

**Town of Bethany Beach  
Budget and Finance Committee Minutes  
February 20, 2014**

The Bethany Beach Budget and Finance Committee held a meeting on Thursday, February 20, 2014 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; Martin Decre; Joseph Healy; Jerry Morris and Philip Rossi.

Excused member: Patrick McGuire

Also present: Janet Connery, Finance Director; Cliff Gravier, Town Manager; Council members, 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 Agenda

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

Approval of the Minutes from January 16, 2014

After a couple of changes, Mr. Morris made a motion to approve the minutes as amended. The motion was seconded by Mr. Decre and unanimously approved.

Discuss the Draft Budget for FY 2015

Mr. Gravier reported that since the last meeting, it has been decided to add \$5,000 to the budget to rehab the Town's gym. The cost will be split between the Police Department's equipment line and the Beach Patrol equipment line.

Ms. Connery gave the following report on the current fiscal year:

The current year revenue as of this week shows that the Transfer Tax receipts are now \$667,000, which is \$112,000 over budget. Rental tax collections are also doing well, currently at \$1,045,000 which is \$45,000 over budget. Building permits are doing the best, being \$425,000, which is \$225,000 over budget.

The General Fund will end the year over budget in revenues by \$350,000.

Operational costs will end the year under budget mainly in personnel costs from full-time vacancies and a reduction in seasonal staffing hours in police and parking.

It was noted that the water tower project is progressively moving forward.

The following modifications were made to the draft budget since the January meeting: 1.) \$50,000 was added to the General Fund Revenue Budget for the half a cent property tax rate increase discussed at the last meeting. 2.) \$25,000 was added to the General Fund Operating Budget in Beach/Boardwalk for purchases of five to ten more MobiMats to fit the current beach access ramps. 3.) \$30,000 was added to

the General Fund Operating Budget in Beach/Boardwalk for replacement and improvement to the beach Wi-Fi system.

Ms. Boswell questioned if the Wi-Fi service will be expanding. Mr. Gravier replied that the consideration of expanding the Wi-Fi is in the process, but unfortunately the routes are difficult to expand. He added that the new system will be much better serviced.

Mr. Healy stated that at the previous meeting, Mr. Gordon raised the question on raising the Transfer Taxes to \$550,000.

Mr. Decre noted that operational costs are increasing much more than revenue and questioned if this indicates a problem. Ms. Connery advised that the important consideration is that revenues and costs grow equally in the long term, not in any one particular year.

Ms. Boswell asked if there was going to be any more consideration of increasing trolley use fees since they don't come close to covering costs. Mr. Gravier responded that the Town Council is not currently supportive of the increase. The trolleys are intended to help with the shortage of parking spaces, so the Town is trying to encourage the use of them.

Ms. Boswell referenced the Business License Fees on Page 4 of the Draft Budget and questioned how Business License revenue seems to have declined since FY 2012. Ms. Connery explained that the following two lines on the page shows that the Business License revenue has been divided from one revenue line into three different types to improve the Town's ability to track these revenues.

#### Discuss Adjustment to Current Fees and Tax Rates

The Committee ensued a discussion on whether they should recommend the half cent property rate increase to Town Council.

Mr. Morris and Ms. Boswell questioned if a property tax increase is necessary.

Ms. Connery explained that prior to recommending fee changes, they review the summer/year round balance to be sure that revenue generated by the summer seasons covers summer costs. Operating costs are split into summer vs. year-round by deciding if the cost would be incurred if the Town did not have a beach and wasn't considered a resort town. Some departments are split so that some costs are considered year-round and others are considered summer. The main cost increases in the proposed budget relate to storm water drainage projects, which are considered a year-round cost and funded predominately by property taxes.

Ms. Boswell stated that she opposes the idea of increasing property taxes because the Town is over budget by \$350,000. Mr. Gravier emphasized that the reason the Town is in good financial shape is due being conservative when managing the budget.

Ms. Connery referenced Page 3 of the draft budget, the line "Committed for Capital Replacements – recommended range \$3,472,000 to \$6,579,000." The current reserve amount is a small amount over the minimum amount that is recommended in the Town's Fund Balance Policy. One capital project, such as the drainage projects being considered, would bring the Town below this minimum recommendation.

Mr. Healy emphasized the significance of keeping in mind that depreciation of capital assets is a real cost to consider, even if it doesn't appear as an item in the budget.

Mr. Killmer noted that the Town could experience another strong hurricane in the near future and stated that the reserves are limited.

Hearing no further comments, Mr. Dorfman called for a motion. Mr. Rossi made a motion to recommend to Town Council to increase property tax by a half cent. Mr. Dece seconded the motion and it was approved with a vote of 6-1 (Ms. Boswell opposed).

Mr. Rossi made a motion to recommend to Town Council to approve the Budget for FY 2015. Mr. Healy seconded the motion and it was unanimously approved.

*Next Meetings Schedule*

A Budget and Finance Committee and Town Council Public Hearing is scheduled for Monday, March 3<sup>rd</sup>, 2014 at 10:00 a.m. A Budget and Finance Committee meeting is scheduled to take place after the Public Hearing on March 3<sup>rd</sup>, 2014 at 11:00 a.m., but this meeting may be cancelled if there are no items to discuss.

Adjourn

Mr. Dece made a motion to adjourn the meeting. The motion was seconded by Mr. Morris and unanimously approved. The meeting was adjourned at 10:35 a.m.