

**Town of Bethany Beach**  
**Budget and Finance Committee Minutes**  
**February 19, 2015**

The Bethany Beach Budget and Finance Committee held a meeting on Thursday, February 19, 2015 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 Bowell; Martin Decre; Joseph Healy; Jerry Morris; and Philip Rossi.

Excused members: Patrick McGuire

Also present: Janet Connery, Finance Director; Cliff Gravier, Town Manager; Mayor Jack Gordon; Council members, Bruce Frye, Rosemary Hardiman, Chuck Peterson, and Lew Killmer; 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 Agenda

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

Approval of Minutes from January 15, 2015 Meeting

Mr. Decre made a motion to approve the minutes dated January 15, 2015. The motion was seconded by Ms. Boswell and unanimously approved.

Discuss FY 2015 Draft Budget

Ms. Connery stated that there have not been many changes since the previous meeting in January. The following are the items that have changed:

- 1.) Revenue increases discussed at the January meeting: There was a \$190,000 increase from raising the hourly parking rate by \$0.25. Parking permit fees were raised by the same percentage, and resulted in a \$3,000 increase. There was a \$6,000 increase from raising shuttle bus permits by the same percentage. Water rates were increased by approximately 21%, which resulted in \$208,000.
- 2.) Revenue increase of \$77,000 from the Bethany Suites Hotel: Revenue projections were revised resulting in a \$10,000 increase in property taxes and a \$67,000 increase in rental tax revenue.
- 3.) Operating expenditures: There was a \$9,000 reduction in cost from planned pension rates being lower than expected. A reduction of \$7,000 in cost resulting from the new unemployment rates being lower than expected. There was a \$10,000 increase to begin replacement of damaged sections of the boardwalk that were needed. The purchase of a new municipal software

program, which the Town Council is voting on at tomorrow's meeting, resulted in an \$87,000 increase.

Ms. Connery mentioned that last year's budget included \$70,000 for construction of a storage building at Town Hall and separately \$500,000 for a purchase of property and construction of a storage building and workshop outside of Town. These projects are being combined into one and being carried forward into this current budget, since it has been determined that the property the Town is in the process of purchasing will be able to serve both purposes.

Ms. Connery noted that there has been a suggestion made that the Town provide accessible porta-potties in the parking lots at Ocean View Parkway and Wellington Parkway. If Council votes to approve this suggestion, a cost of \$14,000 will be added to the budget.

Mr. Morris asked about the quality of the Kebony boards used on the boardwalk. Mr. Gravier explained that the Kebony board is maintaining its quality much better than chemically treated boards.

Mr. Healy discussed his own analysis of the budget. He recommended that the Town depreciate the water tower over 40 years instead of 50 years.

Mr. Morris asked how long a water tower should last. Ms. Connery replied that it's expected to last between 75 and 100 years, and that 50 years is the engineer's recommendation for depreciation.

Mr. Healy recommended that the Committee vote on this, and it was decided to put this item on a future agenda.

Mr. Gordon stated he does not agree with spending \$40,000 on holiday trees. Mr. Gravier stated that other Town Council members do support the purchase. Mr. Peterson said that downtown businesses are planning to sponsor at least six holiday events to try to encourage activity in town during the off season. Mr. Gravier said there has been suggestion of a tree lighting festival and this would encourage the type of business that makes the downtown alive in December. Mr. Morris expressed that since the Town is making an effort to make the Town more year-round, having an event would encourage this idea, but he also feels that having just one tree would be fine.

Mr. Gravier recommended that the Town Council vote on this item when the budget is approved.

#### Review Town Council's Discussion from the February 16 Workshop Regarding the Proposed Storm Emergency Relief Fund

Mr. Gravier explained that the Town Council had a discussion regarding an establishment of a Storm Emergency Relief Fund (SERF) at the Workshop on Monday. The Council would like this Committee to discuss it and create a list of suggestions for funding the new reserve. He stated that this is not a part of the budget process.

The discussion on the need for this fund included that a major storm could easily cost at least \$10 million to recover. FEMA funding for future storms is questionable but it is hoped that 75% would be

covered, which would leave the Town needing \$2.5 million to recover at a time when lost revenue could exceed \$5 million over several years. Creating this fund would be proactive and allow for recovery from a substantial storm without needing to borrow large amounts or drastically raising taxes and/or fees.

The Committee discussed possible funding options and agreed on the following suggestions:

- 1.) Use money that has already been received from the hotel project to start the fund.
- 2.) Increase rental taxes.
- 3.) Add a line item (fee) on the tax bill.
- 4.) Start selling beach tags.
- 5.) Raise the trolley fare.

Ideas that were mentioned and opposed were:

- 1.) Collect a per person occupancy fee on property rentals.
- 2.) Let AT&T put an antenna on the Town's water tower. There was a problem with security cited.
- 3.) Tax alcohol & food. This would be unfavorable to businesses.
- 4.) Ask Sussex County to fund.

#### *Next Meeting*

The Budget and Finance and Town Council public hearing is scheduled for March 16, 2015. If needed, a Budget and Finance Committee meeting will be held on March 17, 2015 at 1:00 p.m.

#### Adjourn

Mr. Healy made a motion to adjourn the meeting. The motion was seconded by Ms. Boswell and unanimously approved. The meeting was adjourned at 2:00 p.m.