

TOWN OF SOUTH BETHANY
TOWN COUNCIL BUDGET WORKSHOP MEETING MINUTES - MARCH 27, 2014

MEETING CALLED TO ORDER – Mayor Jankowski called the March 27, 2014, Town Council Budget Workshop Meeting to order at 5:00 p.m.

ATTENDANCE – PRESENT: Mayor Kathy Jankowski; Councilpersons Al Rae, Jim Gross, Tony Caputo, Sue Callaway, George Junkin, and Pat Voveris; Town Manager Melvin Cusick; Finance Director Renee McDorman; and Maintenance Supervisor Don Chrobot

PUBLIC COMMENT PERIOD – There were no comments from the public.

FY2015 DRAFT BUDGET REVIEW

3/25/2014
Corrected Copy: FY2014 Surplus adjusted
to reflect Budget Amendments

Town of South Bethany
FY 2015 Proposed Budget Summary

1st Draft - 2/27/14
2nd Draft - Presented 3/27/14
Health Costs updated 3/26/14

Draft Only - Subject to Review on 3/27/14

	<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%	\$ 18,832	
	Projected Fund Balance Total at April 30, 2014	\$ 1,820,606

	<u>Current</u> <u>FY 2014 Budget</u>	<u>Proposed</u> <u>FY 2015 Budget</u>	
Estimated Revenues:			
Property Taxes	\$ 487,198	\$ 496,942	
Realty Transfer Tax	\$ 255,000	\$ 250,000	
Rental Tax & Rental Licenses	\$ 548,450	\$ 540,000	
Fines and Penalties	\$ 79,000	\$ 79,500	
Building Permits	\$ 86,000	\$ 100,000	
Permits, Licenses, Franchise Fees and Leases	\$ 154,169	\$ 159,525	
Grants	\$ 162,680	\$ 108,530	
Trash (SS Sandy \$26,632 in 2014)	\$ 382,164	\$ 366,167	
Ambulance	\$ 61,160	\$ 74,677	
All Others	\$ 15,500	\$ 18,150	
	<u>\$ 2,231,321</u>	<u>\$ 2,193,491</u>	\$ 2,193,491
Proposed Operating Expenditures:			
General and Administrative	\$ 573,126	\$ 571,516	
Public Works	\$ 570,210	\$ 587,249	
Public Safety	\$ 747,617	\$ 750,143	
Beach Patrol	\$ 228,262	\$ 227,426	
Community Enhancement Committee	\$ 21,200	\$ 24,350	
Canal Water Quality Committee	\$ 30,151	\$ 13,164	
Sea Level Rise Committee	\$ 5,000	\$ 6,300	
Public Relations Committee	\$ 3,550	\$ 3,100	
Municipal Street Aid	\$ 20,533	\$ 7,024	
Police Grants - SALLE & EDIE	\$ 7,700	\$ 5,487	
Transfer Tax	\$ 5,140	\$ 2,500	
	<u>\$ 2,212,489</u>	<u>\$ 2,198,259</u>	\$ (2,198,259)
Proposed Capital Expenditures:			
General and Administrative	\$ -	\$ 22,200	
Public Works	\$ -	\$ 1,500	
Public Safety	\$ -	\$ 55,910	
Beach Patrol	\$ -	\$ 15,574	
Community Enhancement Committee	\$ -	\$ -	
Canal Water Quality Committee	\$ -	\$ -	
Sea Level Rise Committee	\$ -	\$ -	
Public Relations Committee	\$ -	\$ -	
Municipal Street Aid	\$ -	\$ -	
Police Grants - SALLE & EDIE	\$ -	\$ -	
	<u>\$ -</u>	<u>\$ -</u>	\$ (95,184)
Projected Surplus/Appropriated () Fund Balance for Fiscal 2015			\$ (99,952)

Projected Fund Balances at April 30, 2015 \$ 1,720,654

Councilman Caputo drew Council's attention to the FY 2015 Proposed Budget Summary (see Page 1). Councilman Caputo recapped the following:

A 1.8 million dollar surplus is being projected at the end of this current fiscal year (FY14).

The 1.8 million dollar surplus divided by the operating expenditure budget equals roughly 9.9 months (of operating expenses). The unrestricted portion divided by the operating budget equals 5.5 months (of operating expenses).

After reworking the numbers that Council agreed to at the February 27, 2014, Town Council Budget Workshop Meeting, the projected revenues minus the operating expenses equals a deficit of \$4,768. When the proposed capital expenditures are added to the \$4,768 deficit, the sum is \$99,952.

The Projected Fund Balance Total at April 30, 2014, (\$1,820,606) minus \$99,952 equals \$1,720,654 which would be the projected surplus at the end of FY 2015.

Council reviewed the following Budget and Finance Committee recommendations which the voting members of the Budget and Finance Committee approved unanimously at the March 21, 2014, Budget and Finance Committee Meeting (it was noted that Town Staff members are non-voting members and did not vote one way or the other):

- Item 1: The Budget and Finance Committee recommends no more than a Step increase to employee payroll costs for the following reasons (Councilman Caputo stated that basically the following justifications were personal opinions – the committee did not audit or confirm them): 1) Private sector increases are running in the 2.0 – 3.0% range, 2) The Town's employees' total wage and benefit package appears to be competitive, 3) Our draft budget expenses exceed revenues and we should strive to keep costs in line, 4) We believe some level of COLA is already included in the Step increase, 5) The Sussex County 2014 Budget did not include COLA, and the Town provided both Step and COLA in FY14.

Mayor Jankowski expressed concern about saying the COLA is included in the Step because not everybody gets a step (e.g., if an employee is at the end of their steps). Councilman Caputo said that justification number 4 was a personal opinion. Councilman Caputo made it clear that these opinions are not validated.

- Item 2: The additional DPW part-time position requested in the Second Draft (3/27/14) of the Budget should not be funded unless the Estimated Revenues are equal to or greater than the Proposed Operating Expenditures. We believe the Town's Operating Expenditure Budget should not exceed the Proposed Estimated Revenues, and over all priorities should be set inside these parameters.
- Item 3: The Estimated Revenues are to be equal to or greater than the Proposed Operating Expenditures. We believe the Town's Operating Expenditure Budget should not exceed the Proposed Estimated Revenues, and over all priorities should be set inside these parameters.

Council discussed the FY15 Proposed Budget.

During discussion on Building Permit revenue, Councilman Gross suggested Council go with \$105,000 for Building Permit revenue. Councilman Caputo seconded that number. Councilman Caputo asked for further discussion. There was none. When Councilman Caputo called for a vote there was no opposition.

Council discussed Magistrate Fines revenue. In the end, Council decided to leave the FY 2015 proposed number at \$65,000.

Council discussed Transfer Tax revenue. Councilman Gross gave an argument for reducing the FY15 proposed number from \$250,000. Councilman Gross proposed \$240,000 rather than \$250,000. After taking a "straw" vote by a show of hands, Councilman Caputo said the number is \$250,000.

Council discussed the Community Enhancement Committee (CEC) proposed budget.

Councilwoman Callaway stated that all of the CEC proposed budget items are fully discussed at CEC meetings and the committee votes on the proposed budget items. At the March 27, 2014, CEC Meeting the committee members voted for the following recommendation: Do Phase 4 of the Sign Project in FY15 (\$3,000) and move Phase 3 of the Sign Project to FY16 (\$7,000). The Sign Project comes under the MSA budget (page 9 of the proposed budget). Phase 4 of the Sign Project, which the CEC originally proposed for FY16, is to replace all the street signs on the west side of town (Councilwoman Callaway noted that the signs along Route 1 on the west side have been done, but the rest of the signs on the west side have not been done).

Alternative Lighting Project – Councilwoman Callaway reported that, based on the results of the Ocean Drive solar light survey, the CEC recommends funding the project for the entire Ocean Drive. During Council discussion, Councilwoman Callaway agreed that replacements have to be built into the budget. After more discussion Councilwoman Callaway proposed the project be split into two years - \$1,575 for FY15 and \$1,575 for FY16. Councilwoman Callaway said this would build in a replacement light for each year. After discussion Council had a consensus to split the Alternative Lighting Project into two years - \$1575 for FY15 and \$1,575 for FY16.

CEC – Signs: Council discussed the Community Enhancement Committee's FY15 Proposed budget of \$4,300 for signs which includes two new welcome signs (one for the north end and one for the south end of town on Route 1 at a cost of \$2,000 each) and Adopt-A-Canal signs (\$300). After discussion it was agreed that the Public Works Department would repair (repaint) the two existing welcome signs on Route 1 for FY15 and revisit replacing the signs for FY16. Council agreed to reduce the CEC Signs FY15 Budget to \$1,000.

Council discussed Salaries. Councilman Caputo reminded Council of the Budget and Finance Committee's recommendation of no more than a STEP increase to employee payroll costs. Regarding the Budget and Finance Committee's justification that they believe some level of COLA is already included in the STEP increase, the Town Manager stated that he was Town Manager when the Step Payscale was adopted. He said the Town Council had instructed him to come up with a step system. The Town Manager said it was never any intention that a COLA was included in those steps. Councilman Gross asked the Town Manager what specifically the Step is for. The Town Manager said it is for another year of completion of satisfactory work, and if he has an employee that is performing unsatisfactorily he can turn down their Step.

Tabled Motion from 2/27/14 meeting: After more discussion on salaries, Councilman Gross reminded Council of the following motion that is on the table from the February 27, 2014, Town Council Budget Workshop Meeting: 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 taken from the table: A motion was made by Councilman Gross, seconded by Councilman Junkin, that the motion in regard to the financial package of FY 2015 be brought off the table and brought in front of the Council. Mayor Jankowski asked for discussion. There was none. The motion was unanimously carried.

Council had a discussion regarding increasing salaries.

Councilman Junkin restated the motion that Council forego the COLA for FY 2015 and that Council provides the pay scale step increase for FY 2015. There was no more discussion. The voting was as follows:

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

AGAINST THE MOTION: Mayor Jankowski and Councilwoman Callaway

The motion carried with a 5-2 vote.

After recalculation of the numbers based on Council's decisions at this meeting, Councilman Caputo said for FY15 the Town will run a deficit of \$77,200 - \$78,000. Councilman Junkin said that money will be pulled from reserves. Councilman Caputo agreed. Councilman Junkin noted that the last three years the Town had a surplus. Councilman Junkin believes that if the Town continues to run a deficit over a certain number of years the Council will have to look at it, but the last three years have been positive for the Town. Councilman Gross stated that they have been positive every year after the tax increase.

Councilman Rae said he would like to have some reconsideration on having a Mobi-Mat entrance to the beach at almost every access. A motion was made by Councilman Rae that the Town purchase two Mobi-Mats for one of the two entrance ways in Sandpiper Village. Mayor Jankowski stated that Council rejected that and agreed to have a committee to look at redistributing the Mobi-Mats. Councilman Caputo asked for a second on Councilman Rae's motion. The motion was not seconded. The Maintenance Supervisor stated that the dune this year is taller and steeper and he does not believe the Mobi-Mats can be redistributed. Councilman Rae stated that the dunes are also taller in Sandpiper Village. Councilman Caputo stated that he believes the appropriate time to talk about redistributing the Mobi-Mats would be at the meeting of the committee.

PUBLIC COMMENTS

There were no comments from the public.

ADOPTION OF MINUTES

- **Town Council Budget Workshop Meeting Minutes, Feb. 27, 2014** – A motion was made by Councilman Junkin, seconded by Councilwoman Voveris, to accept the Feb. 27, 2014, Town Council Budget Workshop Meeting Minutes. The motion was adopted. Councilwoman Callaway abstained.
- **Town Council Meeting for Public Input Regarding FY 2015 Budget Minutes, March 14, 2014** – A motion was made by Councilman Junkin, seconded by Councilman Rae, to accept the March 14, 2014, Town Council Meeting for Public Input Regarding FY 2015 Budget Minutes as amended as follows (where applicable, additions are **highlighted** and deletions **marked through**):

Page 1, 17th bullet: We are primarily a residential community with only one multiple family dwelling **building**

The motion was adopted. Mayor Jankowski abstained.

- **Town Council Public Hearing on Ordinance 171-13 Minutes, March 14, 2014** - A motion was made by Councilman Junkin, seconded by Councilwoman Voveris, to accept the March 14, 2014, Town Council Public Hearing on Ordinance 171-13 Minutes as amended as follows (where applicable, additions are **highlighted** and deletions **marked through**):

Page 1, Meeting Called to Order, Second Paragraph: Councilman Gross said there was a concerted effort during the last year to update Chapter 42, Building, and Chapter 145, Zoning, to clear up some conflicts, **and** redundancies, **and to update the technology**.

Page 2, Fifth Paragraph: Change "rot" to "rotted".

The motion was adopted. Mayor Jankowski abstained.

- **Town Council Regular Meeting Minutes, March 14, 2014** – The March 14, 2014, Town Council Regular Meeting Minutes were not completed. Council will vote on these minutes at the next meeting.

ADJOURNMENT

A motion was made by Councilman Gross, seconded by Councilwoman Voveris, to adjourn the March 27, 2014, Town Council Budget Workshop Meeting at 6:50 p.m. The motion was unanimously carried.