

**TOWN OF SOUTH BETHANY
BUDGET AND FINANCE COMMITTEE MEETING MINUTES
MARCH 10, 2012**

The South Bethany Budget and Finance Committee (SBBFC) met on Saturday, March 10, 2012, at Town Hall. In attendance were Pat Voveris, Keith Krenz, Steve Farrow, Melvin Cusick, Renee McDorman, and Mayor Headman.

The first part of the meeting opened with Public Comments. A summary of these comments, as sent to Town Council for consideration in the FY 2013 Draft Budget, is attached.

After the Public Comments, Mayor Headman delivered his message, which included the following:

- Thanks to the SBBFC and the Staff for their work on the FY 2013 Draft Budget.
- Reviewing the efforts over the past three years in setting up the SBBFC and their help in guiding the Council and community on finances throughout the year.
- The SBBFC looked at long range planning and capital asset replacement and maintenance.
- The FY 2013 Draft Budget was created by Melvin and Renee then reviewed by SBBFC over two meetings. The SBBFC then presented the draft to Council at the February 23, 2012, Town Council Budget Workshop Meeting. The final vote on the draft will take place at the April Town Council Regular Meeting.
- The meeting today is to include the public in an opportunity to listen to draft details and offer feedback on such.
- FY 2012 has proven to be a tough year for Transfer Tax revenue and because it is significantly down, the projection for FY 2013 has been substantially reduced from the prior budget.

Next at the meeting the full draft presentation began. A copy of this presentation is attached.

Highlights to note are as follows:

- Pat thanked the SBBFC for their tremendous support and dedication.
- Positive news from Rose Walker of Sotheby's was noted from details obtained the evening of March 9, 2012. \$4.8 million dollars of real estate went under contract in February, and this could generate \$65,000 in Transfer Tax. Rose was going to follow up with Pat with closing date projections.

- Melvin, Renee, and Pat are working to review possible expense cuts so FY 2012 budget can end balanced.
- Melvin pointed out we forgot to mention Joe in our committee roster. Pat publicly acknowledged his membership and support.
- As the presentation progressed, Keith Krenz addressed ARM Reserves (formerly called depreciation) and spoke to the further study SBBFC would undertake on useful life of assets and eliminating items valued at less than \$2,000 from the schedule.
- Steve Farrow then addressed the need for written guidelines for SB on managing money. Approximately ten years ago a policy was developed but never adopted by Council. It is the intention of SBBFC to present a policy to Council to adopt prior to the end of May, 2012.
- Transfer Tax revenue was projected at \$100,000 (or 33%) less than the FY 2012 Budget.
- Trash and recycling numbers will be resolved at March 22, 2012, Town Council Budget Workshop Meeting, but the yard waste number at \$21.24 per property is correct.
- Major expenses of staff pay increases and making the part-time maintenance position full-time were addressed.
- Projects were itemized and described as up for approval at the Council March 22, 2012, Workshop.
- Mayor Headman spoke to the housing turn around projected for 2014. The Transfer Tax revenue once at \$700,000 - \$800,000 was \$370,000 in FY 2011 and had an unpredictable drop in FY 2012, to possibly \$200,000. The Mayor said he was glad the FY 2012 projection was conservative, at \$300,000.
- In another Public Comment period thanks were given for staff raises, full-time maintenance addition, and beautification efforts.
- The Mayor then spoke about the upcoming review on pending projects and trash and recycling at the Council March 22, 2012, Workshop. He further elaborated on future public budget meetings being considered as combined with a Friday evening Council meeting.
- Council Member George Junkin commented on the lack of turn out at the meeting.
- Council Member Jim Gross mentioned items to cut on February 24 were a good funding to Long Term Reserves. Pat complimented Melvin on the brilliant idea to fund 500 hours of the new full-time maintenance position with MSA funds.
- At this the Public Budget meeting concluded and business as usual for SBBFC began.

- Discussion took place on the parameters of a financial policy to recommend to Council with thought to a percentage of funds to consider for investment alternatives to CD or money market accounts. Steve reviewed conservative bond fund investing.
- Council Members Gross, Junkin, and Callaway supported the notion of increasing our investment returns to help fund our ARM Reserve.
- Incremental revenue from property tax increase was then reviewed. A handout was provided to show average tax per property to generate increments of \$50,000 in revenue.
- Further discussion took place on comparing SB property tax to neighboring towns. Council Member Gross expressed the need to establish a baseline for comparison.
- At that time the meeting adjourned. Subsequent meeting will be held on April 21st at 10:00 at Town Hall. Subjects of discussion will include:
 - Property tax comparison by town
 - Financial policy recommendation
 - Committee participation by phone
 - Internet tracking of rental revenue
 - ARM useful life schedule

PV/phs:3.10.12

Attachments: Summary of Public Comments
Presentation for the Public