

**Town of Camden
Public Workshop
Camden Municipal Building
May 21, 2026**

CALL TO ORDER

Mayor Sturgeon called the meeting to order at 6:30 p.m. and noticed that this Public Workshop was being held in compliance with the Delaware Open Public Meeting Act by posting the agenda on May 11, 2026, in the following manner:

- a. Town of Camden front door,
- b. The official bulletin board,
- c. The official Town of Camden website, and
- d. The Delaware State News.

Mayor Sturgeon led attendees in the Pledge of Allegiance and a moment of silence.

Council Attending: Mayor Sturgeon, Vice Mayor Rhodes, Councilwoman Gray, and Councilman Ridgely

Council Absent: Councilwoman Morgan

Staff Attending: Town Manager Harold Scott Jr, Account Specialist Malori Lewis, Town Clerk Lynda Huizinga, and CFO Tom Josiah

ANNOUNCEMENTS

None.

REVIEW/DISCUSSION

Proposed FY27 Budget

Mayor Sturgeon explained that the purpose of this Public Workshop is to review the proposed budget for FY27. Mayor Sturgeon said that hopefully everyone had a chance to review the budget. A cursory review was conducted during the earlier meeting, and members have since added time to review it in detail. The mayor clarified that this is the Town's ideal operational budget.

Mr. Josiah confirmed that if all positions were fully staffed and operations were functioning at full capacity, these would be the Town's projected budget requirements. The revenue projections included in the budget are based on the proposed tax rate increase of two cents.

Councilwoman Gray asked to see a sample for a comparison of the property.

Mr. Josiah said that a property listing was sent to Ms. Lewis and she sent it to the mayor. He suggested bringing one of the sample properties forward for consideration.

Ms. Lewis confirmed that an email was sent.

Mayor Sturgeon asked Ms. Lewis if she could pull up a couple of sample properties using different assessed values to prove the impact of the proposed tax rates. Mayor Sturgeon suggested using examples such as a \$200,000 residential property and a \$400,000 residential property so Council could see the difference in taxes. She clarified that the examples should be selected randomly and based solely on assessed value, not on property owner names.

Mr. Josiah presented several sample properties that were reviewed to show the impact of the proposed tax rate increase.

- For a residential property with an assessed value of \$339,900, the 2025 tax rate would result in taxes of \$781.77. Under the proposed rate, the taxes would increase to \$849.75, which is an increase of \$67.98.
- Another single-family residential property with an assessed value of \$415,300 was reviewed. The 2025 tax amount would be \$955.19, while the proposed rate would increase the taxes to \$1,038.25, being an increase of \$83.00.
- A senior residential property with an assessed value of \$388,900 was also reviewed. Under the 2025 rate, the taxes would be \$855.58. The proposed rate would increase the taxes to \$933.36, resulting in an increase of \$77.28.
- A senior mobile home property with an assessed value of \$103,700 was reviewed as an example on the lower end of the scale. The 2025 tax amount would be \$228.14, while the proposed rate would increase the taxes to \$248.88, being an increase of approximately \$20.00.

Two commercial properties were also reviewed.

- For McDonald's, with an assessed value of \$1,962,200, the 2025 tax amount would be \$8,633, while the proposed rate would increase the taxes to \$9,026.
- For Lowe's, with an assessed value of \$11,449,800, the 2025 tax amount would be \$50,379, while the proposed rate would increase the taxes to \$52,669.

Mayor Sturgeon explained that, for discussion purposes, tax revenue projections can generally be forecasted with a strong degree of certainty because they are based on assessed property values and the established tax rate. However, revenues such as business licenses and permits are more variable because they depend on activity levels, including how many business licenses are issued and how many permits are pulled during the year. Because those figures can fluctuate, the Town typically bases those revenue projections on prior-year usage and historical budget trends. As an example, the business license revenue in the 2025–2026 budget was projected at \$105,000. That amount was kept flat in the proposed budget because no significant increase is expected, although the actual revenue could increase or decrease depending on activity levels. It was noted that when the Town is not completely certain about a revenue source, projections are generally based on prior usage and historical performance.

Councilman Ridgely stated that it would have been helpful to have a formal presentation or graphics prepared for the meeting, like the presentations provided by Mr. Luff for the Sewer and Water Authority, as it would have provided both Council and the public with a clearer understanding of the budget information. However, he acknowledged that Council needed to work with the materials currently available. Councilman Ridgely then shifted the discussion to the Town's tax structure and asked how the proposed increase compared to the incremental tax increase strategy discussed during the previous fiscal year. He questioned whether the Town was still on track with that previously discussed approach. He also raised the possibility of discussing different tax structures for residential and commercial properties. Referring to recent litigation and discussions within Delaware, he noted that commercial and residential tax rates may not necessarily need to be adjusted equally or in parallel. He suggested that Council consider whether a larger part of any tax increase should be applied to commercial properties to lessen the burden on residential taxpayers, particularly given current economic conditions and concerns about residents struggling financially. He further commented that a sizable part of Town expenses is related to the police department and suggested that police services disproportionately support commercial areas, which could justify considering a different approach for commercial tax rates when balancing the budget.

Mayor Sturgeon explained that during the previous year's budget process, the Town initially considered a larger tax increase during the first reading of the budget. However, instead of implementing the full

increase at one time, Council chose to adopt a rolling three-year approach to gradually phase in the increase and lessen the immediate burden on taxpayers. The phased approach was adopted because new property assessments had recently been completed, resulting in updated assessed values for property owners. At the time, there was uncertainty about how those reassessments would affect taxpayers, including the possibility of assessment protests and potential litigation involving the vendor that completed the reassessment work. It was further explained that the Town ultimately chose to accept the new assessed values. She also clarified that the Town does not apply the same tax rate across all property categories. Instead, the Town keeps separate tax rates for commercial, residential, and senior properties.

Councilman Ridgely noted that the commercial tax category does not differentiate between utility properties and other commercial properties. He referenced a prior discussion on the matter and said their understanding that utility-related assessments may have either remained flat or potentially decreased.

Mayor Sturgeon explained that utility services currently pay a tax rate that had historically been tied to the commercial tax rate. When the new property assessments were implemented, it may have been an oversight that the utility rate was not reviewed separately, as the Town continued using the commercial rate structure for utility services. As part of the reassessment process, the Town adjusted rates to accommodate the new assessed property values and completed a revenue-neutral calculation before applying the increase. According to the discussion, that process resulted in a reduction in the fees being paid by utility companies, even though those fees were not necessarily tied directly to the utilities' assessed values. It was further explained that, as part of the current budget process, the Town intends to revisit that issue. Reference was made to the tax revenue line item "01-410-4201," identified as the utility tax line item. Mayor Sturgeon said that the Town would most likely be renaming that category and was considering restructuring it more as an infrastructure-related fee or assessment.

Ms. Lewis clarified that these accounts have historically been referred to as "infrastructure accounts," which could potentially create confusion because the term "infrastructure" is often associated with buildings and physical structures.

The discussion emphasized that a more correct description would be a "utility rate," since it specifically applies to utility companies that provide services to the Town and its residents. These include providers such as Delmarva Electric Power Company, Tidewater Utilities, Chesapeake Utilities, Verizon Communications, and Comcast Corporation. The clarification reinforced that the intent is to specifically find utility providers that run within the Town of Camden and serve residents, rather than using a broader "infrastructure" designation.

Mayor Sturgeon confirmed that these will be appointed as utility accounts. The intent is to clearly distinguish them so that neither residential nor business taxpayers believe they are being charged this tax. Instead, these charges apply specifically to utility companies. She further noted that a separate rate will need to be set up for utility accounts, and that they should be separated from the commercial property tax rate moving forward.

Councilman Ridgely expressed support for the concept and suggested that it may be a good opportunity to formally evaluate and consider restructuring the approach at this time, particularly in relation to setting up a separate utility rate classification apart from the commercial property tax rate.

Mayor Sturgeon asked Ms. Lewis whether the calculation currently included in the budget reflects the proposed approach being discussed, specifically about the separation or treatment of the utility rate from the commercial property tax rate.

Ms. Lewis explained that the calculation included in the budget is based on last year's assessments for approximately six utility-related properties or companies. Prior to the rate adjustment made last year, these utility accounts were charged at the commercial tax rate of \$1.59. The proposed rate in the current

budget for these utility accounts is \$1.75. She further clarified that this adjustment is intended to align the utility accounts with the same proportional increase applied last year across commercial, residential, and senior tax categories, effectively bringing them into alignment with the overall tax structure.

Mayor Sturgeon explained that the intent is to first reset the utility accounts back to the prior baseline commercial-equivalent rate of \$1.59, since they are being reclassified as utility accounts rather than standard commercial property. From that adjusted baseline, the same percentage increase that was applied during the last budget cycle to residential, commercial, and senior tax categories would then be applied to the utility accounts. This calculation results in a proposed rate of \$1.75. She clarified that this approach is intended to ensure consistency in proportional impact, so that utility accounts experience the same percentage-based increase as other tax categories did in the prior year, keeping fair treatment across all classifications.

Councilman Ridgely said that the intent is for all categories to experience the tax increase at the same proportional level and asked whether that approach is considered fair as it relates to utility accounts. The underlying question raised was whether applying the same percentage-based increase across residential, commercial, senior, and utility classifications appropriately reflects fairness given the different nature of utility providers compared to other property types.

Mayor Sturgeon explained that the proposed approach is intended to remain aligned with the method used across all tax categories in the current budget cycle. She noted that if Council feels the approach should be adjusted, it stays open for discussion; however, the intent is to apply a consistent method so that utility accounts are treated in line with the same property tax increase structure used for other categories. The rationale provided emphasizes keeping fairness and consistency across all tax classifications. It was noted that in the context of property tax policy and related legal considerations, a key concern is avoiding any “disproportionate” impact on one group compared to another. Using a consistent percentage-based approach across categories was described to help avoid that concern. Mayor Sturgeon confirmed that the current year proposal includes a two-cent increase across all categories, consistent with the previously discussed three-year plan. While acknowledging that any increase has a fiscal impact on the community, it was described as a modest adjustment that contributes approximately \$135,000 in added revenue. Added context was provided about senior property tax rates, noting that they continue to trend downward compared to prior budget cycles. This was attributed to changes in assessed values affecting senior properties, where overall assessed values decreased for many senior properties even though some individual assessments may have increased. She also noted that the senior tax rate is kept at a discount compared to the residential rate.

Councilman Ridgely asked whether the utility tax is a new revenue source, noting that it appeared blank in the FY26 budget document.

Ms. Lewis replied that it was previously listed as commercial.

Councilman Ridgely asked whether the figures \$819,695 and \$8,608,080 include the utility tax and said that the adjusted projection for commercial-related revenue, including the discussed adjustments, would be approximately \$936,000.

Mr. Josiah said that the revenue generated from the new tax adjustments comes to approximately \$195,000.

Mayor Sturgeon said that this also includes an increase with the utility.

Councilwoman Gray asked the mayor to clarify and specifically find which utility companies are included in the utility tax category.

Ms. Lewis clarified that the utility tax category includes the following providers: Tidewater Utilities, Chesapeake Utilities, Eastern Shore Natural Gas, Comcast Corporation, Delmarva Power, and Verizon Communications.

Mr. Josiah explained that approximately 75% of the Town's revenue is derived from property taxes, making it the primary funding source for Town operations. Licensing and allows account for roughly 12%, with building permits identified as the largest contributor within that category. Combined, these major categories are approximately 86% of total revenue, with the remaining balance coming from smaller, miscellaneous revenue sources. The discussion emphasized that the Town has recently received help from strong building permit activity over the past few years, which has helped support revenue levels and reduced the need to draw heavily from fund balance. However, it was noted that this level of building permit revenue is not guaranteed to continue, and current projections suggest a decline compared to prior years. The FY26 budget projection for building permits is approximately \$126,000, while current estimates show the Town may only reach closer to \$108,000, being a shortfall compared to prior expectations. He further explained that if buildings allow activity declines further, the Town will rely more heavily on its property tax base, as other revenue sources such as business licensing and rental income are not sufficient on their own to sustain operations at current levels. The importance of claiming adequate fund balance was also noted, as it provides a buffer to address revenue fluctuations, but cannot be relied upon indefinitely to balance the budget. From an expenditure standpoint, it was stated that General Government accounts for approximately 36% of the budget, Public Works accounts for about 6% and needs to go up, and Public Safety represents approximately 58% of total expenditures, with Public Safety identified as the largest and expected to continue growing as the Town expands. The discussion concluded that because property taxes stay the dominant and most stable source of revenue, adjustments to tax rates are necessary over time to keep pace with increasing operational costs. He emphasized that while other revenue sources exist, they are limited in scale, and long-term financial stability depends primarily on the property tax structure as the Town grows and its service responsibilities increase.

Mayor Sturgeon proposed that the Town set up a working group to evaluate long-term revenue strategies and find alternative funding sources beyond property taxes. She emphasized the importance of planning proactively for future financial stability, noting that while growth is expected, it will eventually stabilize. If expenditure growth continues to outpace revenue growth, the Town could face ongoing structural budget deficits. The discussion highlighted that the Town should not rely solely on property tax increases as its primary revenue strategy. While acknowledging that property tax adjustments may still be necessary, she stressed that they should not be the only mechanism used to support revenue growth. Mayor Sturgeon suggested that the working group explore added and potentially innovative revenue sources that could help offset costs and reduce reliance on property taxes. Input from staff, including the Town Manager and finance leadership, was requested to help find practical options aligned with future service demands and expected growth. She also referenced ongoing and future development projects, including Savannah Farms, noting that while such developments will generate added revenue once construction begins and homes are added to the tax base, the process is long-term. A project of that scale was described as a multi-year build-out, estimated at approximately four to five years, meaning revenue gains would be gradual rather than immediate.

Councilwoman Gray mentioned that she feels the build out would be 15 to 20 years instead.

Mr. Scott mentioned that it was presented as up to 10 years.

Mayor Sturgeon noted that large-scale developments will not come online all at once. Instead, they will be phased in overtime, with portions of the development becoming taxable as construction is completed. As those properties are added to the tax base, property tax revenue will gradually increase. She also emphasized that as the Town's tax base grows, the Town will likewise need to expand its capacity to provide services, resulting in increased operational demands.

Councilwoman Gray noted that a prior planning study conducted at Boreham indicated that large-scale residential development, once fully built out, can become a net negative fiscal impact for a municipality. This is due to the long-term costs associated with providing services and keeping infrastructure. She further explained that while the Town does not bare water and sewer infrastructure costs because those are handled by entities such as the Camden Wyoming Sewer & Water Authority, the Town still assumes responsibility for other ongoing obligations, including road maintenance, stormwater management, police services, and volunteer emergency services. She emphasized that even without Water and Sewer responsibilities, the cumulative cost of servicing residential growth, particularly infrastructure maintenance and public safety, can ultimately exceed the revenue generated from such development over time, resulting in a potential long-term net financial burden for the Town.

Mayor Sturgeon suggested that the Town should further evaluate the distinction between operational costs and capital costs, with an emphasis on strengthening the development of a formal capital budget. She noted that certain expenditures currently included in the operating budget may be more appropriately categorized as capital expenses and therefore funded through capital funds rather than operating revenue. She referenced the Town's audited financial position, noting approximately \$6.4 million in unrestricted fund balance, alongside more restricted funds and a total financial position of roughly \$11 million. It was clarified that the unrestricted fund balance could be used to support capital expenditure and help prove a structured capital budget moving forward.

Councilman Ridgely noted that the utility tax line item is a new addition in the current fiscal year and is currently listed at approximately \$75,958. He expressed concern that there was not clear supporting detail showing how that figure was derived or how it compares as percentage compared to other areas. He raised the question of how utility taxation in the Town of Camden compares to other municipalities, including whether there is a standard or comparable state-level utility tax structure, such as in Dover or other areas. He emphasized that while residential and commercial taxpayers are familiar with local expectations and tax structures, utility companies use across multiple municipalities and may have different expectations depending on area. He further suggested that utility companies may not be significantly affected by differing local rates and could be more accustomed to standardized taxation practices across towns and states. He requested clarification on how the Town's utility tax aligns with broader practices and whether there is a state benchmark or comparative rate structure that should be considered when evaluating fairness and competitiveness of the proposed utility tax.

Mayor Sturgeon confirmed that it was already paid to the State.

Councilman Ridgely requested comparative information on what neighboring municipalities charge utility companies in terms of tax rates, asking whether such benchmarking data could be compiled.

Mayor Sturgeon asked if comparison data is gathered, if it should focus on municipalities of comparable size to the Town of Camden rather than larger or significantly different areas.

Councilman Ridgely clarified that the comparison should focus less on municipalities of comparable size and more broadly on what utility companies typically pay in taxes to service different areas. He suggested using areas such as Kent County and the City of Dover as reference points, while noting that even though Dover uses its own electric and water utilities, companies such as Comcast Corporation and Verizon Communications would still likely be subject to local taxation or fee structures. He emphasized the goal of understanding standard practices for utility taxation across comparable service areas, even where municipal utility structures differ.

Mr. Josiah mentioned keeping in mind that those utilities also pay a franchise fee.

Ms. Lewis confirmed that it was just Comcast.

Mr. Josiah asked about Verizon.

Ms. Lewis said that research into comparative utility tax practices in other areas is currently underway, but that it is expected to be a lengthy process.

Councilman Ridgely asked whether the Town currently applies the franchise fee only to Comcast. He also noted that there is interest from a new utility provider, IQ Fiber, potentially entering the Town. He then asked whether a new utility provider such as IQ Fiber would be subject to the same franchise fee structure as existing providers like Comcast Corporation.

Mr. Josiah noted that many municipalities now use franchise fees and franchise agreements, but that the structure and negotiation of those agreements can vary and often extend over extended periods of time. It was further said that these agreements often roll over and are not regularly re-evaluated or adjusted for increases. He suggested that the Town Solicitor would be better positioned to offer legal guidance on the specifics of franchise agreements. He also raised as an open question whether the Town currently has a formal franchise agreement in place with Comcast Corporation, or whether such documentation exists and could be reviewed.

Mr. Scott mentioned that we have the franchise agreement on file, but it's not due to be renewed until 2028.

Mr. Josiah mentioned they stay around for a long time and are based on their profit margin.

Mayor Sturgeon asked for it to be researched.

Ms. Lewis explained that the utility rate adjustment was made to correct an earlier misalignment in how certain utility accounts were being taxed. When those accounts were previously included under the commercial tax category, they were subject to the commercial rate of \$1.59. However, when the commercial rate was reduced to \$0.44 per \$100 of assessed value, those utility-related accounts also experienced a significant reduction in what they were paying. She noted that this resulted in what was described as "missed revenue" when the rate structure changed, because utility companies that had previously been paying at the higher commercial rate were effectively paying much less under the reduced commercial rate, even though their underlying assessed values did not change. To address this, the Town created a separate utility tax line and restructured those accounts, so they are no longer included under the commercial category. The intent is to return those utility accounts to the prior baseline of \$1.59 and then apply the same percentage increase that was applied to other property tax categories in the earlier budget cycle. This results in the current proposed rate structure reflected in the new utility line item. She emphasized that this adjustment is intended to restore consistency with prior revenue levels and ensure that utility accounts are treated separately from commercial properties moving forward, rather than remaining embedded within the commercial tax base.

Councilwoman Gray questioned the building of a capital budget and asked for it to be explained.

Mayor Sturgeon noted that a conversation had begun with Mr. Scott on the development of a structured three-year capital improvement plan. She said that the Town is working toward formalizing a capital budget process so that capital planning can be reviewed alongside the operating budget in future budget cycles. As part of this effort, the recently completed sidewalk study was referenced, which showed multiple projects totaling approximately \$3 million in potential improvements. The intention is to phase these projects over a three-year period and incorporate them into a broader capital planning framework. She further explained that moving forward, the goal is to present both the operating budget and the capital budget together during the annual budget process, allowing for a more comprehensive view of both ongoing operational needs and long-term infrastructure investments.

Councilwoman Gray clarified that the intent is to begin developing a formal capital budget framework, with a target implementation timeline aligned with FY28.

Mayor Sturgeon emphasized that the Town needs to begin a broader discussion about prioritizing capital needs and distinguishing them from operational expenses. She noted that showing priorities for the Town is a crucial step in improving financial planning and decision-making. As an example, the cost of repairing the gate near the bypass was mentioned, with an estimated expense of approximately \$80,000. It was said that expenditure of this nature should be treated as capital costs rather than being paid out of the operating budget. The discussion highlighted the importance of properly classifying expenses to avoid distorting the operating budget and overall financial performance. She suggested that improving the separation between operating and capital expenditure would provide a more correct picture of the Town's financial position and support better long-term planning and resource allocation.

Councilman Ridgely noted that another key benefit of developing a formal capital budget is the ability to plan long-term infrastructure investments in a structured way. He emphasized that the Town could find priorities such as street repaving projects and scheduling them over multiple years rather than trying to fund them all in a single budget cycle. This approach would allow capital projects to be phased in, tracked over time, and aligned with available funding, rather than relying solely on one-time expenditures from the operating budget.

Mayor Sturgeon further noted that a key advantage of developing a formal capital improvement plan is the ability to actively pursue grant funding opportunities and coordinate projects over a defined planning horizon, such as one-, three-, and five-year intervals, depending on what Council determines is appropriate. She emphasized the importance of coordinating infrastructure work with partner agencies such as the Town's utility providers, including entities like Camden Wyoming Sewer & Water Authority, so that improvements can be aligned and completed concurrently. This coordination would help reduce overall costs, avoid duplicative work, and prevent situations where newly completed roadwork would need to be reopened for utility upgrades. She also noted that aligning projects in this way allows the Town to strategically plan infrastructure investments, including roads, sidewalks, and utility upgrades, while sharing costs where possible and reducing the financial burden on the Town alone. She further referenced the need to update the Town's comprehensive plan, which would require hiring an external consultant. This was characterized as a capital expense rather than an operating cost, intended to be funded through capital resources rather than the operating budget. She noted that while the Town currently has approximately \$6.4 million in unrestricted fund balance, that balance could be significantly reduced over time if capital planning is not managed carefully and strategically.

Mr. Josiah explained that building allow revenue has been a significant contributor to the Town's surplus and overall unassigned fund balance in recent years. He noted that if building permit revenue is removed or significantly reduced from the analysis, the Town's remaining unassigned fund balance would be considerably lower. He emphasized that building permit revenue is not a stable or guaranteed long-term funding source, as it is tied directly to periods of construction activity and infrastructure expansion. As development slows or stabilizes, that revenue stream is expected to decrease. He further noted that a sizable portion of what currently appears as savings or unassigned fund balance has been supported by higher-than-normal building allow activity. Without that elevated level of construction-related revenue, the Town would not likely keep the same fund balance level over time under normal, routine revenue conditions.

Mayor Sturgeon emphasized that the Town should take a more intentional and structured approach to fiscal management, particularly in years where surplus revenue is generated from infrastructure-related activity such as building permits. She suggested that when those surpluses occur, they should be clearly recognized for their source and purpose, rather than being treated as general funds available for any use. Instead, it was proposed that excess building allows revenue to be formally found and potentially given toward infrastructure or capital-related purposes, rather than remaining in an unrestricted pool. She

highlighted the importance of distinguishing between routine operating revenues and one-time or development-driven revenues, with the goal of ensuring that funds derived from construction activity are directed toward infrastructure needs associated with that growth.

Mr. Josiah noted that a preliminary review of building permit revenue from 2019 through 2024, with one additional year still to be added, shows a cumulative total of approximately \$3.3 million.

Mayor Sturgeon confirmed that half of it was infrastructure.

Mr. Josiah explained that the \$3.3 million in building permit revenue is directly tied to periods of growth and development activity. He noted that without that growth, this revenue would not have been generated, meaning the Town's available funds would be significantly lower closer to approximately \$3 million when adjusted for that factor.

Mayor Sturgeon emphasized that the Town should recognize the origin of its unrestricted fund balance, particularly that a sizable portion of it is derived from infrastructure-related revenue such as building permits. She argued that these funds should be more appropriately assigned or designated toward infrastructure needs rather than viewed as fully discretionary spending. She further stated that the Town does not effectively have the full \$6.4 million available for widespread use, as a substantial portion is tied to growth-driven revenue sources. The discussion suggested that these funds should be directed toward supporting Town services and infrastructure buildouts associated with development, rather than being treated as entirely flexible resources.

Councilman Ridgely suggested that, even if a full list of capital projects cannot be finalized in time for the current budget approval, the Town consider adding a dedicated capital budget section or spreadsheet to the budget document template. The proposal was that this capital budget section could be included even if it remains blank for the current fiscal year, with the intention that it would gradually be developed and populated in future years as planning progresses. He explained that embedding a capital budget framework into the standard budget format would help formalize the Town's commitment to long-term capital planning. This would also serve as a reference point for future fiscal years, including FY29, ensuring that previously discussed capital priorities are tracked and carried forward in a structured and consistent manner.

Mayor Sturgeon emphasized that including a placeholder for a capital budget within the Town's budget documents is a positive step toward establishing a more structured long-term financial planning process. She noted that while the current budget remains primarily an operational budget, the Town should prepare to incorporate a formal capital budget annually moving forward. She highlighted the importance of evaluating the Town's overall financial health by distinguishing between recurring operating revenues and one-time or infrastructure-related revenues. She suggested that removing non-recurring infrastructure-related income would provide a clearer picture of whether ongoing revenue growth is sufficient to sustain current expenditure levels. Mayor Sturgeon further noted that this type of analysis will become increasingly important for future budget cycles and emphasized the value of continued in-depth discussions on the subject. The development of a capital budget framework was described as a key step in improving financial planning and understanding available funding sources and their appropriate uses. An example was provided regarding prior expenditures, such as the purchase of patrol vehicles, which in the past may have been funded through unrestricted or general funds. It was suggested that such expenses could instead be appropriately categorized within a capital budget or designated capital funds, helping to align expenditure with their intended funding sources, such as public safety or infrastructure-related accounts. She concluded by noting that the Town is currently forecasting a similar funding gap of approximately \$390,000, consistent with the previous year, and that to date, no portion of that gap has been utilized.

Mr. Josiah stated that, for FY26, the current projection indicates the Town will likely need to utilize approximately \$100,000 of the available funding gap or reserve amount, based on the expectation that projected revenues will fall slightly short of projected expenditure now.

Councilman Ridgely sought clarification, asking whether the projection of using approximately \$100,000 assumes a scenario in which no building permits are issued.

Mr. Josiah clarified that the projection is not based on a “no building permits” scenario. Instead, it reflects current expectations, including building permit revenue. He explained that the approximate \$100,000 shortfall is an estimate now, and it could ultimately be lower depending on actual revenue performance through the end of the fiscal year.

Ms. Lewis noted that, to date, the Town has generated approximately \$80,000 in that revenue category, compared to a budgeted amount of \$126,000 for FY26. She further stated that current performance is significantly below the budgeted expectation, indicating that the Town is not on track to meet the projected revenue target in that line item.

Councilman Ridgely asked what happens to unspent salary and personnel funds, specifically referencing that the Town budgeted for 14 police officers but currently has only 9, meaning there is unspent personnel funding. He asked whether those unspent funds roll into unrestricted fund balance.

Mayor Sturgeon explained that, although there are currently fewer officers than budgeted, the anticipated savings from vacant positions are largely offset by increased overtime costs. Because patrol coverage must still be maintained, overtime expenditures rise when staffing levels are lower, resulting in a partial or near “wash” in the overall personnel budget impact. She noted that recruiting additional officers remains a priority to help stabilize staffing levels and reduce overtime dependence. She also clarified that the budget presented reflects an “ideal operational budget,” assuming full staffing of 14 officers. However, it was noted that the police union contract is currently up for renegotiation and has not yet been finalized. As a result, there is uncertainty regarding personnel costs, and the Town may adopt the budget prior to completion of the contract negotiations, with the possibility of revisiting and amending the budget later based on the final agreement. She further noted that this introduces the potential for an increase in the overall deficit depending on the outcome of the contract negotiations.

Councilman Ridgely mentioned that the Town is awesome but feels we need one more position.

Mr. Scott said a second full-time Public Works employee has been built into the proposed budget.

Councilman Ridgely asked about the administrative side.

Mr. Scott said the proposed budget includes moving our part-time employees to full-time.

Councilwoman Gray asked how many Public Works staff we have.

Mr. Scott said one, and looking to hire another person.

Mr. Josiah said that number needs to grow.

Councilman Ridgely addressed Mr. Scott directly and acknowledged his experience and performance in overseeing Public Works, stating that he was doing an excellent job in that role. He then asked whether additional help or support was needed on the management side of operations.

Mr. Scott stated that the primary anticipated staffing need would likely arise once the Savannah Farms development begins construction, which developers reportedly indicated could start as early as July or August. He noted that additional assistance would likely be needed for inspections as development activity increases.

Mayor Sturgeon explained that, in anticipation of increased development activity associated with Savannah Farms, the Town is considering issuing a Request for Qualifications (RFQ) to potentially retain a third-party inspection team to assist with inspections and related oversight responsibilities.

Mr. Scott noted that when Rossi Group previously presented to the Town last year, the firm indicated that it could provide third-party inspection services if needed.

Councilwoman Gray explained that the Town could first issue an RFQ process to identify qualified third-party inspection firms, rather than immediately entering a fixed contract. She referenced prior experience using this approach in Newark and described it as a flexible and qualifications-based procurement method.

Under this process, the Town could prequalify one or more firms, such as Rossi Group or Code Solutions, the latter of which was noted as being used by Kent County.

Councilwoman Gray further explained the need to develop a RFQ and that the Town would not incur ongoing costs simply by prequalifying the firms. Instead, the firms would only be compensated when actual inspection work is requested. For example, when inspections are needed for phases of the Savannah Farms project, the Town could request staffing support, and the selected firms would provide a scope of work, personnel qualifications, and proposed hourly or project rates. The Town could then compare proposals between multiple firms and select the most appropriate option for a given assignment. It was also noted that the costs associated with those inspection services could ultimately be passed through to the developer as part of the project-related expenses.

Mayor Sturgeon stated that, based on the operating budget as currently presented, the Town is still projecting an approximate funding shortfall of \$390,000. She asked whether Council had any additional questions regarding the operating budget before moving into the public comment portion of the meeting. She encouraged Council members to continue reviewing the budget materials and stated that if additional questions or concerns arise later, they should email them to Ms. Lewis and Mr. Scott so staff can research the issues, provide answers, and gather any additional information needed. It was also noted that there is still some time remaining in the budget process to conduct further due diligence on any items that may require additional review or analysis.

Councilman Ridgely stated that he would be interested in obtaining additional information regarding utility tax or fee structures in surrounding and comparable jurisdictions, particularly to better understand how neighboring municipalities assess charges on utility providers.

PUBLIC COMMENTS

None.

COUNCIL COMMENTS

Vice Mayor Rhodes stated she was good and had no comment.

Councilman Ridgely stated that we had a polite conversation today, and thanked Mr. Josiah for all his work. He raised a final comment before adjournment regarding meeting room presentation capabilities. He noted that although the room is equipped with televisions capable of displaying digital presentations, they are not currently being used during meetings. He suggested that this is due in part to equipment limitations, including the need for an additional laptop capable of running presentations while the existing device is used for Zoom. He recommended that the Town consider making a relatively small investment in additional equipment to enable consistent use of the display screens. He emphasized that improving the Town's ability to visually present budget materials and other information would enhance professionalism and improve public perception of the Town's operations. He said that stronger presentation and communication tools could positively influence both internal understanding and external perceptions of the Town's organization and readiness.

Mayor Sturgeon expressed appreciation to staff for their extensive work during the budget process, specifically acknowledging the efforts of Ms. Lewis and Mr. Scott in responding to numerous questions and preparing information throughout the discussions. She also thanked Mr. Josiah for providing historical knowledge and context that helped inform the budget review process. She added that the Town can investigate purchasing another laptop to help with the meeting presentation.

ADJOURNMENT

A motion was made at 7:28 p.m. by Councilwoman Gray, seconded by Vice-Mayor Rhodes, to adjourn the Public Workshop. All in favor; none opposed.

*Respectfully submitted,
Lynda Huizinga, Town Clerk*