

Budget and Finance Review Committee
Meeting Minutes
October 10, 2008

The Bethany Beach Budget and Finance Committee held a meeting on Friday, October 10, 2008 in the Town Meeting Room.

Members present: Jack Gordon, Chairman, who presided; Don Doyle, Jerry Dorfman and Phil Rossi.

Excused: Stan Berkman and Joe Healy.

Absent: Denise Boswell

Also present: Cliff Gravier, Town Manager; Janet Connery, Finance Director; JoAnna Nichols, Administrative Secretary; and other interested members of the public.

Call to Order

Mr. Gordon called the meeting to order at 10:00 a.m. He announced that Mr. Neary, who was in attendance, would be joining this committee later this month.

Approval of the Agenda

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

Approval of the Minutes from the July 25, 2008 meeting

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

Old Business

In reviewing the cost of out of town shuttle fees, Mr. Dorfman feels the Town should raise the current rate from \$3,000 to \$8,000. He added there has been no increase since 2003. The figures he used to compare were from Americana/Bayside Community and Fenwick State Park agreement. He further stated the restriction of hours and parking locations should be addressed as well.

An audience member from Bethany Lakes/Bayside, Nancy, addressed the committee. She said it currently costs \$6.00 per person, per trip and the community has been considering whether or not to continue their services.

Ms. Connery explained that the Town's cost to run the trolley's per year is \$90,000. Ms. Connery added in order to recover such costs, 40,000 individuals would need to each pay \$2.50 per person.

In agreement that the costs should be increased, Mr. Gravier stated from a legal aspect the only concern was the possibility of discouraging visitors. However added the one positive factor in all this was at least Bethany Beach offers entertainment in the evenings whereas the State Park does not.

Mr. Dorfman made a motion to recommend to Council to raise shuttle fees to \$3,000 for shuttles with a capacity of ten or less, and \$6,000 for shuttles with a capacity of eleven or more. Committee members agreed.

New Business

Septembers report showed collections were high and transfer taxes have already exceeded the budgeted amount.

Rental taxes, due November 1st, are starting to arrive. In reviewing some of the bigger companies who have already paid, there seems to be a small rental increase from 2007. Ms. Connery feels the probability of going beyond the budgeted amount by almost \$20,000 in 2008 is possible.

It was reported that real estate sales and construction growth is good. This would include impact fees, building permits and transfer taxes. It was also noted that in October, the Blue Surf purchased a building permit totaling \$169,000.

The budgeted amount in parking revenue has been reached. It is expected that another \$40,000 will still be collected.

It was estimated that the general fund should be over the budgeted amount by \$100,000 if not more. Mr. Rossi added his thoughts by stating businesses had an excellent season.

There was a 10% decrease in water usage for the period ending in September, causing revenue to be less then expected. However, impact fees are exceeding the amount budgeted. Overall, at the end of the year the water department will probably come close to budget.

The committee as a whole had concerns with the state of the economy. Ms. Connery assured the committee that primary banks the Town uses, both commercial, are in good standing. She added the collateral agreement for deposits was in place in excess of the FDIC amount which was just raised to \$250,000.

Mr. Neary suggested looking into CDRS agreements which would spread CD investments out over numerous banks, taking full advantage of the FDIC coverage.

Operating costs are as projected. Mr. Connery stated the Town should come in at least \$100,000 under budget due to the savings in personnel costs.

In regards to five year projections, Ms. Connery said this is only intended to show whether or not existing revenues cover the basic costs of running the Town. She added by the year 2012, that will not be the case.

To keep up with the rapid increase with inflation, it was estimated that property taxes would need to be raised by half a cent each year. This would mean a charge of .17 cents in the year 2010. Mr. Mulligan and Mr. Dorfman supported this idea. Mr. Doyle

suggested some type of regular annual inflator, so you wouldn't have to worry about changing it each year.

Since the real estate market is at an all time low right now, the committee feels this would be a good time to consider changing annual assessments. Mr. Graviet said he would review the agreement with the assessor and look into this. Further discussion on both issues will take place at the January meeting.

Mr. Mulligan asked to address the committee. He suggested committee members assess multiple scenarios when reviewing the Towns five year projections. These scenarios would include best case, worst case, costs up, revenues up, revenues down and costs down. Mr. Gordon thanked him for his input.

In closing, Mr. Gordon announced the tentative dates for future meetings. They are as follows: January 16, 2009 at 2:00 p.m., February 20, 2009 at 2:00 p.m., and possibly March 16, 2009 at 2:00 p.m. if needed. The next meeting is scheduled for January 16th at 2:00 pm.

Mr. Doyle made a motion to adjourn the meeting at 12:05 p.m. The motion was seconded by Mr. Rossi and unanimously approved.