Council Workshop

January 30, 2026

City Council Chambers

Topics for Discussion

- Purpose and Background
- Relationship to Budget and Schedule
- Data
- Services and Programs
- Powers of the City
- Department Overviews
- Challenges and Issues
- Opportunities
- Budget Realities
- Council Input

Purpose and Background

Establishing Expectations

- Each year at this time, during a Council Workshop, staff brings to City Council's attention information about issues, challenges, services and programs, and other factors that impact the city's operations and finances.
- This discussion helps to develop the budget expectations and recommendations for the upcoming fiscal year.
- Direction and expectations from City Council are not always well defined or shared.

Relationship to Budget and Schedule

FY27 Budget Schedule

	DRAFT BUDGET GUIDELINES REVENUES, EXPENSES & CIP PERSONNEL BUDGET SUMMARIES, ANALYTICS & FORECAST MODELS COUNCIL & COMMITTEE PRESENTATIONS
10/15/2025	Budget Memo, Instructions and 'Add Pay' requests to be distributed
10/15/2025	Department's Revenue & Expense Budget Preparation and entry into Munis (both Operating & CIP). **Lockout will occur on 12/23/2025.**
10/31/2025* – 11/26/2025	**Submissions to Cent. Services by 10/24/25***; Inspections completed 11/26/25; Vehicle inspections and recommendations completed; Submit to City Manager by 12/12/25.
10/31/2025	Price guides for computer related items, cell phones, copier maintenance, janitorial, HVAC, uniforms, vehicles, and life cycle replacements placed in the shared folder.
11/15/2025	Updated 'Add Pay' information due to City Manager's Office.

FY27 Budget Schedule (continued)

***11/28/2025**	**Requests for headcount or personnel changes (reclassification/raise) due to Human Resources and City Manager's Office (Strategic Requests).**
12/1/2025 – 12/19/2025	Personnel budget changes, including reclassifications, are reviewed by the City Manager, Controller/Treasurer & Human Resources Director. Meetings held with Department Heads to discuss.
***12/23/2025**	Department's Revenue & Expense Budget Preparation and entry into Munis ***Lockout will occur on 12/23/2025**.
*12/23/2025	*All CIP support documentation submitted to City Manager by 12/23/2025
1/5/2026 – 1/16/2026	City Manager, Controller/Treasurer & Human Resources review draft personnel budget.
***1/16/2026**	**Department Narrative due**; Complete personnel budget files; CMO to determine benefit rates; **CMO** enters personnel items into Munis.

FY27 Budget Schedule (continued)

1/19/26 – 1/23/26	Council workshop to review budget goals and objectives (if scheduled)
1/26/26 – 2/13/26	Draft Budget Summaries & Forecast Models Prepared (based on FY26 data)
2/2/26 – 3/30/26	**Draft Budget Review meetings held with Department Heads**
2/23/26 – 3/6/26	Draft Budget Summaries and historical trend review by City Manager & Controller
3/9/26 – 3/13/26	Revised Draft Budget & CIP prepared
5/18/26 – 6/12/26	**Budget Communication Meetings with Commercial Customers, Department Heads & citizens**
2/1/26 – 3/31/26	Budget review meetings as needed; Standing Committee Members invited
4/20/26	Preliminary Draft Budget to Council & Electric Public Hearing Advertisement posted
4/27/26	Electric Public Hearing & First Reading of Budget Ordinance
6/11/26	Second Reading of Budget Ordinance (3rd Read 6/22 if necessary)

Bold with asterisk indicates deadline for Department Heads*

Data

Relevant Data: Population

2010	**36,047**	
2010-2020	Up 6.2%	(about 0.06%/year)
2020	**38,306**	
2020-2024	Up 4.6%	(about 1.2%/year)
2024	**40,085**	
2024-2030*	Up 4.2%	(about 1.7%/year)
2030*	**41,769**	

* Forecasted: 281 people / about 90 new families per year

Relevant Data: City Budget

Year	City Budget (all funds)	General Fund	Percent
FY 2022	165,284,600.00	52,375,900.00	32%
FY 2023	215,319,300.00	56,084,300.00	26%
FY 2024	203,394,300.00	59,263,600.00	29%
FY 2025	226,173,900.00	61,951,800.00	27%
FY 2026	249,482,400.00	64,760,800.00	26%

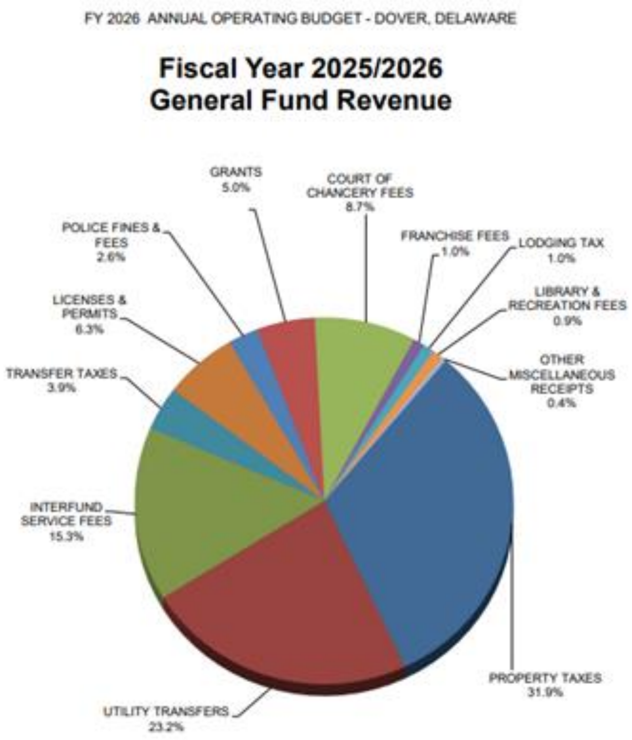
Key: *Without enterprise funds and grants the city could not cover its costs without significant tax and fee increases. General Fund decreasing as share of total budget while overall budget is growing in part due to inflationary pressures.*

Relevant Data: Taxes

Fiscal Year	Tax Rates	Taxable Assessed Values
2020	0.4400	$3,273,992,600
2021	0.4050	$3,517,265,100
2022	0.4150	$3,524,870,700
2023	0.4350	$3,555,093,900
2024	0.4550	$3,588,909,840
2025	0.4550	$3,620,834,640
2026	0.4550	$3,637,963,185
2027*	0.4550*	$3,663,000,000*

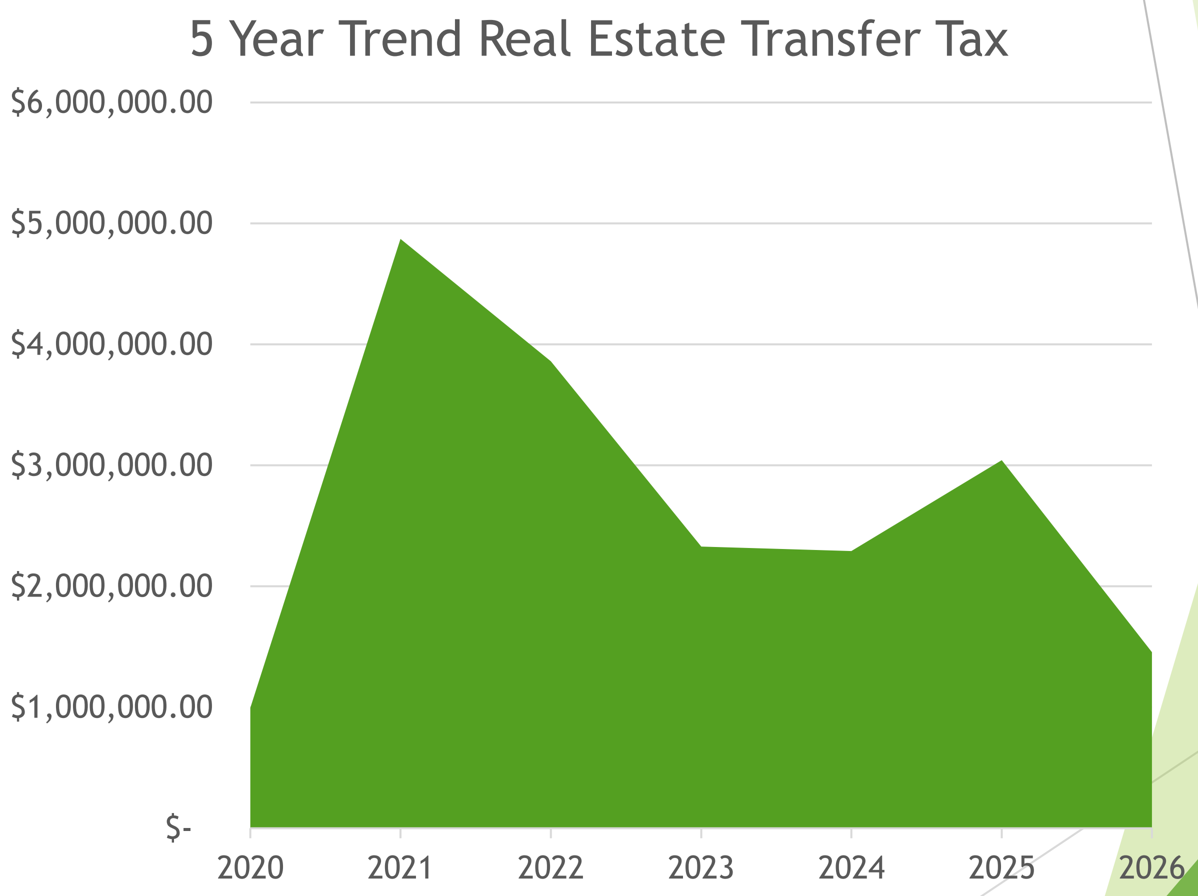
(*Projection based on 2024-26 average)

Note: *Moderate growth in taxable assessed values limit revenue opportunities. Approximately $16.7 million in tax revenue estimated in 2027 (25% of GF budget).*



Relevant Data: Transfer Taxes

Report Criteria:	1/1/2020 - 12/31/2025
2020	$ 994,116.65
2021	$4,872,324.87
2022	$3,861,370.34
2023	$2,329,907.30
2024	$2,292,718.05
2025	$3,043,879.30
2026	$1,454,597.11



Services and Programs

Questions

- What is provided for in Charter and Code?
- Who decides what services we provide (City Council, State, Feds)?
  - Many social service programs are already handled by the State, Feds, and non-profits.
- Primary, traditional city obligations (what residents expect):
  - Water, sewer, streets, sanitation
  - Electric (power)
  - Police, fire
  - Building standards

Unfunded Mandates

- Reassessment;
- ADA parking;
- Forever chemicals;
- NPDES MS4 stormwater program;
- Accessory dwellings;
- Renewable energy; and
- Others.

How Quality Services are Provided

- The City's ability to provide efficient, quality services to our residents and customers is a result of:
  - Highly dedicated employees working as team;
  - Competent staff with the skills, training and abilities to perform efficiently;
  - Ongoing attention to the maintenance and management of the City's assets;
  - Effective allocation of the City's capital resources; and
  - Well managed enterprise funds supported by detailed rate studies and procedures.

Many thanks to Team Dover!

Powers of the City

Powers of the City

- Powers set forth in Charter (Article 2, Sections 19-32) include:
  - Power to define and abate nuisances;
  - Power to provide fire protection measures;
  - Power to adopt zoning ordinances;
  - Power to regulate construction of buildings and require permits;
  - Power to create city planning commission;
  - Power to operate light, power or water plant;
  - Power with reference to sewers, streets, and sidewalks;
  - Power to provide disposal of garbage and sewage; and
  - Other.

Broad Powers of the City

- Powers set forth in Charter (Article 2, Section 18) provide for the authority to adopt <u>ordinances</u> of every kind relating to any subject coming within the powers and functions of the city, including:
  - Government of the city;
  - Peace and order;
  - Sanitation;
  - Appearance and beauty;
  - Health, safety, convenience and comfort of population;
  - Protection and preservation of property; and
  - Fix and impose and enforce the payment of fines and penalties for the violation of any such ordinance.

Powers Not Specifically Enumerated or Prohibited (also provided by others)

- Housing – temporary and permanent
- Social services
- Mental Health and addiction
- Vagrancy and homelessness
- Economic development including workforce development
- Other

Enumerated Powers (anything else)

- In addition to the powers specifically enumerated by statutes in Title 22 of the Delaware Code and elsewhere, the City of Dover shall assume and have all powers which under the Constitution of the State it would be competent *<u>for the General Assembly to grant by specific enumeration</u>*, and which are not denied by statute. 77 Del. Laws, c. 130, § 2 (the "anything else" clause)

Department Overviews

Department Overviews

- Each Department developed an overview presentation which is provided in a separate packet for Council review and reference.
- Department overviews include:
  - Function and general overview
  - Assessment
  - Challenges
  - Opportunities
  - Budget considerations
  - Direction needed from City Council

Challenges and Issues

Challenges and Issues

- Decisions are often made under pressure from a small percentage of constituents which do not necessarily represent the public as a whole.
- Only about 0.01% of the city's 29,000 registered voters regularly attend council meetings.
- How well we perform the duties / provide services we are already assigned should be assessed.
- More reactive than proactive. Limited planning opportunities.

Budgetary Challenges

- Relatively lower family incomes and lower property values restrict how much of an opportunity exists for revenue increases.
- City hurts itself in the short run by tax waivers and incentives that defer capturing the return on investment from economic development.
- Revenue increase proposals are generally revised downward (Council sentiments about "reducing burden" and ensuring equity).
- Overreliance on Enterprise Funds including threats to maintaining necessary balances.
- Budgeted expenditures have exceeded revenues (not including fund transfers and carryovers). This does not meet charter/code or financial policies. Long term sustainability is at question. **To continue in this fashion, we will run out of money!**

Budgetary Challenges (continued)

- Budget represents the priorities, opinions, proposals and recommendations of city management (charter requires annual budget estimate to be prepared by the city manager).
- Budget format and the procedures may not reflect the overall priorities and goals of Council or its individual members.
- While intended to drive high level goals, the fact is that little substantive budget direction occurs.
- Budget presented is constrained by approval of revenues and expenditures.
- Proposed revenue increases (taxes, fees, permits, etc.) are generally rejected or revised downward, not because they can't be justified, but due to objections from the limited and non-representative audience.

Opportunities

What do we want to do?

- Housing – workforce and affordable dwellings?
- Shelters and transitional housing?
- Counseling and treatment?
- Mental health services possibly expanding on police function?
- Workforce and job development?
- Youth facilities modeled after YMCA or Big Brothers Big Sisters?
- What else?

- Council direction and priorities needed!
  - ***We must remember that resources are limited and to pay for new services we will likely have to get rid of some existing services.***

Budget Realities

Capacity and Resources

- Do we have the resources, revenues and capacity to add new functions?
- If not, what services do we reduce or eliminate?
  - Library services
  - Parks and recreation programs
  - Street sweeping (reduce frequency)
  - Street program (crack sealing, patching, repairing, reconstruction)
  - Cops in schools / resource officers
  - Parades, festivals, celebrations and other civic events
  - Other?

Some Realities – Revenue Sources

- Property tax – most often used, resistance, limit, equity
  - Can negatively impact/discourage economic development
  - Low property values limit assessment
  - Tax exemption/PILOT
  - $0.01 generates $362,083.46
  - Taxes currently represents only 25% of the General Fund budget
- Transfer tax – determined by local economy, unpredictable
- Fees, permits, licenses, approvals
  - Subject to local control of amounts charged
  - Can negatively impact/discourage economic development
  - Unpredictable

Revenue Sources

- Miscellaneous revenues (parks, fines, interest, others)
  - Unpredictable, limited
- Grants
  - Unpredictable, cost share, amounts, duration
  - Scope, purpose, administrative requirements
- Transfers from Enterprise Funds
  - Impacts rates, reserves, policies
  - Amount could be limited by growth in customer base
  - Debt related restrictions, credit ratings, borrowing limits
  - Perception and affordability, resistance to higher rates

Council Input

Council's Considerations – Where to Now?

- New functions and responsibilities
  - Will need to reduce existing expenses as new revenue likely inadequate to cover.
- New or redirected revenue sources
  - Special assessments, business improvement district tax, tax increment financing, gross receipts tax, special use fees, etc.
- Equity and fairness, burden on residents
- Protecting vulnerable residents (age, income, skills, access)
- Getting greater and more balanced public participation
- Long term strategic planning and funding commitments
- Reserves

Questions, Comments, Decisions and Follow-up