



The Town of Fenwick Island

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BUDGET COMMITTEE MAY 22, 2019 AT 10:00 AM

MINUTES

In Attendance

Gardner Bunting, Richard Benn, Vicki Carmean, Dean Gary, Charlie Hastings, Gene Langan, Julie Lee, Bernie Merritt, Terry Tieman, Mark Tingle, Ben Waide, Bill Weistling, Roy Williams

Absent

Tim Collins, Charlie Hastings, Richard Mais, Scott Mumford

Gene called the meeting to order at 10:00 AM. He noted that the final totals from the revaluation will be provided by Pearsons by the end of June.

Approval of Minutes

A motion was made by Gene, seconded by Ben, to accept the minutes from the May 16, 2018 meeting. The motion passed unanimously.

Discussion

Terry gave her presentation of the proposed budget and capital improvement plan for FY 2020.

Ben questioned when the hearings were held for the revaluations. Terry responded that they were held the last two weeks, with a formal appeal process to be held in July, like it is held every year.

As for the funding sources, Julie asked the definition of CTF and MSA. Terry replied that CTF is the Community Transportation Fund while MSA is the Town's Municipal Street Aid account. The Town usually received around \$37,000 in CTF funds from the State per year. Richard questioned the likelihood that the Town will be receiving CTF this year. Terry responded very likely, since it is usually provided by Senator Hocker and Representative Gray.

Richard questioned why the paving is only showing in next year's capital budget instead of the next 5 years. Terry replied that the Dedicated Street Fund was set up for the project. Richard stated if we advertise out, we can spread the project over 5 years.

Julie asked about the holiday lights and if we are planning to switch from the current lighthouse lights. Terry confirmed that the lighthouse lights will be removed from the poles and lights will only be hung during the holiday time with banners installed the remainder of the year.

Terry commented that this is a tough budget year, with RTT and permit revenue lower than what was to be expected.

Roy questioned the status of RTT. Terry referred him to page 6 of the Account Summary tab in the binder with estimated actual and budgeted for FY 2019 as well as the FY 2020 budget. The expense total for RTT for the FY 2020 budget is \$434,188.

Mark asked if money has been set aside for dredging. Terry replied that no money has been set aside for dredging or sidewalks since there are no cost estimates for either project. Bernie did receive an estimate on dredging: \$195,000 to remove the spoils and \$25,000 for the set up, with the entire project to be completed for under \$250,000 as long as the Freeman property is used. Ben suggested deferring the road work for next fiscal year and use those funds for dredging.

Review of the budget binder:

Fee Schedule

The dumpster/POD fee has been added and will be approved by the Town Council at the second reading to be held at the June meeting.

Gardner suggested increasing the bonfire permit fee from \$75 to \$100. Julie suggested increasing the parking hours to 6:00 PM. Terry commented that any changes to either should wait to be effective until May 15, 2020 in order to give everyone notice of both changes. Richard commented that if any backlash is received by the businesses about their employee parking that the Town could implement a hang tag permit so that business employees have a place to park. Gardner suggested that business employees could purchase an employee hang tag for \$100 per season.

A motion was made by Gardner to recommend to Town Council to raise the parking hours to 6:00 PM effective on May 15, 2020. The motion passed 8-3, with Gene, Bernie, and Bill opposed.

A motion was made by Vicki, seconded by Gardner, to recommend to Town Council to raise the bonfire fee to \$100 effective May 15, 2020. The motion passed unanimously.

Richard asked why the rental receipt tax was down. Terry responded that the Town is not receiving rental tax from The Sands. Overall, \$261,000 in rental receipts have been received.

Bernie suggested that the Junior Lifeguard fees be added to the Fee Schedule.

Revenue

Vicki commented that the investment balance on CD's is low. Richard suggested that the Finance Committee look into how the Town is investing reserve funds.

A motion was made by Richard, seconded by Vicki, to request the Finance Committee investigate the Town's investment strategies. The motion passed unanimously.

Police Department

Ben questioned why the traffic fines are projected at \$42,000 although each year less has been taken in. Terry commented that is the trend. Ben then asked if there are certain hours that the police are supposed to be on the road. Terry responded no, and that she was told that they are not there to raise revenue but to serve and protect.

Vicki is concerned about the expenditures for the Police Department and why the amounts are higher than what was budgeted. Ben added that he brought up the increase in overtime last year, and with the additional Police Officer he thought the amount of overtime should have went down.

Mark questioned the equipment maintenance increase for the Police Department. Terry responded that it includes the cost for the new Comp Plus Ticketing Software.

Lifeguards

Vicki is concerned about the increase in Lifeguard expenditures. Terry responded that all lifeguards are now required to get drug screens and background checks prior to employment.

Public Works

Vicki questioned about the increase in shop supplies for Public Works. Terry replied that signs have been added into the Operating Budget instead of including them in the Capital Budget as in previous years.

Vicki asked about the increase in Contract Services for Public Works. Terry noted that this is for the replacement of inoperable solar panels. While the panels are still under warranty, the \$1,050 is for the labor for the replacement. She added that the Town will also be saving 17% on electric by switching from the Chambers Electric Purchase Agreement and going with the State contract.

Vicki questioned about the increase in Workman's Comp. Terry responded that all employees were reclassified. Vicki then questioned about the increase in Equipment Maintenance. Terry replied that the increase is due to the F150 needing tires and the increase in the price of gas.

Administration

Bill questioned the decrease in printing and advertising. Terry replied that she lowered it based upon what was used last year.

Vicki asked about the increase in office equipment by \$3,000. Terry replied that this is for the installation of new computers as well as for computer maintenance.

Vicki questioned about the increase in overtime. Terry commented that it could be lowered to \$1,000, but she would like to keep it at \$1,200.

Julie asked about the increase in office supplies. Terry responded that it was due to the purchase of a new copier, 2 computers, and 2 fire-proof cabinets.

General Government

Ben questioned why legal services are budgeted the same as last year. Terry replied that it is trending that way. Vicki commented that the budgeted number should be cut back to what we spent this fiscal year.

Vicki commented about the expense for Fenwick Flicks and if it is really worth spending \$2,500. Terry responded that donation letters were sent out to the businesses asking them to help with the cost. Richard suggested sending it back to the Business Development Committee and Vicki added that since the Chamber of Commerce used to sponsor it, they could take it over again. Gene suggested for next year to remove it from the budget and only do the Fenwick Flicks if we receive sponsorship.

Vicki asked why the Community Projects increased by \$1,000. Terry replied that the Center for Inland Bays asked for a donation of \$1,000, which all municipalities are donating to.

Capital Budget

Richard asked who decides what streets are to be done in the street project. Terry replied that Kercher Engineering decided the streets and based their assessment on what we needed done. She added that the overlay work in the Capital Plan can be postponed.

As for the holiday lights and banners, Vicki noted that maybe we don't need to budget \$12,000 and instead ask for donations. The previous lighthouse lights were purchased by donations from F.I.S.H. Terry commented that we could ask for donations, but if no donations are received then we will not be able to purchase the lights and banners.

Revaluation/Taxes

Terry stated that the Town has a sustainability problem that is not going to resolve, especially with the sidewalks, dredging and beach replenishment projects that need to be done. By next year something has to be decided so the Town is not dependent on the Operating Budget for RTT. \$0.08 to \$0.10 increase in taxes would solve the problem. She suggested looking at tax rate increases every 3 years, noting that the Town has not had a tax increase since 2002.

Roy commented that only 35% of the residents are paying 65% of the taxes. He suggested a base rate, since the 35% that are paying the heaviest load are not getting any more services than others in Town. Richard responded that he does not know anywhere that taxes are not based on the value of the house.

Ben stated that it may be too late to do the tax increase this year. Terry replied that it can be done as long as the roll back rate is advertised then the new tax rate and tax increase are advertised.

Richard suggested to make accommodations to those on fixed incomes with limited financial ability. Terry replied that this could be done with payment plans.

Terry will go back and rework the numbers before the next meeting. Per the Charter, increases need to be posted by the 1st Monday in June, with appeal meetings to be held in July. For a tax

rate increase, it would need to be passed by ordinance, so it could go to the Town Council for the first reading in June and the second reading in July, to be made effective August 1st.

Ben noted that last year the Committee talked about the revaluation then raise taxes, but he feels that it is too much to do both at one time. Vicki agreed, stating that the Committee only talked about doing the revaluation and the Committee should stick to that.

Terry commented if the Committee agreed to \$120,000 and defer the street project, that would put \$120,000 back into RTT and balance the budget. Gene agreed that we should defer streets and not raise taxes this year. Ben commented that we have an unusual year this year, but we will have to raise taxes eventually. Vicki added that we have cut back and kept our promise, and that is what people need to hear.

Richard noted that with the revaluation property values increased which will then raise taxes as well.

Bill commented that we need to do it right and not like Ocean View. He thinks the Town should wait until next year and suggested that it needs to be done in writing to inform residents.

Next Meeting

The meeting originally scheduled for tomorrow (May 23rd) was cancelled. The next meeting will be held on June 12, 2019 at 10:00 AM with a tentative follow-up meeting to be scheduled on June 14, 2019 at 1:00 PM.

Adjournment

A motion was made by Ben, seconded by Richard, to adjourn the meeting. The meeting adjourned at 12:45 PM.