



# The Town of Fenwick Island

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## **FINANCE COMMITTEE FEBRUARY 22, 2018 AT 3:00 PM**

### **MINUTES**

#### In Attendance

Richard Mais, Richard Benn, Gardner Bunting, Vicki Carmean, Mark Tingle, Bill Weistling, Terry Tieman, Dean Gary, Pat Schuchman

#### Absent

Julie Lee, Roy Williams

Richard Mais called the meeting to order at 3:01 PM.

#### Approval of Minutes

A motion was made by Richard Benn, seconded by Vicki, to accept the minutes from the January 26, 2018 meeting. The motion passed unanimously.

#### Discussion

Terry led the discussion by explaining the handouts provided to each Committee member. She noted that rental receipts are 17.07% of total revenue, business license fees are 5.63% of total revenue, building permit fees are 12.15% of total revenue, and parking permit fees are 1.39% of total revenue. She suggested to look at each fee closely before making any decisions to increase, and maybe talk about the increases today but make a final decision at the March meeting.

Terry mentioned that she has contacted an assessor in regards to property taxes and is hoping to hear back prior to the next meeting.

#### Rental Fees

A copy of the rental fees from four Towns were provided for comparison.

Richard Benn suggested that the Committee focus on the commercial percentage since he has heard from residential owners that rent their homes feel that it is unfair that they are paying a higher percentage than commercial. Bill objected, stating that the Town gets more money off of residential rentals, and pointed out that the people that rent residential are willing to pay.

Terry stated that she was aware that a few years ago the increase in the commercial rate was presented to the Town Council for approval. Pat added that the increase was to 4% the first year then 5% the next year, but there was backlash from the commercial properties due to long-term leases, so the proposed increase was rejected by Town Council.

Terry suggested presenting an increase again, with 1% every year until the rate reaches 6%. Bill suggested not mentioning the yearly increase, but just present the 1% increase for this year. Richard Mais agreed and added that the Town should see what the response is to the increase.

Bill then suggested that the residential could be increased to 8%, and then split the commercial to 3.5% on hotels and 4% on other commercial properties. With that suggestion, revenue on rental fees would increase by \$35,169.83.

#### Business License Fees

Bill mentioned that the Town's business license fee structure used to be like Rehoboth Beach and Dewey Beach's, which has a different fee for each type of business, but it became a hassle.

Vicki commented that she would prefer not to look at Dewey Beach's fee structure since they do not have a property tax and their license fees are a majority of their revenue.

Richard Benn stated that the Town should not increase the license fees, but could charge a separate license fee for ABCC businesses. Gardner questioned if the Town would need State approval if we do a separate fee, and Terry responded that she didn't think so but would confirm with the Town attorney.

Bill suggested raising the contractor's fee to \$200.

Terry commented that the room rate of \$7.20 per sleeping unit has not changed since 2006. Pat added that Dewey has their rate at \$22 per room. After calculating the increase per sleeping unit, it was determined that the revenue did not change that much, so therefore the rate will remain at \$7.20.

Terry confirmed with the Committee that the only recommendation then is to increase the contractor's fee to \$200. Everyone was in agreement.

#### Building Permit Fees

Richard Benn suggested implementing what Bethany Beach and Ocean City charges and base the fee off of the International Code Council's (ICC) square foot construction cost standard instead of what the Town currently charges, which is 3% of the estimated construction cost. Terry will contact Bethany Beach on their practices of using the ICC cost.

Richard Benn commented that the Town should require that contractors present a copy of the contract showing the estimated construction cost instead of just listing it on the permit. Pat responded that she does receive the actual contract. Bill added that the practice of receiving the actual contract started years ago.

Richard Mais stated that the Committee will review changing the fee after Terry receives more information from Bethany Beach on their ICC practices.

Pat stated that the taxes on any new projects are still based on the 1976 assessment rate and not what the actual building permit contract cost. The Town appraiser reviews the building permits yearly for any increase in values.

### Parking Permits

Terry read the Town's current fee structure. She suggested that the Town should increase the parking hours until 10:00 PM since a kiosk is being installed in the next few months. Bill commented that Ocean City just removed their kiosk due to several problems and maintenance issues. Terry responded that extending the hours will increase revenue. Richard Benn stated that the only concern he has about increasing the hours is that every sign in Town will need to be changed. Terry responded that a sticker will be placed over the current end time of 4:00 PM with the new time of 10:00 PM. She also added that with the increase in hours, the Town will be offering an hourly rate of \$2.50 per hour with a 2 hour minimum (\$10 for 4 hours).

Vicki suggested increasing the current daily rate for weekends only like Dewey Beach and Rehoboth Beach currently charges. However, if we increase the daily rate, the weekly and monthly rates should also increase.

Richard Been suggested increasing the additional resident tag to the same as the summer permit (\$350). He also suggested increasing the weekly rate to \$120 and the monthly rate to \$175. Vicki suggested increasing the weekly by \$100 to \$160 and removing the monthly parking permit fee.

Terry asked the Committee what should be done about the summer parking permit fee. Vicki suggested raising it to \$400.

Terry then asked if the additional resident tag fee should increase. Mark suggested increasing it to the same as the proposed summer permit (\$400).

Terry questioned if the resident merchant fee should be raised or kept at \$75. Mark suggested raising it to \$100.

As for the replacement permit fee, Vicki suggested raising it to \$100. Bill commented that he feels more comfortable raising it to \$200. Richard Mais agreed with raising it to \$200.

### New Business

The draft copy of the RTT policy was presented to the Committee. Vicki commented that in the last meeting there was no discussion of the use of the RTT, just the actual amount that will be allocated to the RTT. Terry responded that she developed the policy based on what other Town's currently do.

A motion was made by Vicki, seconded by Gardner, to approve the draft copy of the proposed RTT policy. The motion passed unanimously.

### Next Meeting

At the next meeting, the Committee will review the changes from today and discuss property taxes.

The next meeting is tentatively scheduled for Thursday, March 15<sup>th</sup> at 3:00 PM.

### Adjournment

A motion was made by Richard Mais, seconded by Mark, to adjourn. The motion passed unanimously, and the meeting adjourned at 4:30 PM.