

**Town of Bethany Beach
Budget and Finance Committee Meeting Minutes
October 24, 2013**

The Bethany Beach Budget and Finance Committee held a meeting on Thursday, October 24, 2013 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; Martin Decre; Joseph Healy; Patrick McGuire; and Philip Rossi.

Excused member: Jerry Morris.

Also present: Janet Connery, Finance Director; Cliff Gravier, Town Manager; Mayor Tony McClenny; Council members, Chuck Peterson and Margaret Young; Bruce Frye; 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.

Mr. Dorfman introduced Mr. Patrick McGuire to the Committee members, and explained that he will most likely be appointed by Town Council as a new member of the Budget and Finance Committee.

Approval of the Agenda

Mr. Decre made a motion to approve the agenda. The motion was seconded by Mr. Healy and unanimously approved.

Approval of the Minutes from July 18, 2013

Mr. Decre made a motion to approve the minutes dated July 18, 2013. The motion was seconded by Ms. Boswell and unanimously approved.

Review of the 2nd Quarter of FY 2014

Mr. Gravier reported that the revenues are in overall good shape and the Building Inspection Office has been very busy. He noted that there is an orientation scheduled on November 20th that all committee members are invited to attend. The orientation will include a presentation on all of the Town's departments of the Town and a trolley tour around the Town.

Revenue

Ms. Connery reported that the revenue is doing very well for the second quarter of FY 2014, adding that the housing market continues to be strong in Town. She reviewed the following statuses in revenue:

Transfer tax collections were higher than last year by \$53,000. Fifty-four (54) properties settled in the first six (6) months of the year compared to forty-four (44) last year. October collections so far are \$47,000, so the Town has collected \$461,000 through today.

Rental taxes are in good shape and should reach budget at the end of the year. As of today, \$631,000 has been collected and large realty companies are showing a small increase of 1.2% over the prior year.

Building permits are \$81,000 over last year at this time, as a result of new buildings and additions constructed. There have been eight (8) new buildings compared to two (2) new buildings last year, and there have been eight (8) additions compared to the five (5) additions last year. As of today, \$192,000 has been collected, which almost reaches the budget.

Mr. Graviet added that many people are building houses now in case rates increase in the future.

Parking revenue will end the year under budget by as much as \$80,000, but it will not be a concern because revenue will be made up in other areas. The month of May was lower as a result of a late start to the parking season. June was lower from inclement weather and fewer visitors, but July, August and September showed slight improvements over last year.

Sanitation revenue has increased as expected from the rate increase.

Water usage for the first half of the year was not available when this report was completed. In October, billing figures show an eight percent (8%) decrease in gallons used and a 5.8% decrease in dollars, as it was expected due to fewer visitors. The Town will be reviewing its water rates and comparing them to surrounding water suppliers and possible make an adjustment to usage rates in the next few years. The Water Department will probably break even in the budget at the end of the year. This will be further discussed at the next Committee meeting in January.

Water impact fees are \$53,000 higher than last year as a result of construction projects.

Overall, revenue shows a very strong year in the housing market with construction and sales, but it has been a weak year for summer visitors. Town-wide revenues are \$399,000 (7.9%) higher than the first six (6) months of last year, so the Town should end the FY2014 comfortably over budget in total revenues.

Operating Costs

Ms. Connery reported that spending for operations Town-wide is \$49,000 (1.4%) higher than the first half of last year, and \$28,000 of this is an increase from documenting expenses from the Fourth of July Parade.

Personnel costs are lower than last year as a result of vacancies and reduced seasonal staffing in the Police department and Parking department.

Mr. Healy noted that he has reviewed the water department fund and believes revenue will end the year around budgeted, but that fund may show an operating loss of \$40,000. More information will be available at the next meeting.

Preliminary Discussion of FY 2015

Mr. Dorfman questioned if the issue of possible inflation should be discussed, and addressed by adjusting property taxes.

Ms. Connery stated that in able to cover inflation, if taxes increased by ½ cent, it would be a three percent (3%) increase.

Mr. Rossi noted that the proposed hotel would generate additional revenue for the Town. He asked what the budgeting process is for the hotel project. Ms. Connery replied that some of the revenues related to this project are likely to occur this year and some of next year, adding that the budget is completed without considering specific projects to avoid relying on singular items that can change.

Mr. McGuire advised that the property taxes may not need to be adjusted next year since the transfer taxes and other revenues are in good shape. Mr. Gravier replied that since the revenue of transfer taxes is so variable, the Town does not rely on it when completing the budget. Ms. Connery added that during the budget process, the amount of cash being held in the reserves as compared to the recommended minimum and maximum is considered, so it can be decided if fee changes are appropriate.

Motion to Adjourn

Ms. Boswell made a motion to adjourn the meeting. The motion was seconded by Mr. Dece and unanimously approved. The meeting was adjourned at 1:30 p.m.

The next meeting is tentatively scheduled for January 16th, 2014 at 1:00 p.m.