget</b>			<u>Change from</u>	
								<u>FY18</u>	
		Administrative Department			\$ 899,250.00			-15.8%	
		Police Department			\$ 168,500.00			3.8%	
		Street Department			\$ 117,500.00			18.3%	
		Wastewater Department			\$ -			-100.0%	
		Water Department			\$ 491,800.00			1.3%	
					<b>\$ 1,677,050.00</b>			<b>-38.60%</b>	
		<b>EXPENSE</b>							
		Administrative Department			\$ 398,200.00			23.9%	
		Police Department			\$ 812,600.00			4.8%	
		Street Department			\$ 316,450.00			35.5%	
		Wastewater Department			\$ -			-100.0%	
		Water Department			\$ 517,650.00			6.6%	
					<b>\$ 2,044,900.00</b>			<b>-25.13%</b>	

# Administrative Department

- No good news 😞
- Lose approximately \$31,500 in PILOT income
- Increase in direct costs of Salaries and Benefit Costs
- Increase in insurance costs

Chart Area

### TOWN OF BRIDGEVILLE PILOT RECEIPTS LAST 10 YEARS



# Police Department Income

- Minimal to no affect

# Street Department

- Will require an additional employee.
- Related increase in insurance and overhead costs.

# Wastewater Department

- Total Lost income of \$932,550
- Lose Greenwood fees (=\$175,000)
- Lose the farm lease

Wastewater Department (annual debt service p&i) = \$328,037:

DNREC (\$2,700,000) - C	Principle balance:	\$1,205,350
Treatment Upgrade- Spray Farm Project (payoff 2025)		
2005 Loan- #S2026 (20 years @ 2.7%)	Yearly Payment Amt:	<b>\$186,380.74</b>
DNREC (\$485,407) - R/M	Principle balance:	\$337,270
Treatment Plant Upgrades- RBC (payoff 2026)		
2006 Loan- #S2006 (20 years @ 3.5%)	Yearly Payment Amt:	<b>\$42,375.38</b>
DNREC (\$790,389.88)-C	Principle balance:	\$777,231
Refi of 1996 WWTF upgrade (payoff 2037)		
2017 Loan #12000075 (20 years @ 2%)	Yearly Payment <u>Amt</u> :	<b>\$48,330.72</b>
DNREC (\$1,147,944.37)-C	Principle balance:	\$1,136,923
Refi of 2008 Spray Irrigation Project (payoff 2047)		
2017 Loan #12000076 (30 years @ 2%)	Yearly Payment <u>Amt</u> :	<b>\$51,207.46</b>



# Water Department

- Any future surplus would need to be used to help balance the overall operating budget. FY19 budget shows water enterprise fund deficit of \$28,850.
- Would need to pay down existing debt to reduce annual operating budget.
- EDU penalties would no longer be split.
- Possible future increase in user fee rates if deficit continues.
- Potential justification for future increase of the administrative expense allocation.

Water Department (annual debt service p&i) = \$113,623:

USDA Rural Development (\$829,100) - C	Principle balance:	\$554,566
Water Upgrades (payoff 2036)		
1996 Loan- #91-05 (40 years @4.5%)	Yearly Payment Amt:	<b>\$44,808.00</b>
<b>DNREC<sup>1</sup></b> (\$1,108,106.40) - R/M	Principle balance:	\$1,002,539
Walnut, Alarms and Meters (payoff 2034)		
2014 Loan- #21000060 (20 years @ 1.5%)	Yearly Payment Amt:	<b>\$68,815.24</b>

# Western Sussex Sewer district costs

- The current Sussex County Service Charge is \$286/year per Equivalent Dwelling Unit (house, mobile home, apartment, etc.); billed quarterly to all customers in the system.
- Commercial customers are assessed on a fixture unit or historic flow basis establishing the base line EDU number per account used in billing.
- The proposed debt service, based on an equal or better grant/loan ratio than currently offered, is expected to be in the range of \$250- &275 per year per EDU.
- Estimated annual household cost:
  - \$286 – current (FY 2018) system wide User Charge per EDU
  - \$314 – total debt service incl. refinanced existing debt
  - **Total: \$600/year per EDU**
- Sussex County rolls all necessary future treatment and transmission upgrades in the system wide User Charge. Historically annual user charge increases have been +/-2%.
- All potential future customers within and outside the municipal boundaries of the Western Sussex district area will pay the identical debt service contributing to rate stabilization.
- Sussex County's Sewer Connection Charge (impact fee) in FY 2018 is \$6,360 which compares well with the current Town of Bridgeville impact fee of \$6,000 hence no impediment to future growth. However, the current impact fee in Greenwood is lower at \$1,750 per EDU. After sewer district creation all fee should be adjusted accordingly.

NOW:

Average Residential = 3500 gallons (<1 EDU) = \$31.10 per month (\$373.20 per year)

Average Commercial = 13,100 gallons (approx. 2 EDUs) = \$124.55 per month (\$1,494.60 per year)

Average Industrial = 49,000 gallons (approx. 7 EDUs) = \$591.25 per month (\$7,095 per year)

WWTP Upgrade (Bardenpho) = \$10,752,795 (after applying Grants = \$5,088,000)

Annual Debt Service & Operational Costs increase = \$542,707

# of existing users = 1250 = increase per customer of \$434.16 per year.

**TOTAL ANNUAL RESIDENTIAL CHARGE = \$807.36**

**TOTAL ANNUAL COMMERCIAL CHARGE = \$1,928.76**

**TOTAL ANNUAL INDUSTRIAL CHARGE = \$7,529.16**

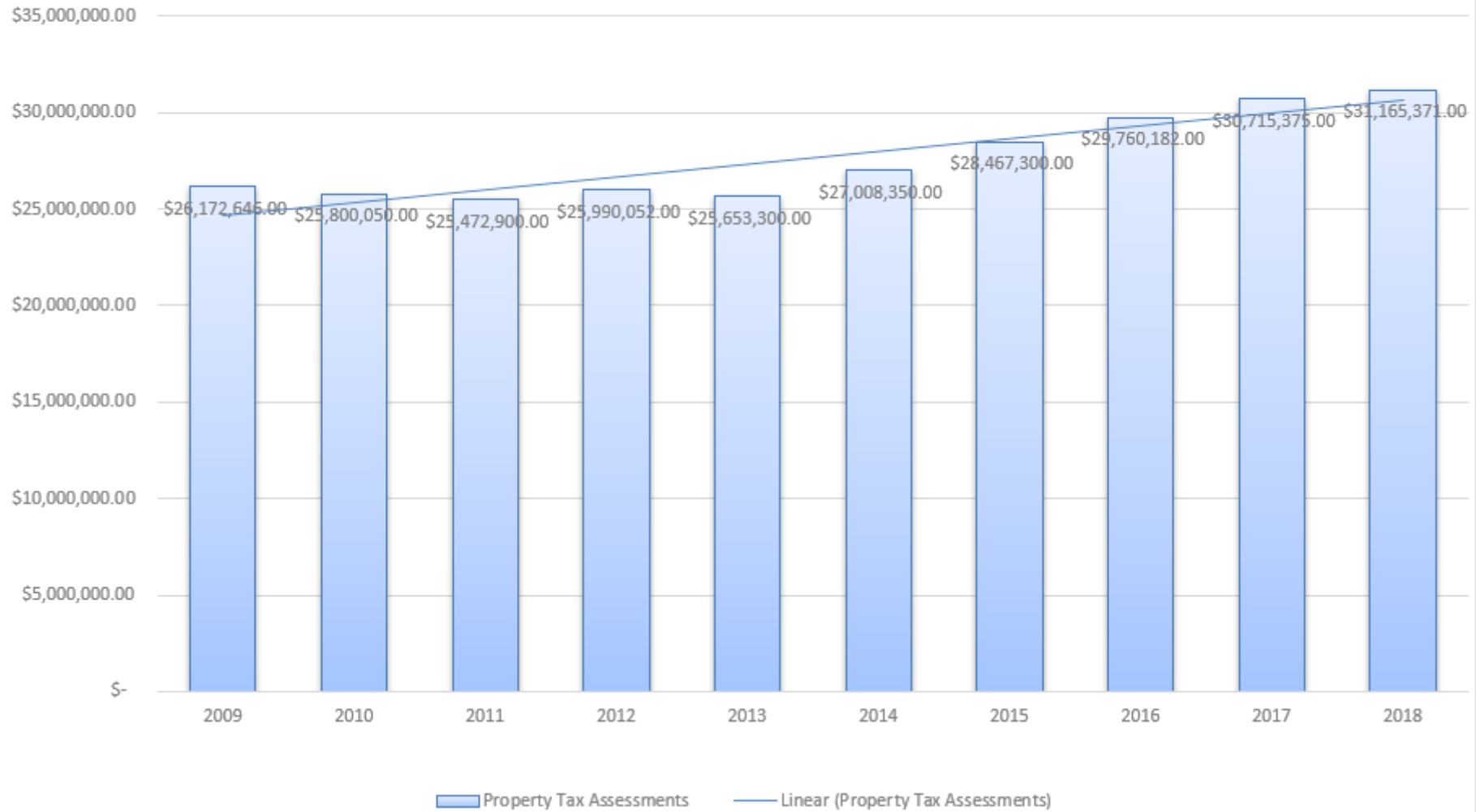
County Option (Send to Seaford) = \$7,592,000

**TOTAL ANNUAL RESIDENTIAL CHARGE = 1 EDU = \$561**

**TOTAL ANNUAL COMMERCIAL CHARGE = 2 EDUs = \$1,122**

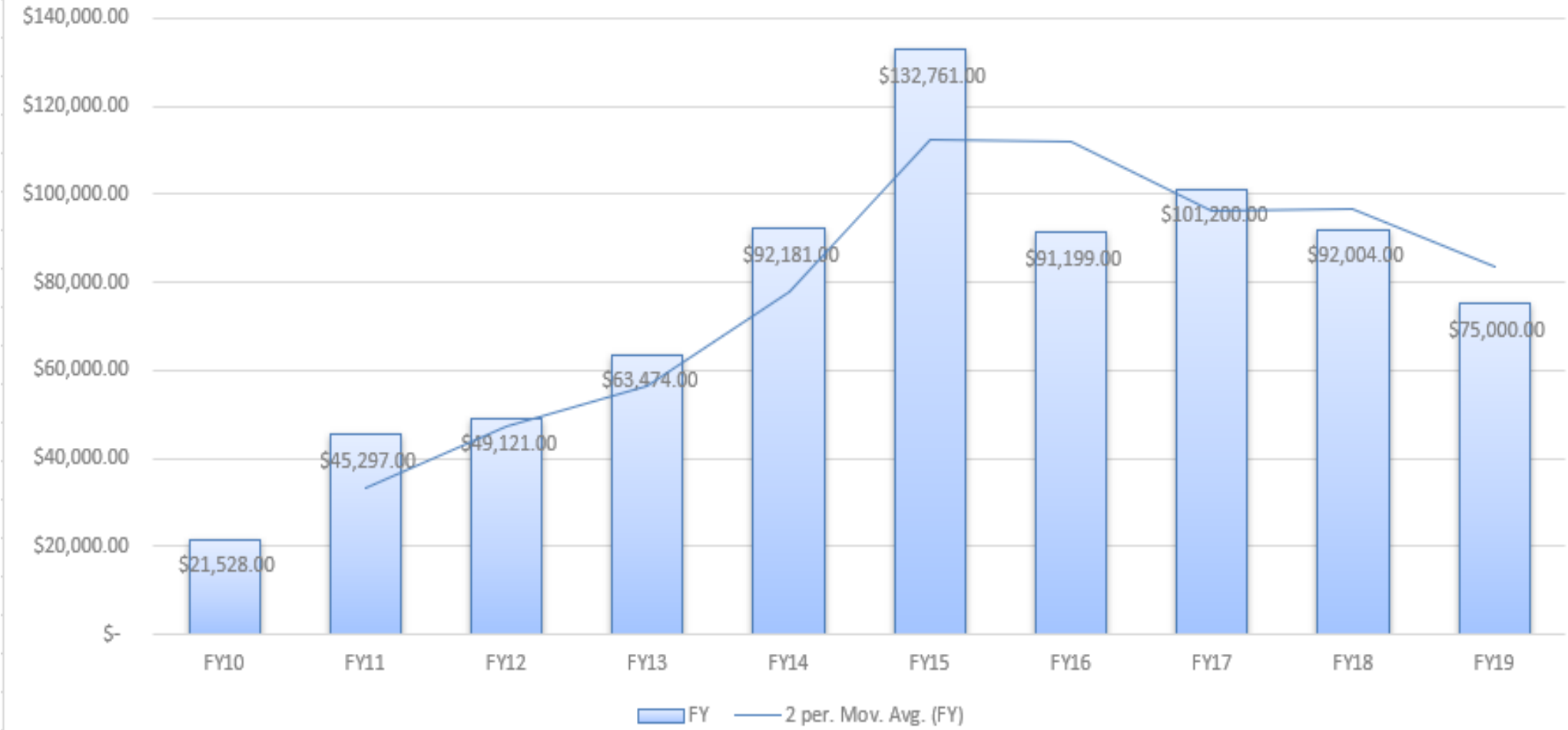
**TOTAL ANNUAL INDUSTRIAL CHARGE = 7 EDUs = \$3,927**

Town of Bridgeville  
Property Assessments Last 10 Years  
<2% growth on average



- Property Tax assessments are averaging a 2% growth rate over the last 10 years.
- New Residential construction starts have leveled off.
- Verizon's self assessment is lowered every year. In 2012 it equaled \$3,243,500 (\$77,844 tax bill). It is now \$1,815,300 (\$43,567 tax bill).

### Town of Bridgeville Building Permit Receipts

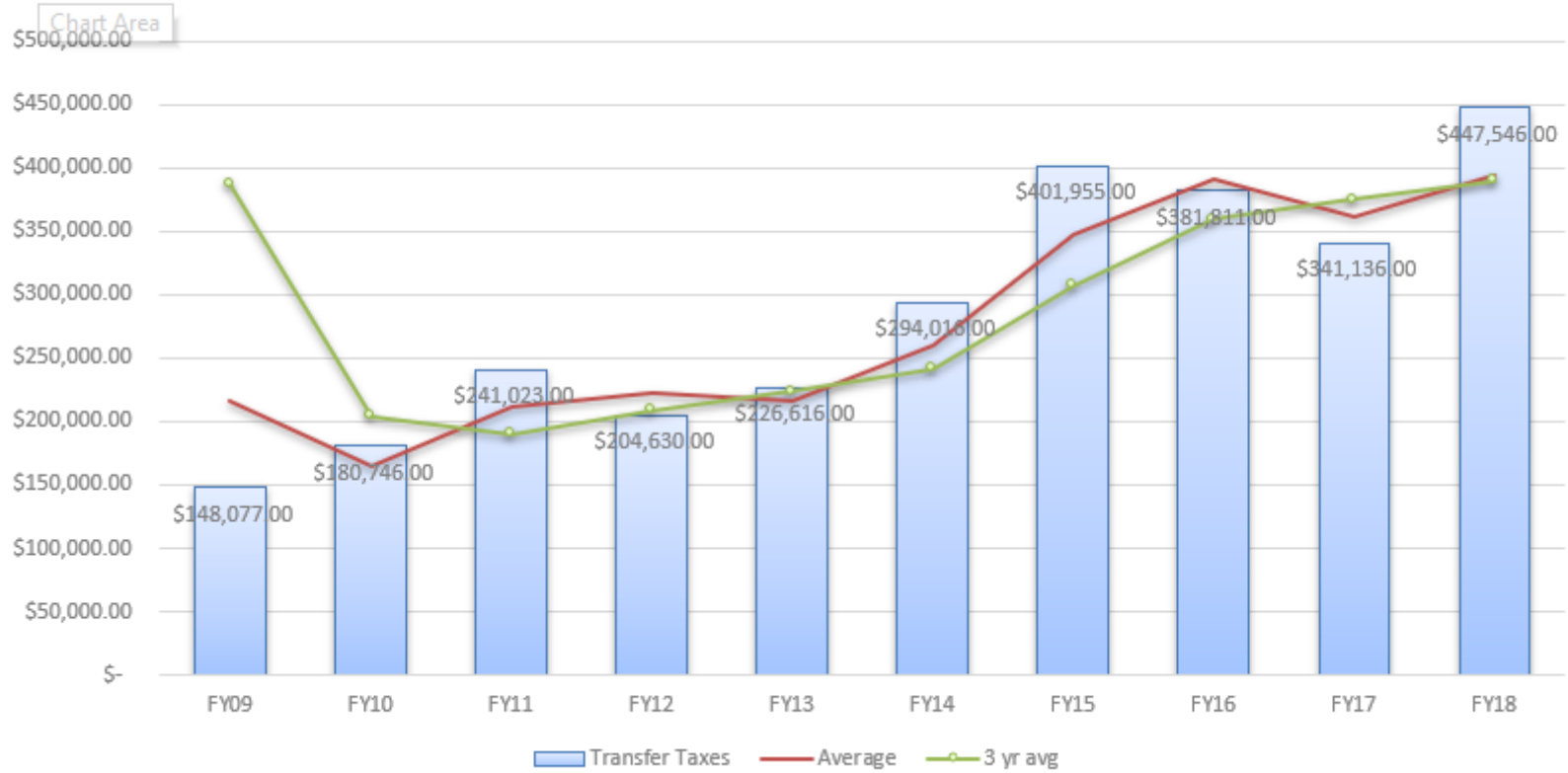


# Realty Transfer Taxes

- Taxes received based on transfers/sales of property within Town limits.
- The Town receives 1.5% of the sales price. The County Recorder of Deeds office collects the fee on our behalf and charges 1% of our collection for their services.
- The past 3 years we have accumulated enough in excess RTT that we should be able to pay for the new police station with cash reserves.
- The Commission should consider a Resolution or Spending Policy for the RTT that the Town collects annually. It could be used towards approved capital items and costly repairs/replacements.



### Town of Bridgeville Transfer Taxes



County Assessment =	\$ 33,195,521.00
Town Abatements =	\$ (4,083,850.00)
Town Additions/Deductions=	\$ 2,053,700.00
Town Assessment	\$ 31,165,371.00

	div by 100, x \$2.40 =	\$ 747,968.90	Amount billed
25% Tax Increase Proposal	x \$2.52 =	\$ 808,928.37	5% in- FY20
	x \$2.64 =	\$ 872,872.23	5% in- FY21
	x \$2.76 =	\$ 939,924.69	5% in- FY22
	x \$2.88 =	\$ 1,010,214.71	5% in- FY23
	x \$3.00 =	\$ 1,083,876.20	5% in- FY24

15% Tax Increase Proposal	x \$2.47 =	\$ 792,878.20	3% in- FY20
	x \$2.55 =	\$ 843,115.22	3% in- FY21
	x \$2.62 =	\$ 892,247.35	3% in- FY22
	x \$2.69 =	\$ 943,568.60	3% in- FY23
	x \$2.76 =	\$ 997,166.10	3% in- FY24

20% Tax Increase Proposal	x \$2.50 =	\$ 802,508.30	4% in- FY20
	x \$2.60 =	\$ 859,646.89	4% in- FY21
	x \$2.70 =	\$ 939,924.69	4% in- FY22
	x \$2.79 =	\$ 978,645.50	4% in- FY23
	x \$2.88 =	\$ 1,040,521.15	4% in- FY24

10% Tax Increase Proposal	x \$2.45 =	\$ 786,458.14	2% in- FY20
	x \$2.50 =	\$ 826,583.55	2% in- FY21
	x \$2.55 =	\$ 868,408.68	2% in- FY22
	x \$2.60 =	\$ 911,999.39	2% in- FY23
	x \$2.64 =	\$ 953,811.05	2% in- FY24

# Residential Property Taxes

- Average Residential Assessment = \$16,900
  - Heritage Shores = \$28,100
    - Current Tax bill is \$674
    - 25% would be \$843 in 5 years (\$34 per year; ~\$3 per month)
    - 10% would be \$742 in 5 years (\$14 per year; ~\$1 per month)
  - Remaining Residential = \$9,000
    - Current Tax bill is \$216
    - 25% would be \$270 in 5 years (\$11 per year, ~\$1 per month)
    - 10% would be \$238 in 5 years (\$4 per year, ~\$.33 per month)

# Commercial Property Taxes

Average Commercial Property Assessment = \$49,100

- Current Tax bill is \$1,178
- 25% would be \$1,473 in 5 years (\$59 per year; ~\$5 per month)
- 10% would be \$1,296 in 5 years (\$24 per year; \$2 per month)

# Tax Bill Comparison

Current Tax Bill	10%	15%	20%	25%
\$ 100.00	\$110.0	\$115.00	\$120.0	\$125.00
\$ 150.00	\$165.0	\$172.50	\$180.0	\$187.50
\$ 200.00	\$220.0	\$230.00	\$240.0	\$250.00
\$ 250.00	\$275.0	\$287.50	\$300.0	\$312.50
\$ 300.00	\$330.0	\$345.00	\$360.0	\$375.00
\$ 350.00	\$385.0	\$402.50	\$420.0	\$437.50
\$ 400.00	\$440.0	\$460.00	\$480.0	\$500.00
\$ 450.00	\$495.0	\$517.50	\$540.0	\$562.50
\$ 500.00	\$550.0	\$575.00	\$600.0	\$625.00
\$ 550.00	\$605.0	\$632.50	\$660.0	\$687.50
\$ 600.00	\$660.0	\$690.00	\$720.0	\$750.00
\$ 650.00	\$715.0	\$747.50	\$780.0	\$812.50
\$ 700.00	\$770.0	\$805.00	\$840.0	\$875.00
\$ 800.00	\$880.0	\$920.00	\$960.0	\$1,000.00
\$ 900.00	\$990.0	\$1,035.00	\$1,080.0	\$1,125.00
\$ 1,000.00	\$1,100.0	\$1,150.00	\$1,200.0	\$1,250.00
\$ 1,500.00	\$1,650.0	\$1,725.00	\$1,800.0	\$1,875.00
\$ 2,000.00	\$2,200.0	\$2,300.00	\$2,400.0	\$2,500.00
\$ 2,500.00	\$2,750.0	\$2,875.00	\$3,000.0	\$3,125.00

Current Tax Bill	10%	15%	20%	25%
\$ 3,000.00	\$3,300.0	\$3,450.00	\$3,600.0	\$3,750.00
\$ 4,000.00	\$4,400.0	\$4,600.00	\$4,800.0	\$5,000.00
\$ 5,000.00	\$5,500.0	\$5,750.00	\$6,000.0	\$6,250.00
\$ 6,000.00	\$6,600.0	\$6,900.00	\$7,200.0	\$7,500.00
\$ 7,000.00	\$7,700.0	\$8,050.00	\$8,400.0	\$8,750.00
\$ 8,000.00	\$8,800.0	\$9,200.00	\$9,600.0	\$10,000.00
\$ 9,000.00	\$9,900.0	\$10,350.00	\$10,800.0	\$11,250.00
\$ 10,000.00	\$11,000.0	\$11,500.00	\$12,000.0	\$12,500.00
\$ 15,000.00	\$16,500.0	\$17,250.00	\$18,000.0	\$18,750.00
\$ 20,000.00	\$22,000.0	\$23,000.00	\$24,000.0	\$25,000.00
\$ 25,000.00	\$27,500.0	\$28,750.00	\$30,000.0	\$31,250.00