TOWN OF BRIDGEVILLE

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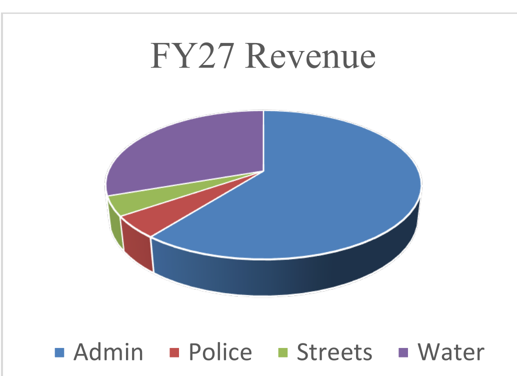
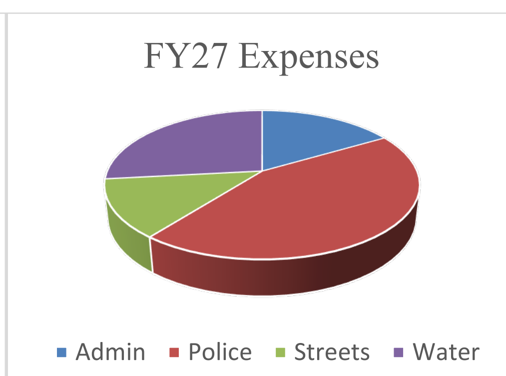
FY27 Operating Budget Summary

REVENUE			**FY27**
General- Administrative Dept		$	2,093,676
General- Police Dept		$	165,000
General- Street Dept		$	146,560
	General Fund	$	2,405,236
Enterprise- Water Dept			
	Enterprise Funds	$	1,046,200
	Income Total =	$	3,451,436
EXPENSE			
General-Administrative Dept		$	566,865
General- Police Dept		$	1,504,803
General- Street Dept		$	433,004
	General Fund	$	2,504,672
Enterprise- Water Dept			
	Enterprise Funds	$	912,657
	Expense Total =	$	3,417,329
	General Net	$	(199,436)
	Enterprise Net	$	133,543
	Approved Reserves (RTT)	$	100,000.00
	New General Fund Net	$	563
	New Enterprise Net	$	133,543





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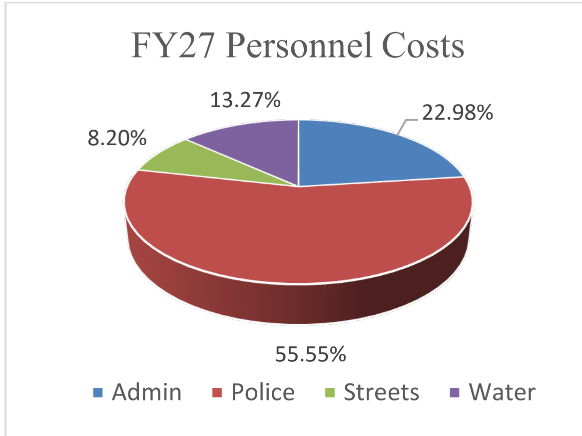

Key Points of the FY27 Budget

- The overall budget has an 8.32% increase in Revenue from FY26 (Including Reserves).
- The overall budget has a 4.55% increase in Expenses from FY26.
- Property Taxes fund 52.2% of the FY27 Budget, from 46.9% in FY 26, 47.5% in FY25, and 43.1% in FY24.
- Property Taxes, as part of the Administrative Fund Revenue, cover any shortfalls in the Streets and Police Departments that are not high revenue generators.
- Approximately 44% of the Operating Budget is dedicated to the Police Department/Public Safety.
- The Consumer Price Index (CPI) average for 2025 was 2.7%.
- The FY26 Budget included operating costs for major software and technology upgrades for the water department, permitting and code enforcement, and other much-needed changes to replace outdated software or manual pen-and-paper procedures. This overhaul is still underway, but it is enabling more efficient processes and ongoing opportunities for improvement in other areas.
- The Water Department is still operating sufficiently within the rates determined in 2022, and a review of the rate structure was determined not to be needed for the FY27 Budget year. However, this will likely need to be completed on the predicted 3–5-year schedule for the FY28 Budget, as we begin planning for major growth with the water system infrastructure.
- The Water Department is budgeted conservatively based on usage and weather trends for the past three years. 2024 experienced an unseasonably hot and dry summer, leading to a significant increase in irrigation usage. The summer of 2025 was not as drastic, but it still spiked higher than previous years. The following chart shows trends in water usage from October 2020 to April 2026. New construction/growth has increased base usage by approximately 2 million gallons over the past year.

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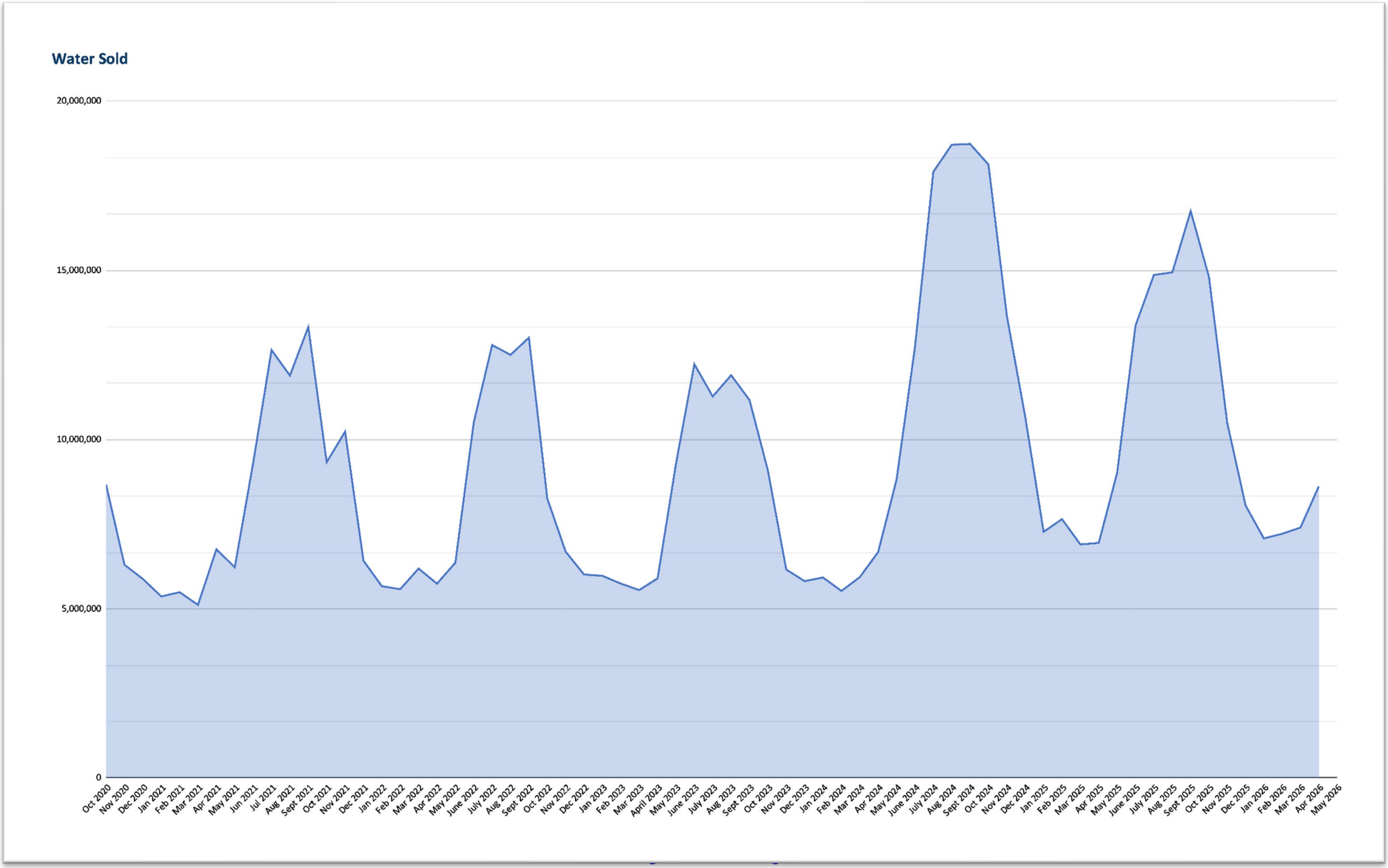

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Changes from FY26

- No new staffing positions have been added for FY27. Some positions remain unfilled from the FY26 budget year, and one employee remains on LTD. The FY27 budget includes that absence.
- Health insurance has increased by **31.2%** in the last three years. FY27 shows another **3%** increase passed down by the State of Delaware Health Insurance Plan. We have kept the same coverage structure as created in FY25.
  - Provides better coverage for employees under the State Health Plan by increasing coverage provided by the town for individual and family plans, which helps cover the significantly higher cost burden on employees and assists in increasing employee retention.
    - Allows for 100% of employee coverage
    - Allows for 100% employee coverage, plus 50% spouse
    - Allows for 100% employee coverage, plus 50% children
    - Allows for 100% employee coverage, plus 75% family
    - **Cost varies by plan choice, but at a minimal amount at equal plan levels.
  - Costs for Dental Insurance increased by an average of 3% and are still out-of-pocket options for employees.
  - The Town entered into the State's Vision Plan for FY26, and costs are out of pocket for employees. These plans decreased by an average of 10%.
- Unexpected costs – many uncontrollable factors have had drastic impacts on budgeting – from increased fuel prices to tariffs directly impacting prices from water treatment chemicals to electronics, along with steady rises in utilities, we have seen large increases across all departments.
- Heritage Shores Street Lights – as we are now in the later phases of the Heritage Shores community, more streets are being turned over to public acceptance. With this transfer comes an increased cost in street lighting. Due to delays during the pandemic, a large number of streets were turned over between 2023 and 2025. Now that the deeds have been recorded, the official transfer of street lights is underway, which is estimated to add *an additional* $72,000 in utility costs to the operating budget.
- Continued reduced dependency on estimated building permit applications to balance the budget. The prior three to four years had seen a surge in development, which greatly helped to cover costs, but it has dropped significantly in the past year as the COVID and post-COVID construction boom has calmed. We are seeing some growth again as Heritage Shores nears completion, and a second builder has been reintroduced. Still, we are not yet seeing post-pandemic surge levels, likely due to broader economic factors.
- The FY27 Budget uses $100,000 in Realty Transfer Taxes in reserves to balance the budget, down from over $200,000 used in the prior two years. This amount is equal to the interest earned in one year on existing reserves.

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Reassessment Recap

- The Town anticipated revisiting the FY26 budget with the court-mandated reassessment project and calculating how those changes impact the overall Town Budget. Changes were anticipated to be revenue-neutral, and the decision was made in FY25 to be cautious and wait for the results rather than create an even larger increase than necessary in FY26. However, even with another shortfall, the property tax rate remained unchanged for FY26 due to the timing of reassessment data, resulting in another year of reserves being used.
- Sussex County began utilizing the new assessments after March 31, 2025. However, that data was not certified until June 30, 2025. Per the Bridgeville Charter, the Town Budget must be adopted at the regular June meeting. Also, a property tax rate, as a fee schedule/code amendment, must be adopted by ordinance, which would require two months of meetings before property tax bills could be generated. Due to the timing of the County's certification of reassessment data, the Commission had to use the 1974 assessments as of March (per the County's last certification) for FY26.
- Preliminary data testing of new assessments in March 2025 showed that the data was <u>not</u> revenue-neutral for Bridgeville. The Commission intended to submit a Charter change in FY26 to structure the property tax rate for FY27 more fairly; however, the state adopted broader, sweeping legislation in August 2025 in response to the drastic impacts of reassessment, as most municipal charters do not allow flexibility in tax rate structure (residential vs. non-residential). This was enacted by SB 204 and signed by the Governor on August 12, 2025. (Attached)
  - Analysis of properties within Bridgeville shows a significant reduction in property taxes for most non-residential properties, excluding those that saw development or other drastic changes.
  - For residential properties, the data trends very visibly south to north in the composition of the town. Properties within Heritage Shores remained neutral or decreased; properties in the central area of town saw slight increases, and properties on the north end of town saw the largest increases in assessments.
  - Data from the drop in commercial revenue is approximately $200,000, which is then assumed to be redistributed to the remaining properties to reach the same revenue levels as in prior years.
  - To neutralize the impacts on residents, the state-level Charter release allows for municipalities to adopt a residential and non-residential tax rate.
  - The design of this rate is not to hurt businesses or impact economic development – but to bring values closer to previous levels, allowing the hardest-hit and economically lower-income demographic to not bear the brunt of reassessment from 1974 values to 2025 values as determined by Tyler Technologies.
- By not being able to increase the tax rate for FY26, Town reserves were impacted more deeply than anticipated. A lack of increase also does not address inflation. A

lack of a tax rate for the new assessments impacted the budget by preventing supplemental tax bills for newly developed or changed properties in FY26. Now, in FY27, we are more than two years and 5.6% behind due to inflation.

Property Tax Rate History

Tax Increase Records					% Increase
1997		$ 1.10		Ordinance 97-1	
	Missing Data				
2006	Reduced from $1.83	$ 1.73		Ordinance A06-3	57%
2010	Increased from $1.73	$ 2.00		Ordinance A10-4	15.6%
2014	Increased from $2.00	$ 2.40		Ordinance 14-4	20%
2018	Planned 5-Year Increase 25% over 5 Years			Ordinance 2018-03	
2019		$ 2.52		Ordinance 2018-03	5%
2020		$ 2.64		Ordinance 2018-03	5%
2021		$ 2.76		Ordinance 2018-03	5%
2022		$ 2.88		Ordinance 2018-03	5%
2023		$ 3.00		Ordinance 2018-03	5%
2024	Increased from $3.00	$ 3.66		Ordinance 2024-02	22%
2025		$ 3.66			
2026	Kept the same due to reassessment in progress	$ 3.66			

CPI Data from the Same Period

CPI	**Dec-Dec %**	Avg Change	Matching to PTAX Rate Increases
1997	1.7	2.3	
1998	1.6	1.6	
1999	2.7	2.2	
2000	3.4	3.4	
2001	1.6	2.8	
2002	2.4	1.6	
2003	1.9	2.3	
2004	3.3	2.7	
2005	3.4	3.4	**22%**

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2006	2.5	3.2	
2007	4.1	2.8	
2008	0.1	3.8	
2009	2.7	-0.4	**9.4%**
2010	1.5	1.6	
2011	3	3.2	
2012	1.7	2.1	
2013	1.5	1.5	**7.7%**
2014	0.8	1.6	
2015	0.7	0.1	
2016	2.1	1.3	
2017	2.1	2.1	
2018	1.9	2.4	
2019	2.3	1.8	
2020	1.4	1.2	
2021	7	4.7	
2022	6.5	8	
2023	3.4	4.1	**28.2%**
2024	2.9	2.9	**2.9%**
2025	2.7	2.6	

Key Takeaways from Data

- From FY26 - For most of the past increases, the amount built into the property tax rate did not cover the average CPI percentage for the same time period. This was explained in prior years as justification for the rates adopted in FY24 and FY25.
- From FY26 - The 2018-2023 increase at 5% per year, with the prior rate change in 2014, was intended to wean the Operating Budget off dependence on realty transfer taxes and the impending loss/sale of the wastewater system. In that same time period, the CPI was 28.2% on average. This means the increases were not actual increases in revenue; they did not replace other sources of revenue; they were still 3.2% less than the inflation.
- For FY27 - Because of the reassessment, we can no longer compare directly to past rates with percentage increases. The tracking as in the table above starts over because the reassessment made variable changes to all properties; therefore, some properties may see an increase, some may see a decrease, and others may remain neutral relative to prior years.
- The reassessment process also changes our ability to gauge rates as comparable to other areas of the county. Since the reassessment was designed to be revenue-

neutral across the county, reports have shown that properties on the coastal side of Sussex County saw significant increases in value. As such, tax rates with the 2025 assessments in coastal communities often appear significantly lower than those in communities on the western side of the county. We can now only gauge comparable rates with other towns, such as Greenwood, Blades, and Laurel, which do not pay for their own assessments. (See attached rate sheet).

- The method to determine a residential vs. non-residential tax rate was performed as follows:
    - Attempt to keep the residential tax rate comparable to surrounding communities (in the 0.50 range) with the residential-only assessment base of 2,749,842.50, which equates to 0.51 per $100. (Rate = $ amount needed/assessment).
    - From the remaining budget deficit after the residential calculations, the amount needed to be covered from the non-residential classes was determined. That assessment base is $524,073, which equates to $0.86 per $100, using the same formula as above.
    - This method brings the non-residential properties that saw up to an 80-90% reduction from reassessment to the range of 70%, and still produces lower overall tax bills than with the 1974 assessments. The redistribution allows for some alleviation of the tax burden in lower-income residential areas, while balancing the need to avoid harming non-residential properties or impeding economic development.
- With all of the above factors, the deficit for the FY27 budget was around $350,000. The path chosen to balance FY27 was achieved in thirds – an established residential and non-residential tax rate, a one-year hiring freeze, maintaining FY26 staffing levels as previously budgeted, and a reduced transfer (comparable to the prior two years) from reserves to cover the remaining deficit.