

**TOWN OF SOUTH BETHANY
BUDGET AND FINANCE COMMITTEE MEETING MINUTES
May 13, 2016**

ATTENDANCE

Tim Saxton (Chairperson), Christine Keefe (Committee Member), Don Boteler (Committee Member), Renee McDorman (Finance Director), and Steve Farrow (Committee Member) and Ken Baker (Committee Member). Melvin Cusick (Town Manager) was absent.

PUBLIC COMMENTS

None

Review and Approval of April 2016 Minutes

Minutes for the April 8, 2016 were approved with a 5-0.

Review of Actual versus Budget for May 2015 through April of FY 2016

The committee reviewed the budget versus actual revenues and expenditures for May 2015 through April 2016. The committee found revenues to be meeting or exceeding budget in general. The Committee estimated a surplus of approximately \$170,000. Our recommendation is for any amount over \$100,000 be set aside for special projects.

Review of Outcome from Town Council Presentation on Schedule of Fees Recommendations

The Committee reviewed the positive outcome for the recommended Schedule of Fees. The committee's Recommended Fee Schedule outlines these changes and is attached to these minutes.

Discussion on Potential Ways to Finance the Expansions of Town Hall and Police Department Buildings

Don Boteler reviewed the proposal to fund the expansion of the Police and the Town Administration buildings. A copy of this proposal and Draft Discussion Document is attached to these minutes. The Committee agreed unanimously with the recommendations listed on the Draft Discussion document. Don Boteler, as newly elected Treasurer on the Town Council will present these recommendations to Council in the upcoming council meeting.

Review Personnel Benefits Recommendation to Town Council and Possible Vote

The Committee voted unanimously to pass the Personnel Benefits Recommendations with some alterations to clarify our intent. The final document, which is attached to these minutes, describes the conclusions and recommendations of the Committee. Tim Saxton, Treasurer will take our Recommendations to the Mayor and request that they put this item on the Agenda at the next Town Council meeting.

Public Comment Period

None.

Adjournment

The meeting was adjourned at 4:45 pm.

Town of South Bathany Budget and Finance Committee

Fee Schedule Change Recommendations 2016

	Current Fee	Recommended New Fee	Notes:	Council Input/Draft Final
Mercantile License	\$150 May - Oct	\$150 Jan - December-- change to calendar year	Ordinance change required. Insignificant increase of 6% or approx \$2,100	Keep entire Schedule as is Demand for \$80 license is declining. Renove too busy in January
	\$80 Nov - April	Eliminate \$80 Nov-April		
	\$30 30-Day Temporary	Keep \$30 30-Day Temporary	Eliminates complaints from business community re all other coastal towns use Calendar year	
Board of Adjustment	\$750	Remains at \$750	Calendar year simplifies process Will require a resolution	If Appeal goes to BOA and the Town Solicitor is required, the fee is \$1200. Otherwise it remains at \$750.
Building Permit Fees			Town Solicitor not involved in FY15 or to date FY16 FY15--1 Council Appeal, 4 BOA appeals, FY16--2 Council appeals, 1 BOA appeal	No decision on Appeals handled by Council
New Construction	ICC Index x 2 15% per sq ft	ICC Index x 3 15% per sq ft	Will require a Resolution Increase the multiplier by 1% Based on past 3 year history of new construction, approximately \$50,000 increase to income SB still the least expensive coastal town by far	Council generally in favor of this increase given the large disparity between SB and other coastal towns
Renovations -inside House	No change to current configuration-\$50 flat fee	No change to current configuration-\$50 flat fee	Will require a Resolution FY2015, 49 permits at \$50. Of those 49 permits, 24 required configuration changes Income from renovation permits would increase by approx. 30% but less than \$5,000 annually. Avg contract price, \$21,000. Fee would be \$210	No change to current configuration--will require more study Suggested increase of 1% of contract. Would not be an impediment to renovation
Renovations -Outside House	\$50	Minimum of \$50 or 5% (1/2 of 1%) of contract fee, whichever higher	Will require a Resolution	Suggested increase of 1% of contract. Would not be an impediment to renovation
House Demolition	\$100	\$750 See Notes for revised recommendation	Based on FY15, fees would have increased 750%, or \$4,550	B&F Committee recommends leaving as is if new construction permit fee is moved upward as recommended
FOIA	New verbiage needed to be in conformity with State of Delaware Current fees are in place but need to be added to Fee Schedule		Will require a Resolution Will require a Resolution. Negligible financial impact but must be done for compliance.	Council agreed with recommendation
Credit Card Processing Fees	Fees are in place but need to be added to Fee Schedule	3% Processing Fee	Will require a Resolution Currently charge these fees when credit cards are used. Little financial impact expected.	Council agreed with recommendation

Budget and Finance Committee Meeting – May 13, 2016

Draft Discussion Document – Funding Options for Proposed Building Expansions

- 1. The responsibility to determine the need for the projects, conduct any related advocacy and/or approval activities, and develop and implement plans to fund and execute the projects belongs to the Town Council. The task for the committee is to develop a funding recommendation for Council's consideration. To that end, the committee will address funding options and options regarding the timing and order of the two projects.**
- 2. It is the sense of the committee that the community would be more favorably inclined to support the proposed expansions of the police and town hall buildings if the projects could be financed without having to raise taxes or use loans. Thus, the committee will consider an approach which uses a combination of available reserves, operating revenue, and in the case of the police building, grant money. It is the committee's understanding that the projects have been estimated to cost \$200,000 each, or a total of \$400,000.**
- 3. The committee's tentative recommendation regarding timing is to start with the police building in FY18, beginning May 1, 2017 and complete the project during FY18.**
- 4. The police building could potentially be funded with the \$50,000 Panco donation, \$25,000 from the FY18 Sussex County grant (\$75,000 of resources already dedicated for police purposes) and \$125,000 of special projects reserves. To ensure adequate funding, the committee could recommend that any annual operating surplus in excess of a threshold amount (e.g., \$100,000) be assigned to special projects reserves.**
- 5. The committee's tentative recommendation for the town hall expansion is to start and complete the project in FY19 using a combination of reserves and operating revenue. The committee expects that the experience gained from the police building project will help inform the planning process for the town hall building in terms of structuring a workable and acceptable funding plan.**

Budget and Finance Committee Recommendations on Vacation and Compensatory Time

1. No changes to the Compensation Step scales for the Town Hall and Police Department employees. This includes the recent addition of 5 steps to the Police Department's step scale. The Committee felt that in general, with a small staff, it is best to leave the current practice in place versus changing to a Merit based compensation method. In review of the pay scales the Committee felt that the occasional COLAs have kept the scales competitive for all positions.

2. In regards to Benefits, there is a recommendation to make no changes at this time. However, in review, a concern was raised around Paid Time Off. It was found that the Town's policy for Carryover Vacation and Compensatory Time was not being followed. The Committee recommends that the Vacation Carryover and Compensatory Time Policies be compiled with in FY 2017 and all years thereafter. If the stated policy is followed, all comp time earned in a year must be used within that fiscal year. (See attached Employee Handbook page)

For Compensatory Time that had been accrued prior to FY2017, employees will have 3 years to take this comp time and to get their balance to zero.

For Vacation Carryover, no excess carryover Vacation time should be carried forward outside of the stated policy. Similar to Compensatory Time, the Vacation Policy should be followed for FY2017 and all years thereafter. And, for any carryover of Vacation time that has accrued over the stated policy, employees will have 3 years to come into compliance with the policy, starting in FY2017. In this way, all employees will be in compliance with the stated Policy by the end of FY2020.

3. Every employee will be furnished with their Compensatory and Vacation Time balances at the beginning of FY2017. The Town Manager shall be responsible for tracking and enforcing these remedies in order to bring all employees into full compliance with policy.