



The Town of Fenwick Island

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FINANCE COMMITTEE DECEMBER 8, 2017 AT 10:00 AM

MINUTES

Attendance

Edward Mais, Richard Benn, Gardner Bunting, Vicki Carmean, Julie Lee, Mark Tingle, Bill Weistling, Roy Adams, Terry Tieman

Edward Mais called the meeting to order at 10:00 AM.

Dedicated Street Fund

Edward Mais began the meeting by discussing the Dedicated Street Fund. Since the Town is trying to get sidewalks installed, he questioned if the fund should be renamed to include sidewalks, and if so how much money should be reserved to fund sidewalk project. Vicki commented that she received good news from Terry yesterday that DelDOT is reopening the sidewalk project and will begin a plan to install sidewalks in phases. The Pedestrian Safety Committee is meeting with DelDOT on December 18th at 10:00 AM.

For dredging, Terry stated that we could also obtain funding through DelDOT since waterways are considered a transportation mode. She also heard that they may raise the gasoline tax which also could fund dredging. Vicki added that tourism is the #2 industry in the State.

Edward Mais then asked if we should then keep the Dedicated Street Fund's name as is. Vicki responded that we should wait until after the December 18th Pedestrian Safety Committee meeting to decide. Terry added that we still need to define the purpose of this fund.

Edward stated that he thought the purpose of this Committee was to come up with ways for funding. Edward Mais said that was part of the objective for the Committee, but also to define the structure for revenues, funding for dredging and other projects, and other fund usage.

Edward asked currently how much is in the Dedicated Street Fund. Terry responded \$85,500. Bill requested adding more to the fund. Vicki added that maybe the Town should have a separate account in addition to the Dedicated Street Fund for sidewalks and other projects.

Richard Benn suggested that anything in excess of 5% could go into the Dedicated Street Fund. Terry suggested putting in \$2,000 in the Parks & Recreation fund then changing the percentage from the General Fund to Dedicated Street Fund to 15% instead of 10% (taking the 5% from Parks & Recreation fund). Edward Mais stated the Committee could then recommend the 5% be for sidewalks if need be.

Edward asked if a resolution was needed, and Terry responded only a motion. Terry asked for a motion to increase overflow of 5% (if needed) to be moved to the Dedicated Street Fund, seconded by Vicki. All Committee members were in favor of moving the 5% to the Dedicated Street Fund.

Unallocated Reserve

Terry passed out two handouts, both from the GFOA (Government Finance Officers Association). The first handout, "Analyzing the General Fund Reserve Risk Factors" is about how to assess the vulnerability to extreme events. The Town's major risk is the vulnerability to storms. The second handout was a questionnaire that she would like all Committee members to fill out so it can be discussed at the next meeting. Terry commented that at the October SCAT meeting, it was discussed that the State is discussing the 1% of RTT money to be eliminated from next year's budget. Richard Mais added that the Town does not have many risks other than storms.

Mark questioned how much is currently in RTT. Terry responded \$135,000 and added that that reserves are used for emergencies. Mark then asked how much capital projects are we funding through the Town. Terry responded \$25,000 police grant, \$3,559 MSA, \$24,000 Community Transportation Fund, and \$122,000 transfer tax. Roy responded \$46,000 was funded with \$56,000 taken out of the General Fund. Terry added in the current budget, \$122,000 is budgeted for capital projects.

Mark then asked how much of the property taxes are covering revenue. Terry responded 33%. Roy then asked what could be raised to increase revenue. Terry suggested that any of the fee rates could be raised. Richard Benn is concerned that for commercial revenue, hotels currently pay a lot, but restaurants pay little.

Terry stated that the Town has to determine what is appropriate. As a suggestion, business license fees or rental fees could be raised, along with restructuring restaurants and hotels in different categories. We could also look into raising the parking fees and hours required. Richard Benn suggested getting the app where patrons could pay the parking fees via their smart phones.

Revenue Sources

Mark questioned why certain events on the beach do not have to pay and should.

Gardner commented that the appraisal of properties have basically stayed the same and feels that \$1.92 per \$100 assessed value is too low and it could be raised. Terry added that the rate has not increased since 1972, and the City of Dover reassesses their amounts every 3-5 years. However, the State has a rollback rule where some properties could go up while others go down. Delaware law states that once a property is assessed the rate cannot be increased. Her suggestion is to raise the assessment rate \$.07 every year for the next five years, which would increase revenue by \$125,000 at the end of the five years (\$25,000/year).

Richard Benn is concerned about the under collecting of business rental receipts. Terry suggested to make it the same 7.5% as residential. We have always kept it at 3% due to the hotels.

Julie Lee liked the idea mentioned earlier in the meeting about getting the parking app. That way no one pays for a parking pass until they find an available parking space. Gardner commented that we are losing money since no parking permits are needed after 4:00 p.m.

Richard Benn commented that a revenue source could be illegal parking. The Town should require businesses to put up signage stating "for business parking only" and if the cars are parked in a business parking lot for beach access, we could ticket them or have the vehicle towed.

Julie Lee commented that parking is not enough to increase revenue. The Committee should look into increasing the business license fee and should check with other Towns on their rates for business licenses.

Vicki questioned if anyone has ever looked into annexing the Town limit. Richard Mais responded that both the property owners and Town would have to agree, but feels that property owners outside of Town limits would not want to pay the Town taxes.

Richard Benn commented that the Committee needs to be careful when looking into revenue sources, especially since the current budget looks like we are getting close to breaking even and last year we brought in less than what was budgeted.

Roy asked if RTT should be spent for capital improvements instead of funding the General Fund. Terry responded if we wanted to spend the \$178,000 it would have to go into the budget for capital improvements. Richard Mais questioned if the \$178,000 over expenses currently sits in reserves. Terry responded no, that it is used for cash flow.

Vicki asked if we should look into the Beach Replenishment fund. Richard Mais responded that it is not an issue now, and Gardner added that we should not remove the fund.

Summary

Richard Mais provided a summary of what will be presented to the Council for consideration:

1. Dedicated Street Fund: leaving the name of the fund as is, but 5% that was going to Parks & Recreation (unless under the \$10,000 cap) will now go to the Dedicated Street Fund (15% instead of 10%). If we need money for sidewalks, we will look into changing the name.
2. Revenue Sources: increase the parking fees and hours, increase business license fees and change percentage for restaurants and hotels, and increase property taxes with the \$.07 increase every year for the next five years.
3. Unallocated Reserve research will be completed by all Committee members.

Next Meeting

The next meeting will be held on January 26th at 10:00 AM. Unallocated Reserve will be discussed.

Adjournment

Motion – Richard Been asked for a motion to adjourn.

Second – Richard Mais.

The meeting adjourned at 11:14 AM.