

Town of Bethany Beach
Budget and Finance Committee Meeting Minutes
February 16, 2012

The Bethany Beach Budget and Finance Committee held a meeting on Thursday, February 16, 2012 at 10:00 a.m. at the Bethany Beach Town Meeting Room, 214 Garfield Parkway, Bethany Beach, DE 19930.

Members present: Jerry Dorfman, who presided; Denise Boswell; Tom Dugan; Joseph Healy; Jerry Morris; Chuck Peterson; and Philip Rossi.

Also present: Janet Connery, Finance Director; Cliff Gravier, Town Manager; Councilpersons, Jack Gordon, Lew Killmer, and Margaret Young; Lindsey Good, Administrative Secretary; and interested members of the public.

Call to Order

Mr. Dorfman called the meeting to order at 10:00 a.m.

Approval of the Agenda

Mr. Rossi made a motion to approve the agenda. Ms. Boswell seconded the motion and it was unanimously approved.

Approval of Minutes from the January 19, 2012 Meeting

Mr. Peterson made a motion to approve the minutes dated January 19, 2012. Seconded by Mr. Morris, the motion was unanimously approved.

Discuss Draft Budget for FY 2013

Mr. Gravier explained that there has been an amendment to the Draft Budget for FY 2013 since the previous meeting. It is now being proposed that there be an increase in parking permit fees and an increase in salaries for the seasonal Parking employees and seasonal police officers. He stated that compared to other towns, the current salary of these employees is low for this Town. The current budget included an additional \$33,000, which increases the pay rate for seasonal employees to twelve dollars (\$12.00) per hour. This increase is more comparable to other surrounding towns.

Mr. Gravier stated that the Town is proposing an increase in the fees for both Residential Parking Permits and Business Parking Permits. Since the year of 2007, the first Residential Parking Permit has been issued at no fee and there is a fee of \$25.00 for a second one. It is being proposed that the new rate for the second Residential Permit be \$35.00. The proposed new rate

for Business Parking Permits is \$50.00, compared to the \$25.00 fee that it was. The two increased rates combined should generate an additional \$28,000 in revenue.

Mr. Healy questioned if the increase of \$33,000 for the pay rate of seasonal employees was already discussed at a prior meeting.

Mr. Graviet stated that this idea was previously discussed, however, an amount had not been established at that time.

Mr. Rossi asked if the businesses will be able to receive discounts if they are purchasing multiple Business Parking Permits, noting that \$50.00 seems like a large fee.

Mr. Graviet advised that the fee will be a flat rate. He feels that the proposed fee is ideal, considering that it is a beach community and the cost covers the entire season.

Mr. Dugan questioned why the fee of the Business Parking Permit is not equal to the fee of the Residential Parking Permit. He feels that the fee should be \$35.00 for the Residential Parking Permit and the Business Parking Permit, emphasizing that the relationship between the business community and the Town is important.

Mr. Peterson pointed out that the fee of \$50.00 for a permit covers the entire summer, and it is a bargain being thirty cents per day.

Mr. Graviet stressed that the increase in Business Parking Permit fees is mainly for the employees of the businesses, and it is a reasonable fee. He explained that the fees will all balance out, since the average resident will be paying an additional \$15.00 in Property Tax plus \$10.00 if the resident purchases a second Residential Parking Permit for a total increase of \$25.00, which is the same amount of the increase in the Business Parking Permit.

Mr. Healy stated that there is a proposed Property Tax increase of \$0.05 (3.0%) from \$0.165 to \$0.17 for FY 2013, which was discussed at a previous meeting, and the fees paid by businesses were also modified, so they paid a reasonable share.. He feels that increasing rates should be spread out throughout time, and the rates should not be greatly increased all at once.

Ms. Boswell noted that if businesses don't want to pay the fee for a Business Parking Permit, the employees have other options of where to park in the Town.

Mr. Graviet stated that he and Ms. Connery will review the fees for the Water Fund for the next fiscal year's budget.

Ms. Connery gave the following report on the changes in the draft budget since the January meeting:

- General Fund Revenue Budget
 1. The Transfer Tax Budget reduced from \$500,000 to \$450,000 as requested by the Committee.
 2. Property Tax Budget increased \$49,000 for the \$0.005 proposed tax increase (3%) as discussed at the January meeting.
 3. Annual Parking Permits increased by \$28,000.
- General Fund Operating Budget increased by \$33,000 in Police and Parking to raise the starting pay rate for seasonal employees to an amount comparable to other surrounding towns.
- Water Fund Capital Budget
 1. \$25,000 was removed from the Filter Gallery budget. This project will be completed using the funds left in the current year.
 2. Standpipe maintenance added for \$30,000.
 3. Water Storage Engineering cost of \$50,000 added for the water storage project.

Discuss Adjustments to Current Fees and Tax Rates

Ms. Connery presented the following two (2) five-year projections for the General Fund:

The first projection showed how passing the budget without the recommended fee and tax changes would result in the fund not covering its costs. Over a five-year period, the deficit is projected to be \$619,000 if the growth of Operating Cost is two percent (2%). This five-year deficit is projected at over one- million dollars if costs grow at an annual rate of three percent (3%). While the Town continues to work to limit cost growth as much as possible, there are many areas that are outside of our control. If the proposed fee changes are not approved at this time, it would result in larger increases to these or other fees at a later time or require cuts in services provided.

The second projection shows the effect of the budget with the proposed tax and fee changes. In this projection, if growth is limited to two percent (2%) per year the general fund will even out. This projection also shows a \$482,000 five-year deficit if Operating Costs increase three percent (3%) per year for the next five (5) years.

While the proposed small increases should take care of the General Fund for the next few years the Town will soon be discussing fee increases in the Sanitation and Water Funds. When the Committee met to budget for FY 2012, the Committee planned to discuss the need for a small Property Tax adjustment for FY 2013, a water use rate increase for FY 2014, and an increase to Trash Fees in FY 2015. This plan on reviewing fees is still recommended.

The Sanitation Fund is currently spending the reserves the Town established in prior years to fund the trash truck replacements and new programs on recycling and yard waste. The Town is preventing from increasing in trash fees for another year because the Town accepted grant funds

for recycling start-up costs from the State. Once this restriction is eliminated and the Town has obtained the true costs of the new programs, the Committee will need to determine if trash fees should be adjusted again.

Ms. Connery emphasized that as Mr. Gravier had mentioned earlier in the meeting, the Committee will need to review the Water Fund for the next Fiscal Year to identify whether the rates should be adjusted to ensure that costs are covered and to maintain funds for capital purchases.

The Committee held a vote for each of the following proposed revenue adjustments:

Mr. Healy made a motion to approve the proposal to increase the Property Tax for FY 2013 by \$.0005 (3.0%), from \$.0165 to \$.017. Mr. Peterson seconded the motion, and it was approved (Mr. Dugan abstained).

Mr. Peterson made a motion to increase the fee of the second Residential Parking Permit from \$25.00 to \$35.00 and increase the fee of the Business Annual Parking Permit from \$25.00 to \$50.00. Mr. Healy seconded the motion, and it was unanimously approved.

Ms. Boswell made a motion that the Pay Station Fee be modified so that there is a \$0.25 charge per transaction at a parking pay station and waived for cash payment. Mr. Healy seconded the motion and it was unanimously approved.

Mr. Healy explained that in his review of the budget, he sees the Sanitation Fund operating with an \$80,000 deficit (10% of the revenue) and the Water Fund with an \$8,000 deficit (1% of the revenue). In FY 2011, these funds reported gains of \$74,000 and \$125,000 respectively. He advised that the Committee review the Water Fund closely at the next few meetings and prepare to adjust rates as needed. Trash fees can be adjusted for FY 2015.

Mr. Peterson agreed that the Committee needs to thoroughly review those funds in the future, based on the founded trends.

Mr. Dorfman expressed his appreciation to the Committee, Ms. Connery, and Mr. Gravier for all of their hard work.

Motion to Adjourn

Mr. Peterson made a motion to adjourn the meeting. Seconded by Mr. Healy, the motion was unanimously approved.

The meeting was adjourned at 10:36 a.m.

The Budget Public Hearing is scheduled for March 13th, 2012 and a Budget and Finance Committee meeting will be held on March 15th, 2012 at 1:00 p.m. if it is needed.

