

TOWN OF SOUTH BETHANY TOWN COUNCIL WORKSHOP MEETING MINUTES NOVEMBER 19, 2010
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ATTENDANCE

PRESENT: Mayor Jay Headman; Councilpersons John Fields, Bob Cestone, Tim Saxton, and Sue Callaway; Financial Administrator Renee McDorman; and Code Enforcement Constable Dan West

EXCUSED ABSENCE: Councilperson George Junkin

MEETING CALLED TO ORDER

Mayor Headman called the November 19, 2010, Town Council Workshop Meeting to order at 6:00 p.m.

PUBLIC COMMENT PERIOD

There were no comments from the public.

DISCUSSION OF ORDINANCE 155-10

Referring to Ordinance 122-03 which was adopted on March 12, 2004, and the Floor-to-Area Ratio (FAR), the Code Enforcement Constable stated that plans have been reviewed consistently since Ordinance 122-03 was adopted.

Council Members had a copy of the Town Attorney's recommendations regarding Ordinance 155-10.

Councilman Cestone stated that the point of Ordinance 122-03 was to limit the physical size of the house. He noted that Ordinance 122-03 was challenged and went to a binding referendum and the majority of the public agreed with Ordinance 122-03. Councilman Cestone has no intention of changing the intent of the existing code.

Councilman Cestone will be making the following changes to Ordinance 155-10 for the third reading:

- § 145-3B Floor-to-Area Ratio (FAR) – . . . groundlevel boardwalks, ground-level decks and unenclosed **groundlevel paved or unpaved** spaces among pilings, including areas surrounded by lattice or boards with spaces between them.
- § 145-68A2 – . . . submitted to the Town a building permit from Sussex County **Building Department and as may be required by FEMA, DNREC, and/or any other state or federal agency.** ~~or proof that a building permit is not necessary from that agency.~~
- § 145-3B Construction – Will add a word to the definition to make it read smoothly.

DISCUSSION ON RENTAL LICENSES AND RENTAL TAX COLLECTIONS

Council Members had copies of the following documents prepared by the Financial Administrator, Renee McDorman: A memo dated October 25, 2010, a draft 2011 Rental Tax Form, a draft 2011 Application for Rental License or Non-Rental Declaration, a chart titled Rental Tax Revenue by Fiscal Year FY 2001 – 2010, and a chart titled Rental License Revenue & Number of Rental License Sold by Fiscal Year FY 2001 – 2010 (all attached). Mayor Headman thanked the Financial Administrator for preparing the documents. Mayor Headman stated that the goal of this discussion is to make changes to the wording in the Application for Rental License or Non-Rental Declaration form, to review the process, provide data regarding rental tax and the rental license, and look at forming a committee to review the current penalties and ordinances in Chapter 84, Article II, Renters Licenses and Chapter 118, Article III, Tax on Gross Rental Receipts.

Mayor Headman stated that rental tax is one of the Town's top three sources of revenue. Mayor Headman reviewed the Town's top three sources of revenue:

- FY 2006: Rental Tax made up about 27% of the revenue, Transfer Tax made up about 37% of the revenue, and Property Tax made up about 13% of the revenue.
- FY 2011: Rental Tax made up about 28% of the revenue, Transfer Tax made up about 18% of the revenue, and Property Tax made up about 31% (due to an increase in May 2009).

Mayor Headman reviewed the Rental Tax by Fiscal Year FY 2001 – 2010 Chart and the Rental License Revenue & Number of Rental License Sold by Fiscal Year FY 2001 – 2010 Chart.

Councilman Saxton stated that there is not a strict correlation between the peak in rental tax revenue and the peak in rental licenses. He said that something else besides the number of rental licenses must be driving the change. It could be the number of weeks rented, the number of weeks rented reported, or some affect going on in the economy.

Mayor Headman questioned why there was a decline in rental licenses in 2007, 2008, and 2009. He was surprised in the variance in the amount of rental licenses being sold. Mayor Headman asked the Financial Administrator to prepare a bar graph showing the number of property transfers in 2006, 2007, 2008, and 2009.

The Financial Administrator reviewed the process the Town uses regarding rental licenses and rental taxes.

Council reviewed possible changes in the Draft 2011 Application for Rental License or Non-Rental Declaration form. (Changes are in green font.) In an attempt to get more of the Application for Rental License or Non-Rental Declaration forms returned to Town Hall (over 200 property owners did not return the form in 2010), Council liked the idea of putting a due date on the form. Council made the following suggestions regarding Section B:

- Item 1 – The dates (May 2011 to September 2011 or October 2011 to September 2012) cause confusion. Make the choices *seasonal renter* and *year-round renter* or *summer, fall winter, spring* or *yearly, weekly/daily*.
- Add an Item 4 for "If you handle your own rentals at least part of the time . . ."

Mayor Headman said he and the Financial Administrator will take Council's suggestions, look at them, and bring the form back to Council for further feedback.

Regarding the 2011 Rental Tax Form, the changes are adding § 118-16, Penalties for offenses, to the form.

Council gave their approval for Mayor Headman, Councilman Saxton, Councilman Cestone, and the Town Attorney to review Chapter 84 and Chapter 118 for possible changes to the code.

2011 AMBULANCE SERVICE FEES

Upon adoption of the Bethany Beach Volunteer Fire Company (BBVFC) Ambulance Service FY 2011 budget, the Ambulance Service Sponsors Group (Bethany Beach, Fenwick Island, Sea Colony, and South Bethany) directed the BBVFC to develop a Long Term Capital Replacement Schedule which would provide a guideline for replacement of the current ambulances at the end of their useful life. The fund for the capital replacement will require an increase per unit (property) that each town charges for the ambulance fee. The proposed increase is \$7 per unit (property). This will increase South Bethany's ambulance fee per unit (property) from \$35 to \$42. Mayor Headman noted that the other sponsors support it.

Councilman Fields inquired who would be holding and tracking the funds. Mayor Headman replied that the BBVFC holds the funds and the Ambulance Service Sponsors Group oversees it. Regarding the loan on the current ambulances, Councilman Cestone stated that when that loan is paid off the ambulance fee could go down assuming the other costs do not go up. Mayor Headman agreed. Councilwoman Callaway suggested that a note go out with the tax bill explaining the increase in the ambulance fee.

A motion was made by Councilman Fields, seconded by Councilman Cestone, that Council approve the proposed \$7 increase per unit to fund the capital replacement fund for the Bethany Beach Volunteer Fire Company Ambulance Service. The motion was adopted.

BEACH ACCESS

Mayor Headman asked for support from Council to ask the Town Manager to begin looking into beach access improvements and come up with costs and information for the budget process. After a discussion, Mayor Headman stated that he will ask the Town Manager to get costs for railings, regrading using sand, Mobi-mats (and possibly other things that are mobile like the Mobi-mat) , and a handicap ramp.

Councilwoman Callaway suggested the Town look into the possibility of using AmeriCorps as a way to cut down on the cost of installing a handicap ramp.

BUDGET AND FINANCE COMMITTEE REPORT

There was no report.

A motion was made by Councilman Fields, seconded by Councilman Cestone, to go into Executive Session.

EXECUTIVE SESSION – DISCUSSION OF INDIVIDUAL CITIZENS' QUALIFICATIONS AS POTENTIAL CANDIDATES TO FILL VACANT COUNCIL SEAT

Council went into Executive Session at 7:45 p.m. to discuss individual citizens' qualifications as potential candidates to fill the vacant Council seat.

RECONVENE WORKSHOP MEETING

Council reconvened the Workshop Meeting at 8:15 p.m.

PUBLIC COMMENT PERIOD

There were no comments from the public.

ADJOURNMENT

The November 19, 2010, Town Council Workshop Meeting was adjourned at 8:20 p.m.

phs:Workshop Minutes.11.19.10

Attachments: Memo dated October 25, 2010, from the Financial Administrator, Renee McDorman
Draft 2011 Rental Tax Form
Draft 2011 Application for Rental License or Non-Rental Declaration
Chart titled Rental Tax Revenue by Fiscal Year FY 2001 – 2010
Chart titled Rental License Revenue & Number of Rental License Sold by Fiscal Year FY 2001 – 2010