

**Budget and Finance Review Committee**  
**Meeting Minutes**  
**March 16, 2007**

The Bethany Beach Budget and Finance Committee held a meeting on Friday, February 23, 2007, in the Town Meeting Room.

Members present: Jerry Dorfman, Chairman, who presided; Don Doyle, Joseph Healy, Robert Cuff and Phil Rossi. Excused: Jack Gordon and Ray Conlon.

Also present: Cliff Gravier, Town Manager; Janet Connery, Finance Director; Vice-Mayor, Tony McClenny, Lew Killmer and Tracy Mulligan, Town Council Members; JoAnna Nichols, Administrative Secretary; and other interested members of the public.

**Call to Order**

Mr. Dorfman called the meeting to order at 11:00 a.m.

**Approval of the Agenda**

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

**Approval of Minutes from the February 23, 2007 meeting**

Mr. Healy made a motion to approve the minutes as amended. The motion was seconded by Mr. Doyle and unanimously approved.

Mr. Dorfman turned the meeting over to Cliff Gravier, Town Manager.

**Budget Review and Markup**

Mr. Gravier stated there was an increase of \$11,000 to the Cultural and Historical Committees operating budget as well as an increase of \$15,000 for Administration Capital Debt Service as the estimate amount of payment into the state's retirement plan was higher than previously projected.

Mr. Gravier said that we had researched joining the electricity co-operative as discussed at the last meeting. The co-op would not offer any savings on the cost of street lights which amount to around \$77,000 per year since the rate charged on these lights is already very low. We have submitted an application with other accounts and will wait to hear what rate they are able to negotiate before deciding if the town will join. Savings could range between \$29 and \$10,000 based on what rate is decided.

Mr. Gravier stated that there will be two further changes to the budget draft. One is the addition of \$15,000 in Capital for the purchase of a lightning protection system so that lifeguards can warn beachgoers of impending lighting. The second is an increase of around \$10,000 to general fund and \$2,600 to Water personnel costs as we have just been given the proposed new rates for the state retirement program and they are higher then originally estimated.

Mr. Healy reported that his findings show a shortage this year totaling \$750,000 and the accumulative deficit over the past 2 years was \$2 million dollars (from which \$125,000 was carried over from capital). These figures take into account all capital and debt service payments in addition to operating expenses.

Mr. Healy presented a few alternatives to the committee to try to reclaim funds. He suggested increasing all major revenue sources by at least 20% including property taxes, parking meters, parking fines, parking permits, business licenses, rental licenses, trash collection fees, and building permits.

Mr. Doyle stressed that due to the variable nature of most of our revenue it is important to have a good source of fixed revenue which for us is only property tax.

For committee members to have a better understanding of the parking meter rates, Mr. Gravier passed out the current fee sheet, which listed other municipalities for comparison. Mr. Doyle noted that when these (and other) increases had been reassessed in the past, other jurisdictions immediately raised their costs and fees at the same time. Mr. Doyle stated he does not feel it is necessary for this committee to go through a revision annually.

Mr. Gravier suggested this committee reconsider fines and fees every 3 years. He also stated that while projections were provided to the committee for both 3% and 5% cost increases per year the 5% would be more realistic and is what we have seen in the past few years.

Mr. Rossi commented that increasing property taxes would help offset other increases, however, Mr. Gravier (referring back to the meter handout) explained that by adding additional-smaller increases would likely cause difficulty for renters and visitors of this town.

Mr. Healy stated by increasing the cost of parking meters from \$1.00 to \$1.25 would roughly add an additional \$145,000 in revenue per year.

Mr. Cuff made a motion to accept what Mr. Healy has suggested. However, it was decided to take a vote on each recommendation separately.

- Parking Meters. Increase rate per hour from \$1.00 to \$1.25:  
All were in favor – the motion carried
- Rental Taxes. Increase tax on commercial and residential rentals from 5% to 6% All were in favor – the motion carried
- Business Licenses. Increase cost of license from \$150 per year to \$180 per year:  
All were in favor – the motion carried
- Parking Fines. Increase the basic fine for expired meter from \$20 to \$25:  
4 in favor (Jerry Dorfman, Joe Healy, Phil Rossi, and Robert Cuff).1 opposed (Don Doyle) – the motion was approved by majority vote
- Rental Licenses. Increase from \$50 per year to \$55 or \$60: 1 in favor (Joe Healy) – the motion failed4 opposed (Jerry Dorfman, Phil Rossi, Robert Cuff, and Don Doyle)

A member of the audience, Mr. Killmer, stated that since letters were mailed out mentioning the possible tax increase, he has heard from numerous people. Overall, the feelings were not negative. One question he was repeatedly asked was whether this rate increase could be capped off so that every few years it will not keep rising.

Although that is an understandable concern Mr. Gravier states, the answer is no, the rate could not be capped.

Discussion continued on the subject of Property Taxes. Property Tax Statistics show that 72% of property owners pay less than \$300 per year in property taxes. Within the discussion of raising Property Taxes also came the suggestion of allowing a “credit” for which the property owner could do what he/she chooses. Since no final decision was made on the credit, that will be discussed during a future meeting.

Mr. Doyle made a motion to increase property taxes from 8¢ to 16¢. The motion was seconded by Mr. Healy and was unanimously approved.

A discussion centered on whether an additional mailing should be done for trash bills. Mr. Doyle is in favor of this as he feels people get confused with there trash bill and real estate taxes. Ms. Connery explained by adding 1 additional mailing, would double the workload in the Finance Department as they already do 2 mailings a year. Mr. Doyle did not see this as an administrative issue and wondered what the difficulty was as water bills are mailed out separately. Overall, he stated if the town could do something to better help the residents, than it should be changed.

Mr. Gravier stated he would bring this suggestion to Town Council, as the Budget and Finance Department is not the final decision maker. Mr. Dorfman suggested Ms. Connery attend the Town Council Meeting at which this will be discussed so she may share her feelings on the matter.

In closing, Mr. Dorfman and other committee members thanked Mr. Gravier and Ms. Connery for all there hard work in gathering the necessary information and figures to make these meetings run so smoothly.

Mr. Doyle made a motion to adjourn the meeting at 12:35 pm. Mr. Healy seconded the motion and it was unanimously approved.

The date for the next meeting will be Friday, March 16, 2007 at 11:00 a.m. followed by a Public Hearing for the FY 2008 Budget at 2:00 p.m.

Respectfully submitted:

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JoAnna Nichols  
Administrative Secretary