

**TOWN OF SOUTH BETHANY
TOWN COUNCIL BUDGT WORKSHOP MEETING MINUTES
FEBRUARY 27, 2014**

MEETING CALLED TO ORDER

Mayor Jankowski called the February 27, 2014, Town Council Budget Workshop Meeting to order at 5:00 p.m.

ATTENDANCE

PRESENT: Mayor Kathy Jankowski; Councilpersons Jim Gross, Tony Caputo, George Junkin, and Pat Voveris; Town Manager Melvin Cusick; Chief Joe Deloach; Maintenance Supervisor Don Chrobot; and Finance Director Renee McDorman

PRESENT BY REMOTE ACCESS: Councilman Al Rae

EXCUSED ABSENCE: Councilwoman Sue Callaway

PUBLIC COMMENT PERIOD

There were no comments from the public.

ADOPTION OF MINUTES

- **Town Council Workshop Meeting Minutes, January 23, 2014** – A motion was made by Councilwoman Voveris, seconded by Councilman Gross, to accept the January 23, 2014, Town Council Workshop Meeting Minutes as amended as follows (where applicable, additions are **highlighted** and deletions **marked through**):

Page 7: Add the following bullet:

- ***There was misunderstanding as to whether CRS would allow increased discounts for more than one foot of freeboard.***

Page 8 of 14, Second to the last line: Change to: Councilman Gross stated that Council won't **need to** amend the budget until such time as **Council the Town receives the grant.** ~~needs to amend the budget.~~

The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

- **Town Council Regular Meeting Minutes, February 14, 2014** – A motion was made by Councilman Junkin, seconded by Councilman Gross, to accept the February 14, 2014, Town Council Regular Meeting Minutes. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

FY2015 DRAFT BUDGET REVIEW – Councilman Caputo reviewed the following FY 2015 Proposed Budget Summary sheet. He stated that the fund balances are the accumulated surpluses from 1969 (when the Town was formed) through April 30, 2013.

3/20/2014

Town of South Bethany
FY 2015 Proposed Budget Summary

	<u>Sub Totals</u>	<u>Totals</u>
Fund Balances at April 30, 2013:		
Non spendable	\$ 7,602	
Restricted by Other Governments	\$ 792,114	
Assigned by Council	\$ -	
Unassigned	\$ 1,002,058	
Projected FY 2014 Surplus if Budget is met 100%	\$ 3,160	
		Projected Fund Balance Total at April 30, 2014 \$ 1,804,934

	<u>Current</u>	<u>Proposed</u>	
	<u>FY 2014 Budget</u>	<u>FY 2015 Budget</u>	
Estimated Revenues:			
Property Taxes	\$ 487,198	\$ 496,942	
Realty Transfer Tax	\$ 255,000	\$ 247,500	
Rental Tax & Rental Licenses	\$ 548,450	\$ 530,000	
Fines and Penalties	\$ 79,000	\$ 79,500	
Building Permits	\$ 86,000	\$ 100,000	
Permits, Licenses, Franchise Fees and Leases	\$ 154,169	\$ 159,525	
Grants	\$ 151,980	\$ 108,530	
Trash (SS Sandy \$26,632 in 2014)	\$ 382,164	\$ 366,167	
Ambulance	\$ 61,160	\$ 74,677	
All Others	\$ 15,500	\$ 18,150	
	\$ 2,220,621	\$ 2,180,991	\$ 2,180,991
Proposed Operating Expenditures:			
General and Administrative	\$ 577,726	\$ 582,425	
Public Works	\$ 579,923	\$ 605,329	
Public Safety	\$ 747,617	\$ 754,353	
Beach Patrol	\$ 228,262	\$ 227,426	
Community Enhancement Committee	\$ 21,200	\$ 26,450	
Canal Water Quality Committee	\$ 18,450	\$ 28,164	
Sea Level Rise Committee	\$ 7,500	\$ 9,300	
Public Relations Committee	\$ 8,550	\$ 7,350	
Municipal Street Aid	\$ 20,533	\$ 7,024	
Police Grants - SALLE & EDIE	\$ 7,700	\$ 5,487	
	\$ 2,217,461	\$ 2,253,308	\$ (2,253,308)
Proposed Capital Expenditures:			
General and Administrative	\$ -	\$ 27,200	
Public Works	\$ -	\$ 1,500	
Public Safety	\$ -	\$ 55,910	
Beach Patrol	\$ -	\$ 22,074	
Community Enhancement Committee	\$ -	\$ -	
Canal Water Quality Committee	\$ -	\$ -	
Sea Level Rise Committee	\$ -	\$ -	
Public Relations Committee	\$ -	\$ 14,173	
Municipal Street Aid	\$ -	\$ -	
Police Grants - SALLE & EDIE	\$ -	\$ -	
	\$ -	\$ -	\$ (120,857)
Projected Surplus/Appropriated () Fund Balance for Fiscal 2015			\$ (193,174)
			Projected Fund Balances at April 30, 2015 \$ 1,611,760

Councilman Caputo stated that Council has spent a lot of time talking about the ARM Reserve in the past, but Council never officially adopted the ARM Reserve account. Councilman Caputo stated that Budget and Finance Committee Member Joe Conway is preparing information for setting up reserves. Councilman Caputo said Council needs to know how to fund it, what the balance ought to be, what those funds are to be used for, and how to replenish it. Mayor Jankowski asked if the work that was done last May was being continued. Councilman Caputo said somewhat.

Referring to strategic planning, Councilman Caputo asked Council to consider if they can accept the deficit (\$193,174) which would leave a fund balance of \$1.6 million which is roughly 80% of the Town's operating budget. The Town Manager noted that the Town's auditor recommends six months of operating reserves and the Town currently has eight or nine months of operating reserves.

The Finance Director reviewed the FY 2015 Draft Budget Proposal. Council agreed to the following:

Page 12 – Revenue:

4151 Rental Tax Revenue: Increase to \$510,000.

4110/4111 Transfer Tax Revenue: Round up to \$250,000.

Page 2 – Public Works:

5101 DPW – Salaries Part-time (May – September to assist Public Works with seasonal landscaping maintenance and trash removal on beach for summer season. The part-time maintenance employee would be 8 hours a day 40 hours a week.): The Maintenance Supervisor distributed a daily schedule for the proposed part-time summer employee, information on the basic tasks the Maintenance Department has to do, and information regarding the Maintenance Supervisor's take on the history of the Maintenance Department. Mayor Jankowski asked how many summer maintenance employees Fenwick Island has. The Maintenance Supervisor stated that Fenwick Island has four full-time year round maintenance employees and Bethany Beach has 35 maintenance employees in the summer. The Maintenance Supervisor said South Bethany has two full-time year round maintenance employees. The Town Manager noted that in the summer the Maintenance Department goes to a seven day a week operation to collect trash and clean the beach on Saturday and Sunday. The following points were made:

Councilwoman Voveris said it is a tough year to increase expenses, and the taxpayers look to Council to be fiscally responsible.

Councilman Junkin believes the Town needs a part-time maintenance employee, but he does not think the Town needs a part-time maintenance employee for 21 weeks. Councilman Junkin suggested 18 weeks.

Motion: A motion was made by Councilman Junkin, seconded by Councilman Caputo, to put the DPW – Salaries Part-time person in for 18 weeks. Councilman Rae stated that he was in favor of it but wanted Council to remember that there is a cycle going on where work is being added that requires more maintenance and Council has to take that under consideration when increasing some of these requirements.

Councilman Gross made a motion to amend Councilman Junkin's motion to change it to three months rather than 18 weeks. This motion was not seconded.

Vote: Mayor Jankowski called for a vote on Councilman Junkin's original motion. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, and Junkin

AGAINST THE MOTION: Councilwoman Voveris

The motion carried with a 5-1 vote.

5422 DPW – Signs: Discussion ensued. No changes were made.

5298 DPW – Canal Maintenance: The Town Manager stated that the Town has always tried to keep money in this account in case the Town has an emergency repair to a bulkhead. If Council reduces this amount and the Town has an emergency bulkhead repair the Town is going to have to pull the funds from somewhere. After discussion, Council agreed to reduce the amount from \$13,000 to \$6,000.

5296 Grounds & Building Maintenance: The Town Manager noted that this includes \$7,500 for the removal of the dead trees in the Richard Hall Memorial Park. Councilwoman Voveris questioned if the work could be lessened or postponed. The Maintenance Supervisor stated that the removal of the trees in the park is not just for aesthetic reasons but also for safety issues. Mayor Jankowski suggested removing half the trees this year and half next year. The Maintenance Supervisor stated that whatever Council budgets he will have the most hazardous trees taken out for that price.

Motion and Vote: A motion was made by Councilman Junkin, seconded by Councilwoman Voveris, that Council reduce line item 5296 from \$20,000 to \$16,500 and use \$4,000 for the removal of dead trees in the Richard Hall Memorial Park. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

5380 Gasoline: Reduce from \$8,500 to \$6,500.

Councilman Rae suggested that the line item PRC – Mobi-Mats (Sandpiper Village) on Page 8 under Public Relations Committee (PRC) belongs on the Capital Expenditures of Public Works. Mayor Jankowski and Councilman Gross agreed. Councilman Rae explained that the Town would expend the money for five Mobi-Mats (three for Sandpiper Village and two for the handicap ramp) and then apply to the State of Delaware for a grant. Councilman Rae believes the last time the State paid for 50% of the cost. Councilman Rae said it would depend on what the State has available. Mayor Jankowski stated that there is no guarantee that the State will give the Town the grant.

Motion: A motion was made by Councilman Caputo, seconded by Councilwoman Voveris, that Council eliminate the Mobi-Mat expenditure for this budget this year.

Mayor Jankowski asked for discussion. Councilman Rae said he believes the Town has a situation where all of the entrances to the beach except in Sandpiper Village have Mobi-Mats. He said there are two entrances in Sandpiper Village and he is asking for Mobi-Mats at only one of the two entrances. Councilman Rae suggested purchasing two Mobi-Mats for Sandpiper Village and back off on the others. Councilman Junkin suggested redistributing the Mobi-Mats that the Town already has. After more discussion Councilman Junkin suggested eliminating the Mobi-Mats from the FY 2015 Budget and have a separate committee to decide where to distribute the existing Mobi-Mats.

Vote: Mayor Jankowski called for a vote on Councilman Caputo's motion. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: Councilman Rae

The motion carried with a 5-1 vote.

Motion: A motion was made by Councilman Rae, seconded by Councilman Junkin, that Council analyze the redistribution of two Mobi-Mats down to Sandpiper Village. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

5424 DPW – Beach Clean Up: Reduce from \$6,200 to \$3,000.

Page 3 – Public Safety:

Council reviewed the proposed Public Safety FY 2015 Budget.

Councilman Gross asked the Chief of Police to talk about the request for two police cars and asked if the Town needed two this year. The Chief said the Town needs to buy two and sell two. He added that the Police Department has two 2006s – one has 98,000 miles and the other one has 88,000 miles. They are eight years old. Councilman Gross said that is fine and added that Council has set money aside for that.

After further discussion, Council made no changes to the proposed Public Safety FY 2015 Budget. Council made no decision on line item 5100 (Salaries) at this time.

Page 4 – Beach Patrol:

The Town Manager discussed the need to replace the Beach Patrol radios. In order to have the new radios in place by Memorial Day, the Town Manager requested that Council approve purchasing 12 new radios at a total cost of \$6,500 from the FY 2014 Budget which has just under \$14,000 left in line item 5100 SBBP – Salaries. If Council approves this request, the line item for Radios in the FY 2015 Capital Expenditure Budget would be deleted.

Motion: A motion was made by Councilman Gross, seconded by Councilwoman Voveris, that Council approve purchasing 12 new radios at a total cost of \$6,500 from the FY 2014 Budget using funds left in FY 2014 line item 5100 SBBP – Salaries.

Mayor Jankowski asked for discussion. Councilman Caputo stated that this is a budget amendment in the current fiscal year (FY 2014). Councilman Caputo said it would reduce the FY 2014 Beach Patrol salaries budget by \$6,500 and increase the FY 2014 radio budget by \$6,500.

Vote: Mayor Jankowski called for a vote. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

ATV: The Town Manager stated that the Beach Patrol ATV is not working – the Town got a price on trying to revamp/refurbish it, but it is completely rusted out underneath because of the environment it is used in. The Town Manager stated that the ATV is depreciated out. Mayor Jankowski stated that the Town has a \$1500 grant coming from Sussex County dedicated to the purchase of the ATV. The Town Manager stated that there is money from the fund balance for the ATV. The Town Manager stated that he is only requesting \$3,562 from the Capital Budget for the ATV. The Town Manager stated that ATVs are not on the State contract and the Town will

have to bid that out. Councilman Junkin stated that he believes the Town should purchase an ATV for the Beach Patrol in the FY 2015 Budget. Councilman Gross agreed. Councilman Rae asked if there is any sense to discuss moving the ATV purchase into FY 2014. The Town Manager stated that there is not enough money in the current (FY 2014) Beach Patrol budget to purchase it.

Council made no other changes to the FY 2015 Beach Patrol Budget.

Page 1 – General & Administrative:

5240 Legal: Reduce from \$25,000 to \$15,000.

Capital Expenditure Budget - Upgrade Audio/Visual System in Conference Room: Reduce from \$10,000 to \$5,000.

Automobile/Compact Sedan: Councilman Rae asked what the net effect on the bottom line for FY 2015 would be. Councilman Caputo stated \$17,200. The Town Manager stated that is the State contract price on the car. He said the list price on the car is \$22,000+. The Town gets \$5,600 off with the State contract. Councilman Gross said that sounds good. Mayor Jankowski added that the gas gage and the heating and air conditioning do not work. The Town Manager stated that the electronics are slowly going up on it. The current car is a 2006 and has over 91,000 miles. Councilman Gross said okay we are done with that.

Council discussed Salaries.

Motion: A motion was made by Councilman Gross, seconded by Councilwoman Voveris, that Council forego the COLA for FY 2015 and that Council provides the pay scale step increase for FY 2015.

Motion: After discussion, a motion was made by Councilman Junkin, seconded by Councilman Caputo, to table Councilman Gross' motion and take it up at the next Workshop after Council has reviewed the rest of the FY 2015 Budget. Councilman Gross stated that he believes Council should hear specifically from the Budget and Finance Committee too.

Vote: Mayor Jankowski called for a vote on Councilman Junkin's motion. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

Council made no other changes to the FY 2015 General & Administrative Budget.

Page 5 – Community Enhancement Committee (CEC):

5756 CEC Alternate Lighting Test – Council agreed to break this project up into three years making it \$1,050 per year over three years.

5422 CEC - Signs: Councilman Rae questioned why the Signs budget was increasing to \$4,300. The Finance Director said the increase was to replace the welcome signs on the north end and south end of Route 1. After discussion Council agreed to defer the remainder of the CEC budget discussion until the March 27 Workshop when Councilwoman Callaway (CEC Chairperson) will be present to justify the CEC expenses.

Page 6 – Canal Water Quality (CWQ):

Large Oyster Cages (Matching Cash): Councilman Junkin explained that the proposed total budget for the project is \$110,000 for this grant opportunity of which South Bethany has to provide a \$5,000 match. Councilman Caputo asked if there would be ongoing maintenance costs. Councilman Junkin said the floating wetlands are gardens and maybe volunteers from the Canal Water Quality Committee will be needed to maintain the floating wetlands.

Grant to Reduce Nutrients (Matching Cash) – Council agreed to delete this from the FY 2015 Budget. Councilman Junkin noted that if a grant opportunity comes along, Council could consider approving a budget amendment to cover the matching cash. Mayor Jankowski told Councilman Junkin to leave the project on the strategic planning document.

Grant to Increase Circulation – (Matching Cash): Council agreed to delete this from the FY 2015 Budget, but if a grant opportunity comes along, Council could consider approving a budget amendment to cover the matching cash. Mayor Jankowski told Councilman Junkin to leave the project on the strategic planning document.

Page 7 – Sea Level Rise (SLR):

Coastal Resilience/Risk Analysis & Mitigation – Reduce from \$5,000 to \$2,000.

Page 8 – Public Relations Committee (PRC):

Assawoman Trail Program Expenses – Council agreed to delete this from the FY 2015 Budget, but if it does materialize, Council would consider approving a budget amendment to cover the expense.

Mobi Mats (Sandpiper Village) – Remove from PRC Budget.

Page 9 – MSA:

Signs: Council agreed to defer this item until the March Workshop when Councilwoman Callaway will be present.

Page 10 – Police Grants: No changes.

Page 11 – Transfer Tax: Councilman Caputo and the Finance Director will be meeting with the bank to discuss the bank fees.

BUDGET AMENDMENT – AN ADJUSTMENT "DOWN" FOR THE AMBULANCE FEE EXPENSE ACCOUNT

Councilman Caputo explained that after analyzing the Ambulance Fee Expense Account he and the Finance Director found that the Town was paying for the Ambulance Fee two months in advance. Councilman Caputo consulted with the Town's auditor on how to handle this.

Motion and Vote: A motion was made by Councilman Caputo, seconded by Councilman Junkin, to reduce the ambulance budget by \$5,900. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

DISCUSSION AND POSSIBLE VOTE TO APPROVE FIXED ASSET CAPITALIZATION AND DEPRECIATION POLICY

Councilman Caputo stated that he looked at the work that was done in 2012 and he modified the policy table (Section 8 of the proposed Fixed Asset Policy – Capital Asset Useful Life and Capitalization Threshold Table).

Council discussed changing Chief Fiscal Officer to Finance Director. Councilman Caputo said Chief Fiscal Officer is generic for the top financial person regardless of what the position title is. Mayor Jankowski would like to be consistent with the Budget Control Policy.

Councilman Junkin suggested adding software to the list of examples in Section 3.1. Councilman Caputo stated that you don't capitalize licenses.

Due to a small Town Staff, Councilman Junkin expressed concern about who would do the inventory as directed in Section 9, Annual Physical Inventory. Councilman Caputo replied that the Town Clerk, Finance Director, and Administrative Assistant could do the inventory. He added that the Maintenance Supervisor could walk around with one of the above mentioned for the Public Works inventory.

In Section 8, Councilman Gross suggested consolidating Beach Equipment and Equipment – Beach. Councilman Caputo agreed.

The Finance Director suggested changing the Years of Useful Life of the ATV from 5 to 4. Councilman Caputo agreed.

Councilwoman Voveris suggested incorporating the information that was gathered for the ARM list because it was talked about at length and the Town Manager and Maintenance Supervisor had given their input. Councilwoman Voveris does not believe the ARM information should be discarded. Councilman Caputo said there is no intent to discard that information. He stated that he has not done enough research to determine if the information is good, bad, or indifferent adding that he only did a comparison of years. Councilwoman Voveris said it would be good for Council to look at what the auditor shows and what the Town shows. She added that what the Town shows is customized for the Town.

Council agreed to defer the Fixed Asset Policy until the next Workshop.

DISCUSSION AND POSSIBLE VOTE ON A PROPERTY OWNER'S REQUEST TO USE THE COUNCIL MEETING ROOM FROM 11 TO NOON ON MAY 1 FOR THE NATIONAL DAY OF PRAYER

Motion: A motion was made by Councilman Junkin, seconded by Councilman Gross, to approve the property owner's request to use the Council Meeting Room for the National Day of Prayer.

Mayor Jankowski asked for discussion. Councilman Rae asked if this was for a specific religion or if it is ecumenical. Mayor Jankowski stated that anybody can attend. Councilman Rae's concern is supporting something that is not ecumenical. Councilman Junkin and Councilman Rae noted that some people were offended last year. Councilman Gross stated that Council is not endorsing it.

Vote: Mayor Jankowski called for a vote. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

DISCUSSION AND POSSIBLE VOTE ON APPROVAL AND DISTRIBUTION OF THE "DOG WASTE" FLYER

Motion: A motion was made by Councilman Junkin, seconded by Councilman Gross, that Council accept the "dog waste" flyer.

Mayor Jankowski stated that Councilwoman Callaway was going to call Jefferson County in Colorado to get permission to use the image on the flyer.

Vote: Mayor Jankowski called for a vote. The voting was as follows:

FOR THE MOTION: Mayor Jankowski and Councilpersons Rae, Gross, Caputo, Junkin, and Voveris

AGAINST THE MOTION: None

The motion carried with a 6-0 vote.

PUBLIC COMMENTS

There were no comments from the public.

ADJOURNMENT

A motion was made by Councilman Junkin, seconded by Councilwoman Voveris, to adjourn the February 27, 2014, Town Council Budget Workshop Meeting at 9:05 p.m. The motion was unanimously carried.