

**Town of Bethany Beach
Budget & Finance Meeting
October 15, 2015 –2:00 p.m.**

The Bethany Beach Budget & Finance Committee held a meeting on Thursday, October 15, 2015 at 2:00 p.m. in the Town Meeting Room.

Present: Chuck Peterson, Patrick McGuire, Jerry Dorfman, Philip Rossi and Joseph Healy.

Absent Members: Denis Boswell & Martin Decree.

Also present: Cliff Graviet, Town Manager; Janet Connery, Finance Director; Molly Daisey, Rosemary Hardiman, Jack Gordon, Bruce Frye and Jerry Morris.

Mr. Peterson called the meeting to order at 2:01 p.m.

Approval of the Agenda

Ms. Dorfman made a motion to approve the agenda. Seconded by Mr. Healy, the motion was unanimously approved.

Approval of the Minutes from July 16, 2015

Mr. McGuire made a motion to approve the minutes. The motion was seconded by Mr. Decree and unanimously approved.

Review 2nd quarter of FY 2016

Ms. Connery reviewed the following:

Revenue

For the first six months of the year Town-wide revenues were \$6,560,000. This is \$520,000 less than the prior year but keep in mind that last year's revenues were unusually high from the hotel project which brought in \$791,000. If the effect of this one time project were set aside then Town-wide revenues increased \$269,000 (3.8%).

The highlights of our major revenue sources and how they compare to the first half of last year:

- Transfer tax revenue is \$171,000 lower, but last year's figures include \$150,000 from the hotel project so the adjusted difference is only \$21,000 lower.
- Rental taxes for the first half of the year aren't due until November 1st, so it is too early to compare revenue totals. Most payments are received in late October to early November.
- Building Permit revenues are \$451,000 lower, but last year's figures include \$494,000 from the hotel project so the adjusted difference is an increase of \$52,000.

- Parking meters and pay station revenue is \$394,000 higher than last year, an increase of 32% from raising the hourly rate by 33%.
- Water use revenue is \$129,000 higher, this 20% increase is from raising the rates by 20%, which took effect in the bills sent this month.
- Water Impact fees are \$166,000 lower, but last year's figures include \$147,000 from the hotel project so the adjusted difference is only \$19,000 lower.

Mr. Healy suggested depreciating the tower over 40 years instead of 50 years. Ms. Connery reminded the committee that the Engineers estimated life for the tower is at least 60 to 100 years, and the 50 year schedule was approved by the State when we borrowed funds for construction and by our external auditors. Mr. Dorfman said the Committee has discussed this before and he feels we should follow the opinion of the professionals.

Operating Costs

Ms. Connery reported the following:

Spending for operations Town-wide is \$96,000 (2.4%) higher than the first half of last year. The largest increase is in the Water Fund where costs increased \$73,000. Most of the increase is from one-time items related the water tower, the monitoring well and the deposit on the new software. Chemical costs are temporarily higher this year as they have needed to use a more concentrated and expensive chemical until they have space to store chemicals again.

The next largest increase is in the police department with a \$45,000 increase. This includes ten police body cameras with training and increased seasonal hours for security monitoring of bandstand and other events.

Preliminary discussion of FY 2017

Ms. Connery explained that it's too early for significant discussion of next year's budget until we see the results of the third quarter, however the Town is on track to end the year at least \$300,000 over budget in revenue and 1% to 2% under budget in operating costs. The water department operated at a loss last year, but should show a gain this year since water rates were increased.

In February, the committee discussed the creation of the Storm Emergency Relief Fund and made some recommendations to Council. The Town Council discussed the fund at their July meeting and voted to start this fund using the revenues from the hotel project over three years. As a result, the FY 2017 budget will include the SERF reserve in the amount of \$491,000, which will increase to \$644,000 in the FY 2018 budget. Mr. McGuire asked about the loss of the dune in the recent storm asking if we had an idea of the amount of damage that would've been incurred without the dune.

Mr. Graviet said that the Town lost about 30-40% of the dune. He compared the recent storm to the 1962 storm stating that the Town might have incurred that level of severe damage without the dune. Mr. Graviet responded that the Town is already scheduled for the state to restore the dunes in 2016. Mr. Peterson added that the beach doesn't belong to the Town. Dune replenishment isn't in our budget & creating SERF is not for that reason. Mr. Graviet added that if we start paying for the replenishment of the dune ourselves, the State can come back and say the beach is then our responsibility to maintain it. Mr. Healy added that Dewey & Rehoboth Beach are both set up for replenishment.

Adjourn:

Mr. Dorfman made a motion to adjourn the meeting. Mr. Healy seconded the motion and it was unanimously approved. The meeting was adjourned at 2:44 p.m.

Respectfully Submitted:

Molly Daisey

Administrative Secretary