



SUSSEX COUNTY
D E L A W A R E

Eyes on County Council: 2027 Budget Workshop

May 5, 2026

Highlights:

- The big storyline is the expected reduction of financial reserves over the next ten years due to increasing costs and generally flat or reduced revenues. Costs are trending higher due to inflation/rising personnel costs (healthcare, etc.) while tax rates are flat and realty transfer tax revenues are expected to decline. Council members differed on the possible solution of higher tax revenues – no consensus on any plans to reverse the negative future projection was reached.
- The County budget is balanced each year with expenses matching revenues and any gap is either balanced by use of reserves or creation of a surplus. The 2027 budget includes \$33.5 million of reserve usage. This is the alarming assumption.
- The 2027 budget still maintained sufficient reserve balances to qualify for Aaa bond ratings. This rating allows for preferred borrowing rates, holding bond rates lower. However, the future outlook was grim with reserves (current balance \$242,000) depleted by 2036 with conservative assumptions and no tax increase.
- Total budget for 2027 was forecast at \$300.0 million, an overall increase of \$14.9, 5.2%.
- County operations had many accomplishments in 2026 – completing the tax assessment, securing grants, various financial excellence awards, multiple housing and community assistance programs and public safety enhancements. The Finance department is a strong performer, providing Council excellent information and guidance.

Overview:

- Gina Jennings, Finance Director, provided a comprehensive presentation of the 2027 County budget – with support from various department heads. County Finance uses Fund Accounting as its methodology. Discussions were held on all categories including: General Fund, Planning & Zoning, Sewer & Water Operating, Water & Sewer Capital, General Fund Capital, Department of Public Safety and Grants. Ms. Jennings provided detailed information supporting the 2027 budget assumptions, appearing to satisfy the County Council members - who will approve the budget. The 2027 budget covers the period July 1, 2026 to June 30, 2027.
- Fund Accounting – unlike traditional accounting, which focuses on profit and loss, fund accounting emphasizes stewardship, accountability and transparency. Each fund represents a

separate pool of resources often with legal, donor or organizational restrictions and must be treated independently to ensure compliance.

General Fund Major Assumptions:

- Inflation base +3% - operating expenses generally rising, specific pressures on health care and software improvements.
- Various cost containment actions in health care: co-pay increase, premium adjustments and use of Medicare supplemental plans. County fees increased for various services to insure they cover associated costs. Water/sewer rates will be increased– still competitive with private rates.
- Staffing held constant – some adjustments between departments.
- Tax revenue held constant – reassessment allocated higher costs to beachfront properties offset by reductions elsewhere.
- Building trends are declining which reduces future transfer tax revenues. Reliance on transfer taxes for operating costs has been increasing.
- The second reassessment will incur a \$2 million implementation cost.
- Focus on the Comprehensive Plan work will add one-time costs.
- Use of reserves for operating will be \$12.8 million, +14.5%.

General Fund:

- Total Revenues \$94.4 million and expenses \$107.2 million, requiring \$12.8 million of reserve usage to balance the budget.
- Revenue sources: transfer tax \$39.0 million (36%), taxes \$23.1 (22%), charges for services (permits) \$14.0 (13%), reserve usage \$12.8 (12%), state and federal government \$12.1 (11%) and other (interest, fines, donations) \$6.2 (6%).
- Although the forecast for transfer tax was \$2.0 million higher versus the prior year, other categories were flat or slightly lower. Revenues are not keeping pace with inflation or need for growth. Reliance on reserves and growth in transfer taxes is not sustainable.
- Expense categories: personnel (incl. benefits) \$51.3, grant-in aid (ambulance, police, fire, libraries) \$32.0, contractual services \$13.2, programs/projects (software upgrades, etc.) \$3.5, supplies \$2.6, professional services \$2.0, capital improvements \$1.4, training \$0.5, other \$0.7.
- Increases in grant-in-aid, software improvements and inflation were the major factors in the overall 3.6% higher expenses.

Planning & Zoning:

- Director Jamie Whitehouse provided analysis of the P&Z department.
- P&Z manages over 300 public hearings a year. Strong performance based on ensuring compliance to ordinances and delivering efficient response times.
- One budget objective is recovery of associated costs through fees (building permits). 2027 projection is an 80% recovery – a reduction from historical performance in the 90% area. Despite

increasing the valuation base and fees for the calculations for various building types, declining trends in building are reducing this revenue source.

- Several costs were added to the budget: support for upcoming Comprehensive Plan (\$312,500), Route 9/113 corridor review project (\$75,000) and new GPS system for parcel reviews (\$5,000).
- Major initiative for sourcing new funds is the School Surcharge Ordinance proposal. Prior attempt at a school assessment (VSA) was rejected by the prior Council. This proposal is a copy of the Kent County ordinance. It basically would create a rate structure for new construction whereby funds would be accumulated for use for school capital needs. One estimate showed \$7.5 million in annual revenue based on current activity, but Council has not finalized the plan. It appeared that Council was in the process of finalizing an ordinance. This was not included in the 2027 budget presented.

Sewer Operations:

- The county maintains multiple sewer facilities, with rate structures intended to match costs with revenues. Recent performance has created deficits. Budget assumptions include rate increases for customers generating additional \$3.3 million in revenues – while maintaining competitive rates versus private suppliers. However to balance this budget, reserves from connection fees of \$7 million need to be used.
- The total budget is \$71.4 million includes costs for personnel, utilities, administration, capital and supplies – an increase of \$8.5 million from prior year, including +\$5.0 million in capital. The other large increase was the investment in an upgraded enterprise solution system for workflow and asset management.
- Sewer operations costs are increasing due to pump stations optimization related to aging equipment, and higher chemical costs. For example, six pump stations require major maintenance totaling \$7.0 million.
- The capital budget has been focused on conversion of septic systems to sewer, thereby increasing customers and improving the environment. Coastline septic conversions, including Slaughter Beach, has been a priority.

Water Operations:

- County also provides water to residents. The 2027 budget for this fund is \$4.8 million. It included the significant cost increase for the Dewey Beach restoration project of \$2.7 million. This water tank needs a total facelift – painting and structural repairs.
- To balance this budget, \$3.135 million in reserves are required.
- Rates will be increased \$90 per year per unit delivering additional revenue of \$342,700. County water rates will rise to \$540 per unit, still well below other providers with annual costs ranging from \$640 to \$855.

Water and Sewer Capital:

- Total budget is \$74.6 million with major focus on converting septic to sewer.

- Revenues are sourced from: assessment fees \$35.0 million, connection fees \$35.0, third party contributions \$3.1 and user fees 1.0. \$7.0 million in connection fees reserves are needed to close the revenue gap.
- Capital project items include: septic elimination projects \$29.9 million, Inland Bay Regional wastewater facility \$18.45, Piney Neck conversion, \$11.5, Wolfe Neck upgrades \$5.0 and various interconnection and flow transfers \$9.75. Many of these are multi-year projects.

General Fund Capital:

- The five-year capital plan totals \$107.6 million, with \$29.4 spent in 2027.
- The major spending relates to the airport expansion - \$61.5 million 5-year and \$13.6 in 2027. Key projects are the runway extension \$43.5 million 5 year/\$2.8 2027, new parallel taxiway \$9.1/\$4.9, new hanger taxiways \$1.7/\$0.7, stormwater management \$6.5/\$5.0 and other \$0.6/\$0.2.
- Other significant projects: Administration Annex Building \$25.0/\$5.0, Admin building upgrades \$5.0/\$3.0, EMS stations \$7.25/\$2.65 and open space land acquisition \$5.0 (for 2027).
- The \$107.6 million over five years is funded from: reserves \$54.0 million, federal government \$48.9 (airports), state of Delaware \$2.7 and investment income \$2.0.

Department of Public Safety:

- Director Robbie Murray provided an in-depth review of the components of his department and emphasized the critical nature of these services. The total budget cost is forecast at \$32.7 million and includes 187 employees. Major divisions are: Emergency Communications \$6.8 million/53 employees, Emergency Medical Services (EMS) \$24.5/126, and Emergency Preparedness \$1.3/2.
- Communications group (mainly dispatchers) experienced increases of 18% for 9-1-1 calls and 11% for incidents in 2025. They were able to maintain the goal of calls answered within 10 seconds over 95% of the time and process medical calls within 72 seconds 68%.
- EMS responses have increased by 62% and incidents by 39% over the last 10 years while staffing has risen by only 13% in that period. Major challenges include: maintaining response times with expanding area to cover (population growth) and higher levels of night shift responses.
- Although these services have maintained excellent performance, future pressures on the staffing levels are a concern.

Grant-In Aid:

- Total allocation for grants is \$32.7 million.
- Public safety is apportioned 49%/\$15.6 million and includes: \$6.1 for state police (fund half of the 52 designated troopers), \$7.6 for fire services and \$1.0 for local police.
- Other items include: economic development \$2.6 million, libraries \$3.2, community assistance programs \$2.4, open space (including farmland preservation) \$2.4 (plus an additional \$5.0 in capital) and recreational \$1.5.

Summary:

- The cost pressures within the county areas of responsibility are growing as population increases, cost inflation explodes and external sources of revenues shrink. Low taxes are a luxury that Sussex County must rethink. To retain a strong financial position revenues must increase. Ms. Jennings made that clear in this budget presentation. Her ten year forecast is a gloom and doom scenario. County Council will need a response, an alternate long term strategy.

Council Meeting Upcoming Schedule: Tuesdays – check agenda for timing and location

- Future meetings: May 12 and May 19 (budget ordinance will be introduced)

Public Comments:

- None.

Council Meeting Broadcast

- No broadcast

Related Articles:

[Sussex draft budget holds rate steady | Cape Gazette](#)

Note: Eyes on County Council makes every effort to render events at public meetings accurately. It either explicitly quotes speakers, or paraphrases their statements as accurately as possible. If any representation in these notes is inaccurate, please contact us.