Town of Bethany Beach
Budget and Finance Committee Meeting Minutes
October 18, 2012

The Bethany Beach Budget and Finance Committee held a meeting on Thursday, October 18, 2012 at 1:00 p.m. at the Bethany Beach Town Meeting Room, 214 Garfield Parkway, Bethany Beach, DE 19930.

Members present: Jerry Dorfman, who presided; Denise Boswell; Joseph Healy; Chuck Peterson; Philip Rossi; and new member who will be replacing Tom Dugan, Martin Decre.

Excused member: Jerry Morris

Also present: Janet Connery, Finance Director; Cliff Graviet, Town Manager; Mayor Tony McClenny; 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 1:00 p.m.

Approval of the Agenda
Mr. Rossi made a motion to approve the agenda. Mr. Healy seconded the motion and it was unanimously approved.

Approval of the Minutes from July 19, 2012
Mr. Healy made a motion to approve the minutes dated July 19th, 2012. Seconded by Ms. Boswell, the motion was unanimously approved.

Review of the 2nd Quarter of FY 2013
Ms. Connery reported that the overall results for the first half of the year is as it was expected to be and as it should be. She noted that the "FY 2013 Second Quarter Review" document mainly compares the first half of this fiscal year to the first half of last fiscal year, which provides the expected outcome for the full year. She provided the following information:

General Fund
General Fund Revenues are $348,000 higher than the first half of last year.

Property tax revenue is $58,000 higher than last year as a result from the three percent (3%) property tax increase.

Real Estate Transfer Taxes are $123,000 higher than last year. The average collections are $60,000 per month, and August had the highest amount of income with twelve (12) properties settling for $120,000 and September had the lowest revenue with eight (8) properties settling for $40,000. For the full year, this revenue should easily pass the budget of $450,000. These funds continue to be utilized for capital projects and not for day-to-day operating costs.

Rental Real Estate Taxes are due November 1st, 2012. Currently, there has been a 3.3% increase over the last year in the payments received from the larger realtors. These increases indicate that the Town should receive more than was budgeted for the full year.

Building Permits are $36,000 lower than last year, but last year's total permits were $59,000 over budget, so the budgeted amount may be reached depending on when housing projects proceed.

Parking revenue is $160,000 higher than last year. Annual permits increased $23,000, and parking meters and pay stations increased $123,000. The pay stations have a new twenty-five cent ($.25) transaction fee and there have been increased rates for annual permits, which has resulted in a $60,000 increase.

Prior Year Refund/Reimbursements shows $134,000 in revenue this year. This was a refund from Verizon for the Garfield Parkway Utility Pole Relocation Project. Verizon was paid in advance, and once the work was complete, they calculated the actual cost and refunded the Town the difference. This is shown as revenue because it is a refund of prior year payments and there is not enough spending in current fiscal year to offset.

The Sanitation Fund Revenues are at right where they should be.

The Water Usage Revenue for the first half of the year was estimated for the report that was distributed prior to this meeting, since there were some technical difficulties that delayed the final calculations. Revenue for the first half of the year is about one percent (1%) higher than last year. On average, the water department collects sixty percent (60%) of the year's revenue in the fall. Ms. Connery noted that she will consider budgeting less than $65,000 in impact fees next year.

Town wide revenue in total is $330,000 higher than last year, which is six percent (6%) increase. This increase is from transfer taxes, parking and the refund.

Operating Costs

Operating costs are $165,000 (4.8%) higher than the first half of the year. This is a result of improvements such as Movies on the Beach, Wi-Fi internet on the boardwalk, banners, new light fixtures, signs, and preparing the Church/Neff property for the potential use as a park. One of the highest increases is in the Police Department seasonal wages because of additional training requirements to maintain the Commission on Accreditation for Law Enforcement Agencies, Inc**.** **(**CALEA**)** accreditation. Seasonal foot patrol employees are now required to undergo 216 hours of training each year, which is most of the $46,000 increase. She added that each department is within the budget.

The meeting was opened to questions and discussion, but there were no questions concerning the first half of the year, so the discussion moved on to an early discussion of next year's budget.

Mr. Gordon, Vice-Mayor made reference to the $.0.25 transaction fee that the Town charges on the pay stations in order to recover some of the processing costs, and noted that the City of

Rehoboth Beach is now charging $0.50 per transaction. He asked that the Committee consider increasing the transaction fee for next year.

Mayor McClenny stated that he supports Mr. Gordon's suggestion to increase the transaction fee for pay stations as an advocate of covering the expense.

Preliminary Discussion of FY 2014

Mr. Healy said that he has reviewed the numbers on our Sanitation and Water funds. His review of budgeted revenue and operating costs showed that the Water Fund might run a deficit in the current fiscal year of as much as $14,000. If spending is less than budgeted then the fund may end the year $25,000 to $50,000 to the positive. In his opinion we will not need to raise rates in the coming year but will need one within the next few years. Mr. Healy said his review of the Sanitation fund indicated that we might have as much as a $100,000 deficit this year and that the Committee should look at this in January.

Ms. Connery commented that the Committee reviewed the figures at the last meeting and it showed that there has been a downward trend in both of these funds in recent years. Several years ago, the Sanitation and Water funds were each showing substantial gains, but as for the current year they will be much closer to or possibly under the break-even point. She agreed that these funds need to continue to be reviewed to ensure that the revenue is adequately covering the costs. She emphasized that much of the cost in Sanitation last year and this year is for the startup of the recycling program and will not reoccur every year.

Mr. Dorfman questioned if the Town is able to increase sanitation fees. Ms. Connery replied that sanitation fees can be increased in the next year's budget, but the Town is currently in good shape for next year without having to increase fees.

Mr. Healy asked if there are any grant funds available for recycling dumpsters. Mr. Graviet and Mr. Killmer explained that the Bottle Bill has not generated as much money as the State expected, so there is little, if any, available funds from grants. Ms. Connery added that the Town costs would be relatively low for the third phase of commercial properties, since recycling pickups from restaurants began in the first year.

Mr. Gordon acknowledged that there is still $50,000 in the budget for the Fitness path, which the Council can vote to reallocate towards another project.

Dates for future Committee meetings were scheduled for January 17th, 2013 at 1:00 p.m. and February 28th, 2013 at 1:00 p.m. If needed, a meeting for March will be scheduled at a later time.

Motion to Adjourn

Mr. Peterson made a motion to adjourn the meeting. Mr. Rossi seconded the motion and it was unanimously approved. The meeting was adjourned at 1:30 p.m.