



**TOWN OF SOUTH BETHANY  
BUDGET AND FINANCE COMMITTEE MEETING MINUTES  
JANUARY 19, 2013**

The Budget & Finance Committee met on January 19th, 2013 at Town Hall. In attendance were Pat Voveris, Steve Farrow, Keith Krenz, Renee McDorman, and Melvin Cusick, Joe Conway and Todd Neven participated remotely via phone.

There were no public comments.

The first order of business was to review current budget status for the first 8 months of FY2013. Revenues in Transfer Tax and Rentals are exceeding expectation. All departments are operating within budget. Revenues are at 104% and expenditures are at 76%. Pat projected a healthy year end surplus.

Seven owners remain delinquent on property tax.

Transfer Tax for December was at 844% more than the same month FY2012. Steve asked if this was due to volume or high sales price. Renee said the number reflected bayside sales. Pat noted November was the month for high sales price activity, and December was the second largest volume for that month in the last 6 years.

Pat noted Rental Tax Revenue YTD is the highest it has been in the last 6 years.

Next, the increase in Workman's Comp was discussed. The town received notice of a 15% increase from the State of Delaware. Steve inquired if this was related to claims. Melvin explained the insurance commissioner lowered rates 4 years ago and with more going out than coming in, now agreed a raise in rate was necessary. Originally, a 43% increase was considered, so he is thankful only 15% materialized.

Review of the FY2014 Budget Draft began with Pat thanking both Melvin and Renee for their hard work to bring a balanced budget forward. She also credited Renee with adding additional details of year end projections and % increase for the new budget by line item. The detail helps with understanding and transparency.

Joe asked to revert back to FY2013 Budget to discuss Reserves and the recent presentation to Council. He did some work on finding benchmark for Operational Reserves as recommended by the State. Delaware promotes 10% in Operational Reserves, and most other states promote 5%. As a percentage of total budget, 8% is the number. Joe did find 18% as the number in one state. For South Bethany, 10% would be \$200,000 and 18% would be \$360,000. Based on where we actually are, Joe recommends B&F consider a recommendation to Council to transfer some of

our Operational Reserves to Long Term Reserves. Melvin commented the auditor supports 6 months in Operational Reserves, and we currently have 8 months.

Back to FY2014 Draft Budget, Pat thanked Tony Caputo on his recommendations for verbiage and reporting consistency. Tony has proven to be a valuable asset to B&F with his expertise and experience that he shares.

A page by page review now began.

Page 1. Pat spoke to a balanced budget being brought forward, looking at both Revenues and Expenditures.

Page 2. On Revenue, she indicated the difficulty projecting Transfer Tax Revenue and how historical information was the basis. Steve voiced concern on the large variation and unpredictability that occurred on such an important number. Pat voiced concern on over estimating and not meeting budget projection. Joe asked if there was any scientific formula to apply for budget projection for this revenue. Pat answered there was no science...it is all a factor of property sales.

Page 3. The 5th line pulls out Transfer Tax Bank Charges. This amount is a direct reflection of property sale activity and needs to be shown separate from normal banking activity.

Printing increase is a reflection of committee activity. Renee prefers to monitor this and has included committee work in G&A.

Steve questioned the health insurance number. Pat explained when the previous Code Constable, who did not require health insurance, left for another opportunity at a \$3,000 pay increase, Council opted not to match the pay increase, and instead opted to hire a new person, and that person took health insurance at a cost of \$10,000 to the Town. Additionally, Renee built in an overall 5% premium increase for all employees.

Steve questioned the increase in general insurance and Renee explained a 15% increase in Workman's Comp and 3% in General Insurance.

Steve questioned amount for website and a similar line item under committee request. Pat explained that Mark Damato, who heads SBCPRC, would need to present his idea to Council for approval, and that our job today was to determine if the draft budget could support the expense.

Joe questioned training in that we have not spent much. Melvin explained the budget year has months to go and training money will be utilized for CPR education and Code Constable education. Pat expressed the need to keep an amount in budget so if training could be garnered, funds would be available for it.

Page 4. Public Works salaries, Christmas lights, canal maintenance were discussed. Signs were also addressed and Pat explained Beach Rules signs carried over from last budget. Joe questioned canal maintenance and Melvin pointed out use of ARM Reserves.

Page 5. Pat explained no material changes in Public Safety. A new line item on pension reflects a mandate from the State regarding the part time dispatcher. Steve questioned the overall percentage on pension for full time here and Renee replied it is State mandated. Questions arose on gasoline charges. Renee explained officers are on the road more. Upon reflection, summer employee previously on bike was in a car all summer.

Page 6. Beach Patrol has no significant changes. Melvin explained salaries are a function of returning guards and competitive rates. Several years ago we had 28 guards and we now have 26. We have some part time people in attempt to minimize overtime.

Page 7. Pat reiterated that Council must approve committee projects. Steve suggests for new line items to use NA rather than showing 0% increase. The \$5000 for Assawoman was questioned and Melvin explained this as a Town commitment on the books, but one that may never be spent.

Discussion on Water Quality endeavors considered cost if the diffuser pilot works. Clearly, this might be a huge financial undertaking with either Long Term Reserves or an assessment of property owners.

Page 8. Steve asked if Mobi Mats were effective and Melvin explained a mixed reaction from owners and lifeguards. People have fallen. Steve asked if the mats help to anchor sand and Melvin said they do not. They are actually designed for wheel chair access, and not how we use them to walk over sand mounds. Todd said they make the walkways easier to tackle. Pat said when they are dry....but otherwise, slippery when wet.

Page 9. Pat pointed out MSA showed \$60,000 allocated to ARM Reserve and this was separated so all can understand the allocation. Steve pointed out the \$7,400 allocated in MSA for Public Works salary should not also be included on the Public Works page.

Page 10. Steve asked about the success of phragmites grant. Melvin explained many owners did not participate. Steve noted the positive difference resulting at Cat Hill. Joe asked about money spent for Violent Crime grant, given SB lack of crime, and Melvin explained officers were outfitted for response in other areas. Renee added that this grant was a one-time deal. Todd asked about a grant for diffusers and Pat explained attempts were made but not successful. Melvin added if our pilot proves worthy money may become available.

Page 11. On Pass Throughs, all agreed the Ambulance Fee should be per property, without exception. Pat explained the FEMA reimbursement for Sandy expense was still in the works. All agreed the report Joe sent on government activity regarding Sandy was extremely helpful. Joe commented on the need for future study on bayside & oceanside for maintenance and replenishment.

The group then went into Executive Session to discuss the Town Manager's recommendation on compensation increase, to include a 2.5% Step and 2.0% COLA.

The group then came out of Executive Session to adjourn the meeting, at noon.