

**TOWN OF SOUTH BETHANY
TOWN COUNCIL WORKSHOP MEETING MINUTES
MAY 24, 2012**

ATTENDANCE

PRESENT: Mayor Jay Headman; Councilpersons John Fields, Pat Voveris, Al Rae, Sue Callaway, George Junkin, and Jim Gross; Town Manager Melvin Cusick; Financial Administrator Renee McDorman; and Mayor-elect Kathy Jankowski

MEETING CALLED TO ORDER

Mayor Headman called the May 24, 2012, Town Council Workshop Meeting to order at 10:00 a.m. In order to have a smooth transition, Mayor Headman had invited Kathy Jankowski to sit at the table with Council and participate in the meeting. Mayor Headman thanked Ms. Jankowski for attending.

Mayor Headman thanked the Town Manager and the staff for getting the town ready for Memorial Day weekend.

PUBLIC COMMENT PERIOD

There were no comments from the public.

ADOPTION OF MINUTES – TOWN COUNCIL REGULAR MEETING MINUTES, MAY 11, 2012

A motion was made by Councilman Rae, seconded by Councilwoman Voveris, to accept the May 11, 2012, Town Council Regular Meeting Minutes as amended as follows:

Page 4, Paragraph 5: Change "General Administrative came in \$30,490 under budget, Public Safety came in \$10,318 under budget, Beach Patrol came in \$1,363 under budget, and Public Works came in \$12,903 under budget" to read "General Administrative came in with \$30,490 of expenses under budget, Public Safety came in with \$10,318 of expenses under budget, Beach Patrol came in with \$1,363 of expenses under budget, and Public Works came in with \$12,903 of expenses under budget."

The motion was unanimously carried.

There was a discussion regarding whether the meeting minutes should be amended when an item needs clarification or if a note of clarification should be printed in the minutes of which the minutes were adopted. Council agreed to take this issue up at another time.

SOUTH BETHANY VIDEO

Mayor Headman explained that he had asked a South Bethany property owner who is a retired videographer if he would put together a short video highlighting South Bethany that could be put on the Town's website and also available for realtors to use. Mayor Headman played the video. Council liked the video and suggested also seeing if the Bethany-Fenwick Chamber of Commerce and the Beach and Bay Cottage Tour would put a link to the video on their website.

Mayor Headman thanked George Rosenberg for filming and putting the video together.

REMOTE PARTICIPATION IN MEETINGS – INFORMATION

The Town Manager reviewed the following information which was in a memo to the Mayor and Council:

The Town Charter (C-7K) authorizes the "Town Council by duly enacted ordinance, to provide that whenever unavoidable circumstances prevent the Mayor or any member of the Town Council from being physically present at any meeting of the Town Council at which a quorum is physically present, such person(s) may participate in the meeting, including the making or seconding of any motion and the casting of a vote on any motion, by remote electronic access (e.g., speaker telephone, videoconferencing equipment), provided that all persons present at the place of the meeting can hear and speak to the person(s) participating at the meeting; provided further, however, that the meeting shall not be presided over by any person not physically present at the meeting."

We have had discussions with the Town Attorney concerning this subject. From our discussion, the following is noted:

- Tele-conferencing and video-conferencing are considered one in the same for rulings on this.*
- The Town would need to enact an Ordinance to allow Remote Electronic Access.*
- The policy would apply to all Council appointed Committees.*
- A Quorum has to be physically present at the meeting and the meeting has to be presided over by someone physically present at the meeting.*
- It has to be noted in advance that a member is going to participate by remote electronic access.*
- The use of Remote Electronic Access should be as stated in the Charter "for unavoidable circumstances" and not used on a routine basis.*
- According to Delaware State Code FOIA Section 10006, "Video-conferencing participation is not permitted when a verbatim transcript of the meeting may be required by law, except for public hearings on proposed rules and regulations, or where the chair or presiding officer determines that physical attendance is required at a single location. This essentially means that for BOA and Planning Commission hearings, video-conferencing cannot be used.*
- A few Delaware Towns do allow the practice of video-conferencing.*

Council also had copies of the following:

1. Section C-7K(7) of the Town of South Bethany Charter which allows video-conferencing.
2. Section 10006 from the Delaware State Code.
3. Ordinance No. 013-04 from the Town of Smyrna which allows for video-conferencing.
4. Freedom of Information Act Complaint against Delaware State University.

Councilwoman Voveris pointed out that the issue of remote participation in meetings was something that some members of the Budget and Finance Committee were interested in. Since the Budget and Finance Committee does not make final decisions but brings recommendations to the Council, the committee talked about being able to participate by remote access. Councilwoman Voveris would like to have this option considered for committees as well.

During discussion Ms. Jankowski stated that there are two important things to consider:

1. The process.
2. Does the Town have the right equipment or the money for the right equipment? She said so much can be missed if the right equipment is not used.

Council only discussed the issue. Council did not make any decisions.

BUDGET AND FINANCE COMMITTEE REPORT

There was nothing new to report. The next Budget and Finance Committee Meeting is scheduled for June 22, 2012.

ARM RESERVE DISCUSSION

Mayor Headman stated that his perspective of this topic is that since the creation of the FY 2011 Budget the Councils have been working on a financial strategy of setting aside funds to replace and maintain all Town assets. Prior to that, Council had been setting aside capital asset funding in advance for cars and for the Town Hall and Police Department buildings. In the FY 2011 Budget, Council put in a line item for the first time calling it the Depreciation Reserve. At that time the Financial Administrator and Mayor Headman worked on the depreciation sheet (which was close to 30 pages) to make modifications and to look at the useful life of those assets. Before beginning the FY 2012 Budget, Council approved moving \$700,000 of unspecified reserves to fund the total reserves needed to cover all of the Town's capital assets that had not been depreciated. In both the FY 2011 and the FY 2012 Budget, Council did not set an inflation value because Council was not sure of what it should be. The Council did not fund the account from the current revenue, but used unspecified reserves to cover the expense. Mayor Headman stated that the questions are what is the right amount, what are the capital assets that should be covered, and where should that funding come from. Mayor Headman stated that he hopes Council will end up with some agreement and a written policy regarding the ARM account will still need to be done. Mayor Headman stated that the one thing Council will not do today is finalize a number for inflation. That is still being worked on. Regarding the inflation number, Councilwoman Voveris stated that there are line items that don't change. As an example, over the years computer costs have gone down. Vehicles have stayed the same given the suppression of the industry. Inflation has to be looked at as a line by line item. In the next year the Budget and Finance Committee will develop categories and inflation will be projected based on the classification of the category. Councilwoman Voveris said the number for inflation should be accurate, should not be over inflated, and should be attainable for the Town's assets.

Council Members had a binder of materials put together by Councilwoman Voveris and the Financial Administrator to assist Council with the ARM Reserve discussion.

Councilwoman Voveris reviewed the following information with Council which Council had as a handout:

Further ARM Schedule Refinement & Recommendations to Council (Jay Headman, Mayor, Pat Voveris Treasurer)

Additional ARM Schedule Refinement

Current Yearly Funding	\$ 110,109	Book End \$612,842
Less: Building Replacements	15,505	
Less: Bulkhead Line Item	2,013	
Less: Cash for Roads – Use MSA	<u>12,000</u>	
Subtotal	\$ 29,518	
 Revised Yearly Funding	 \$ 80,591	 Book End \$523,502

Current ARM Reserve Balance \$1,071,282

Over Funding in ARM Reserve Due to Prior Schedule Savings, Primarily in:

- Building Replacement
- Roads
- Grant Items

ARM Recommendations:

1. Consider Amending FY2013 Budget Using Funding Amount in This Handout
2. ARM Reserve Balance Would Become \$936,149
3. Transfer \$135,133 Back to Unspecified Reserves
4. Create a Line Item for the ½% Transfer Tax Revenue to Fund ARM Reserve
5. Create a Line Item for ARM Expense. If Greater Than Line Item #4, Funding Would Require Coverage From Other Revenue Source
6. Set Aside \$32,000 MSA For Roads
7. Create a Policy For ARM Funding with Minimum (Actual) and Maximum (Include Inflation) Amounts

Future Budget Recommendation:

Have Annual Street Maintenance Covered By MSA (\$10,000)

Councilwoman Voveris stated that the Revised Yearly Funding of \$80,591 is without inflation. Mayor Headman added that the Budget and Finance Committee will be working on an inflation number.

Under the ARM Recommendations, Council discussed the following items:

4. Create a Line Item for the ½% Transfer Tax Revenue to Fund ARM Reserve
5. Create a Line Item for ARM Expense. If Greater Than Line Item #4, Funding Would Require Coverage From Other Revenue Source

The following two points of view were discussed:

- If the Town only puts into the ARM account the amount the Town gets in the ½% Transfer Tax, then at the end of the year the Town will know exactly how much went into the ARM account. In this scenario the ARM is equal to whatever the ½% Transfer Tax is. If the Town gets more Transfer Tax revenue or less Transfer Tax revenue than needed for the yearly funding, Council might decide to make adjustments, but it is not necessary to make a decision every year to try to make it come out to match the schedule.
- The Town has enough unspecified reserves that there is no need to be worried for a while about not having enough money to fund the ARM Reserve according to the schedule. If the ½% Transfer Tax revenue number is less than the yearly ARM Reserve funding, money could be pulled from the Unspecified Reserves to fully fund the yearly ARM Reserves according to the schedule. For the future of the Town, full funding should be a priority.

Regarding ½% Transfer Tax revenue received above what is needed for the ARM Reserve yearly funding, Councilwoman Voveris will check with the State of Delaware to see if the Town is allowed to transfer the excess ½% Transfer Tax revenue into Unspecified Reserves. The Financial Administrator will check to see if funds in the ARM Reserve, other than the ½% Transfer Tax, can be transferred into Unspecified Reserves.

After discussion, a motion was made by Councilman Gross, seconded by Councilman Junkin, that Council approve the ARM Recommendations in concept recognizing that there is additional work to be done. After discussion the voting was as follows:

FOR THE MOTION: Mayor Headman and Councilpersons Fields, Voveris, Rae, Callaway, Junkin, and Gross

AGAINST THE MOTION: None

The motion carried with a 7-0 vote.

AMENDING FY 2013 BUDGET ARM RESERVE

After discussion, a motion was made by Councilwoman Voveris, seconded by Councilman Junkin, that Council amend the FY 2013 Budget today by changing the ARM Reserves funding to \$80,591. The voting was as follows:

FOR THE MOTION: Mayor Headman and Councilpersons Fields, Voveris, Rae, Callaway, Junkin, and Gross

AGAINST THE MOTION: None

The motion carried with a 7-0 vote.

PUBLIC COMMENT PERIOD

There were no comments from the public.

ADJOURNMENT

A motion was made by Councilman Fields to adjourn the May 24, 2012, Town Council Workshop Meeting at 11:30 a.m.

phs:Workshop Minutes.5.24.12 Amended 6.8.12