

<b>TOWN OF SOUTH BETHANY TOWN COUNCIL BUDGET WORKSHOP MEETING MINUTES FEBRUARY 23, 2017</b>
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**MEETING CALLED TO ORDER**

Mayor Voveris called the February 23, 2017, Town Council Budget Workshop Meeting to order at 1:00 p.m.

**ATTENDANCE**

PRESENT: Councilmembers Don Boteler, Sue Callaway, Wayne Schrader, Tim Shaw, Carol Stevenson, Frank Weisgerber, and Mayor Pat Voveris; Chief Troy Crowson; Finance Director Renee McDorman; and Administrative Assistant Pam Smith

**ADOPTION OF MINUTES – FEBRUARY 10, 2017, TOWN COUNCIL REGULAR MEETING**

A motion was made by Councilmember Boteler, seconded by Councilmember Shaw, to accept the February 23, 2017, Town Council Regular Meeting Minutes. The motion was unanimously carried.

**DISCUSSION AND POSSIBLE VOTE ON ADOPTION OF 2017 SUSSEX COUNTY TAX ASSESSMENTS FOR THE TOWN OF SOUTH BETHANY 2018 FISCAL YEAR (MAY 1, 2017, TO APRIL 30, 2018)**

A motion was made by Councilmember Callaway, seconded by Councilmember Schrader, that the Town of South Bethany elect to use the assessment and any supplementary assessment listing established annually by the Sussex County Board of Assessment for FY 2018 property taxation purposes. The motion was unanimously carried.

**FY2018 (MAY 1, 2017 TO APRIL 30, 2018) DRAFT BUDGET REVIEW TO INCLUDE DISCUSSION AND POSSIBLE VOTE ON ANY LINE ITEM PROPOSED FOR THE FY 2018 BUDGET**

Councilmember Boteler recognized the Finance Director for the job she did organizing the budget process. Councilmember Boteler also thanked the Budget and Finance Committee members for their work on the draft budget.

Councilman Boteler reviewed the following information from his February 22, 2017, Memorandum to Town Council:

***FY 2018 Initial Draft Budget and B&F Recommendations***

*The initial compilation of the FY 2018 budget from departmental and committee requests, distributed to the Town Council yesterday, shows an operating deficit of \$79,172. In the course of two recent B&F Committee meetings, the Committee developed a number of recommendations for the Council's consideration that together would reduce the deficit to \$8,695. The recommended adjustments amount to \$70,477 and consist of additional budgeted revenues of \$56,000 and reduced expenditures of only \$14,477. The Council will discuss and consider the budget requests and associated B&F recommendations at its workshop tomorrow. We urge the Council to consider additional reductions of budgeted expenditures at that time in order to bring the budget into balance.*

*The B&F Committee also recommends reductions in proposed capital expenditures, as follows: (1) rather than purchase two requested replacement vehicles (a new truck in the G&A budget request and a new police vehicle in the PS budget request), the Committee suggests we make needed repairs to existing vehicles and keep them in service to get as much utility from existing vehicles as possible, and (2) purchase the requested new sound boards for the council room, but hold off on the purchase of requested goose neck microphones, as the need for microphones is rare and hand help microphones are likely adequate to the need.*

### **Longer Term Considerations**

*About 75% of our revenue comes from property, rental and transfer taxes. Property tax is stable and controllable by the town. Rental tax is less so because of its dependence on economic conditions, although the trend over the last seven years has been positive. Transfer tax is a wild card. It is difficult to predict and has been as low as \$205K and as high as \$525K over the past seven years with an average of \$370K. Some of the permits, fees, fines, licenses and lease revenues have been stable and some have fluctuated. Some, but not all, of those revenue sources are controllable. Generally speaking, changes to permit and fee costs impact only those who purchase them, while changes in the property tax rate have an across the board impact.*

*About 71% of our operating expense is attributable to direct and indirect personnel costs (salaries and wages, health and life insurance, pension, FICA, etc.) Of that amount, 61% is attributable to public safety personnel (45% police and 16% beach patrol), 29% is attributable to G&A personnel, and 10% is attributable to public works personnel.*

*The remaining 29% of expense goes to running the town and funding committees. With few exceptions, such as a proposed \$25K legal expense, the line items in this expense bucket are under \$15K, with the vast majority under \$5K. Thus, there are few large dollar items that can be managed in a way to realize appreciable savings.*

### **Looking Forward**

*A B&F concern is that with a volatile revenue source like the transfer tax, the town's portion of which could be reduced by the state, and the dependence of the rental tax on unpredictable economic conditions, we have revenue uncertainty looking forward. Moreover, recognizing the potential for coastal towns being required to fund some portion of beach replenishment in the future, the possibility that our road preservation costs may exceed our MSA funding, our sea level rise and nuisance flooding exposures and associated mitigation costs, the need to improve canal water circulation and water quality, and our need to expand Town Hall, we may be faced with the need to generate additional revenue.*

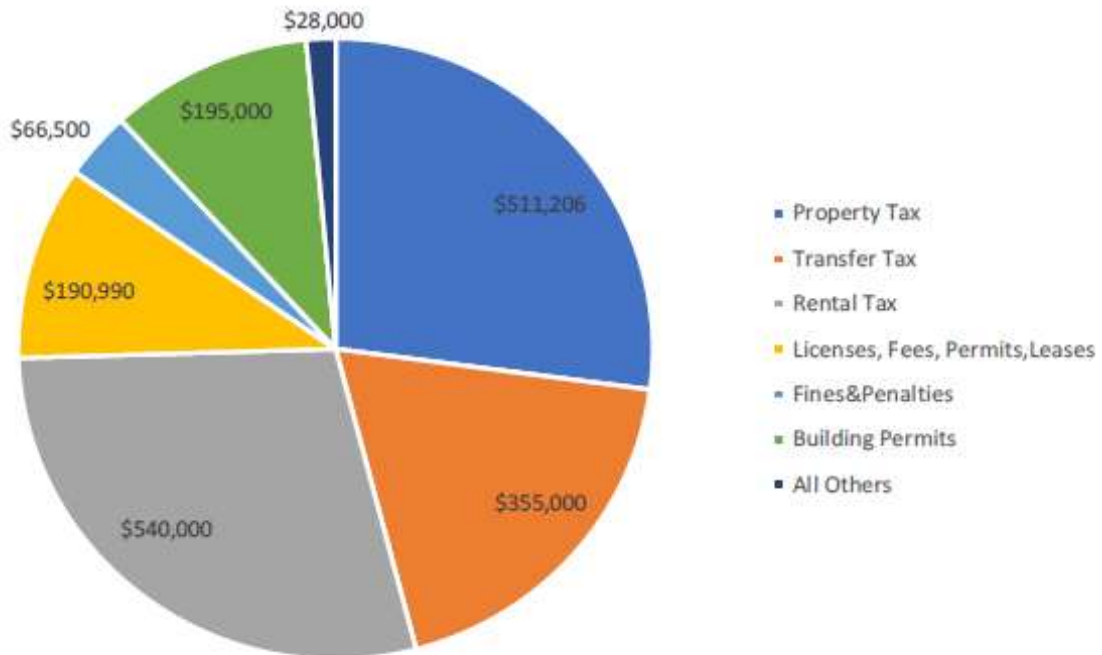
*Combining the above concerns with the fact that 71% of our expense is personnel related, with built in cost increases of roughly 3% to 3.5% of each year, we are likely looking at difficulty balancing future budgets without additional revenue. Where that revenue comes from is a tough discussion, as the most readily obvious solution is to increase property taxes, an unpopular concept at any time. Nevertheless, with the low rate we currently have, an incremental increase would result in a low dollar increase per property.*

*B&F is in the process of developing several exhibits to aid in the understanding of our fiscal situation. They are based on historical audited data and will show projections into the future of major revenue and expense categories. We will provide those to the Council as soon as they are ready and we hope to have a couple of high level handouts in time for Thursday's workshop.*

*Final thought: If we ultimately determine that a property tax increase is indicated in the near to mid-term, we believe that the town will need to have demonstrated a record of controlling costs to have credibility and to make any such action palatable to property owners, and we will need more clarity with respect to the likely but currently unknown future burdens related to beach replenishment, flood mitigation, canal water quality, and the potential loss of transfer tax revenue.*

Councilmember Boteler reviewed the following charts which were prepared by Budget and Finance Committee Member Chris Keefe.

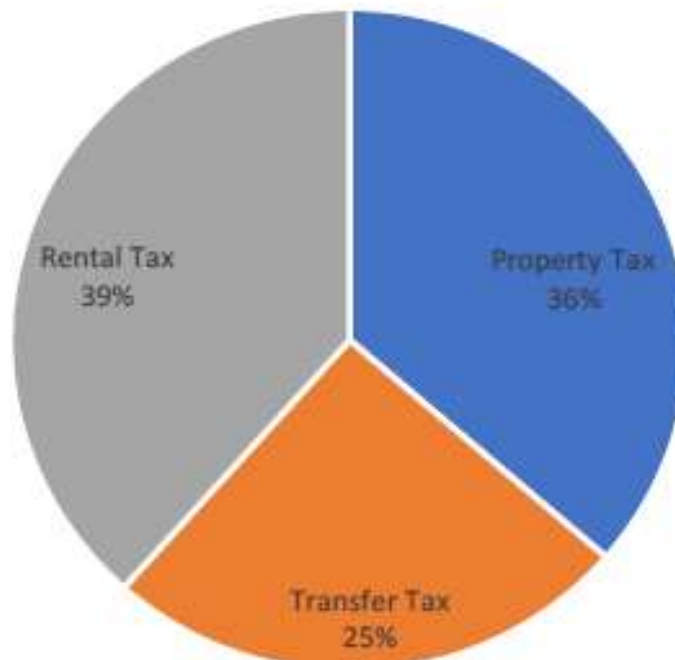
### FY 2018 Operating Revenue

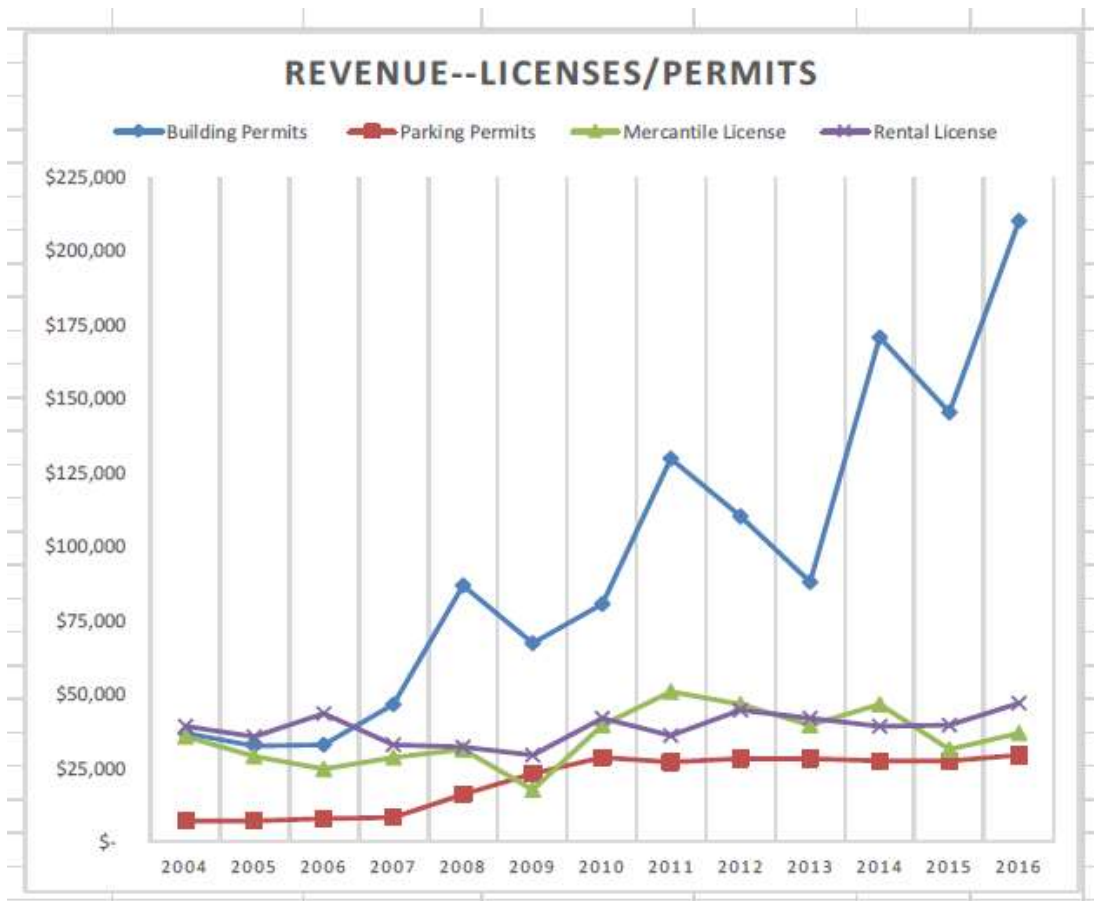
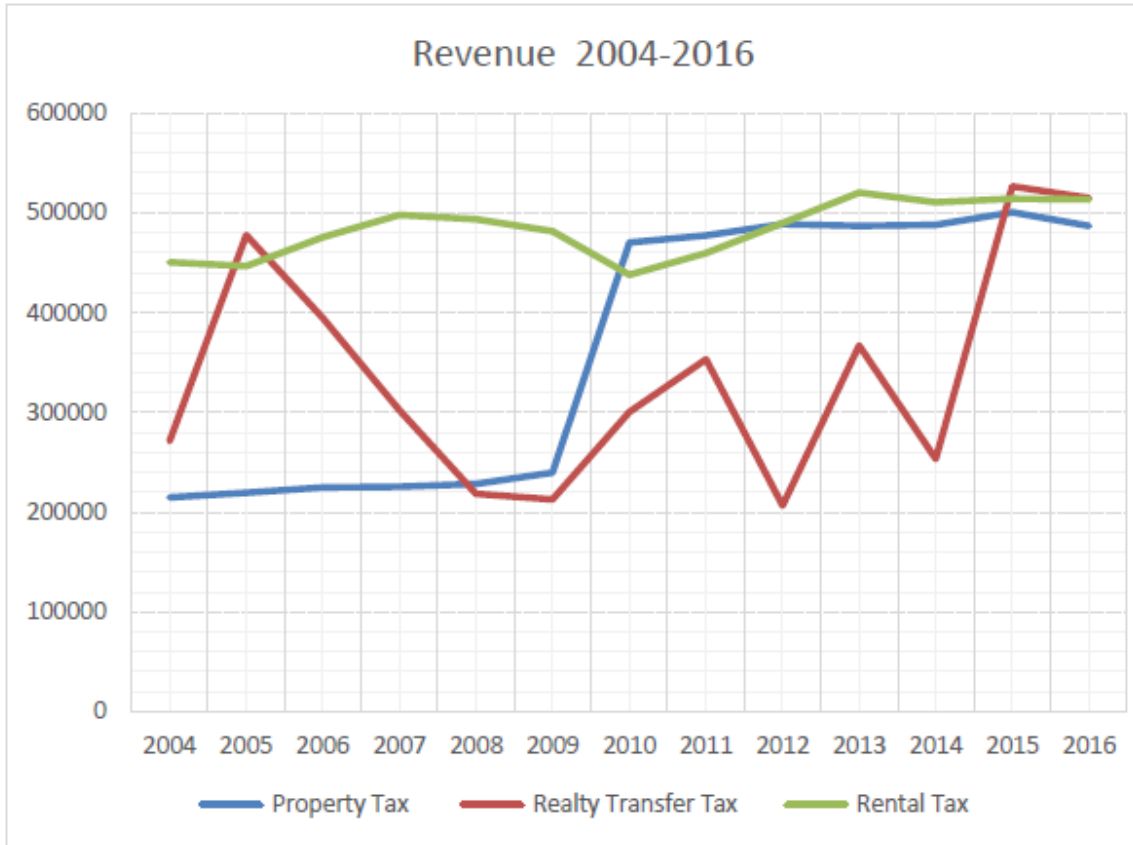


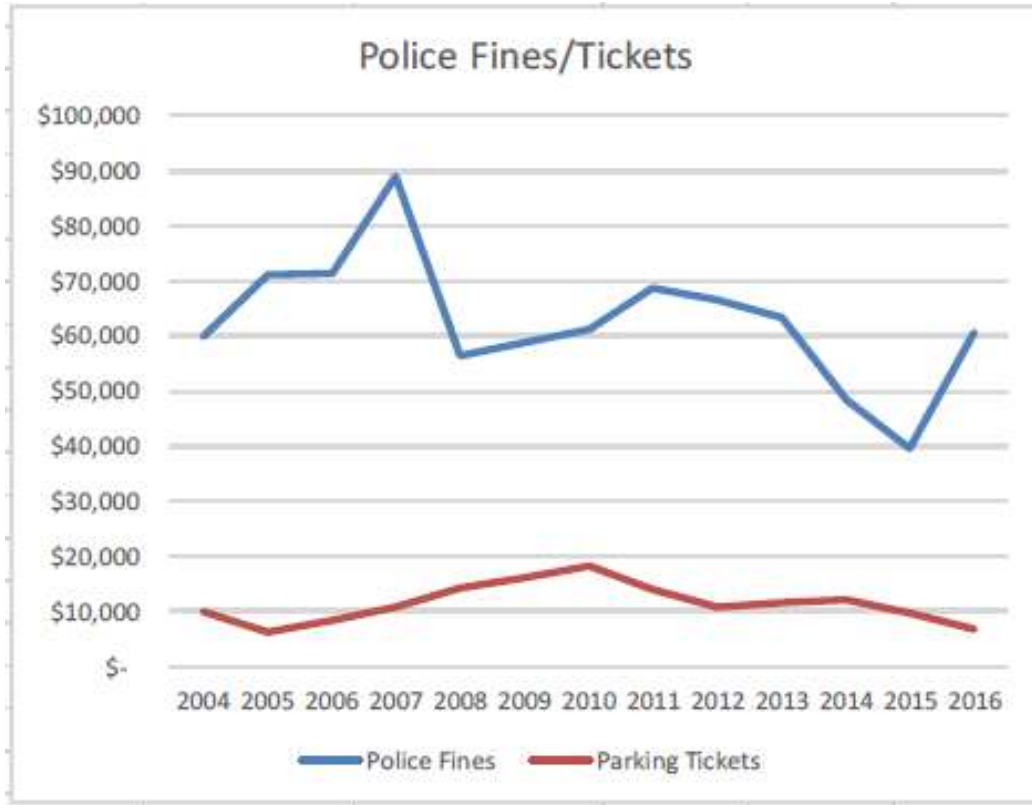
Operating Revenues, shown above, total \$1,886,696. 75% of Operating Revenue is driven by Property, Transfer, and Rental Tax.

The latter three tax categories are projected to total \$1,406,206 in FY18.

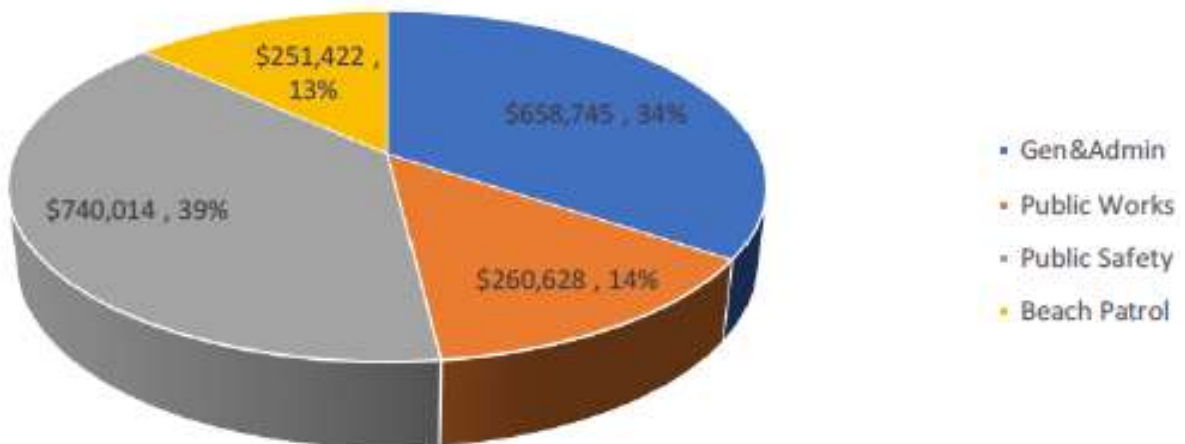
### Breakdown of Core Revenue Drivers FY 2018





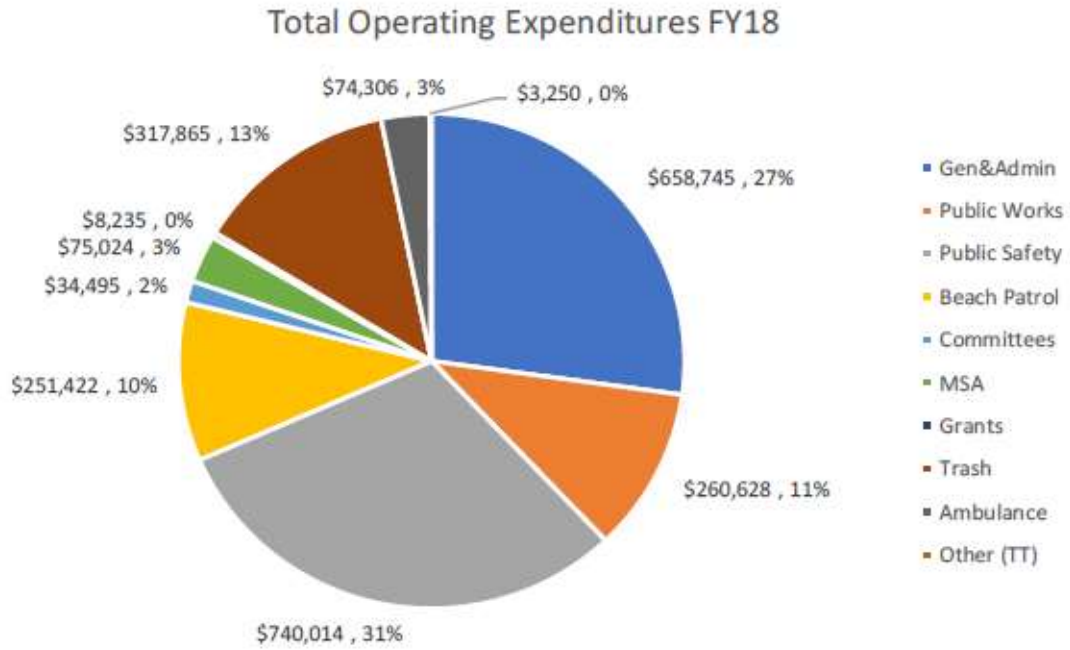


### Core Operating Expenditures

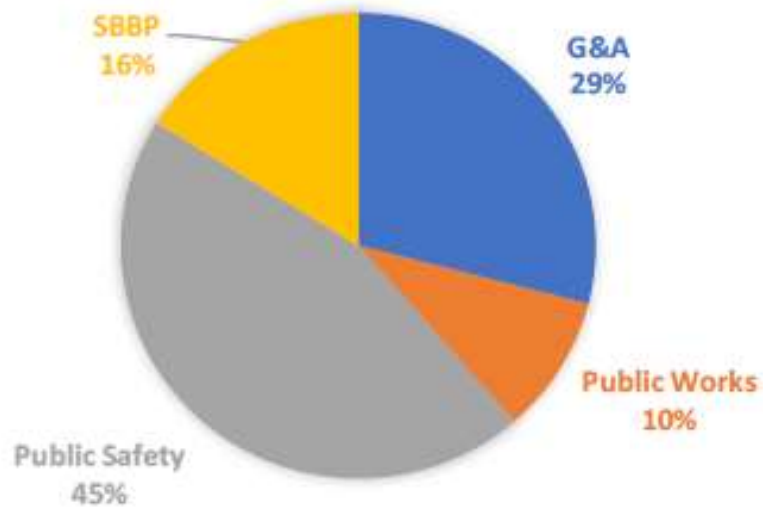


Core Operating Expenditures total \$1,910,809.

Total Operating Expenditures total \$2,423,983. Core Expenditures are 78.8% of Total Expenditures.



### SALARY & BENEFITS AS A PERCENTAGE OF TOTAL OPERATING EXPENDITURES FY 2018



Councilmember Boteler reviewed the FY2018 Draft Budget. A discussion ensued regarding possible changes to the draft budget. Public comments were received.

**MOTION TO GO INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING A PERSONNEL MATTER IN WHICH THE NAMES, COMPETENCIES, AND ABILITIES OF INDIVIDUAL POLICE DEPARTMENT EMPLOYEES WILL BE DISCUSSED. 29 DEL. C. SEC. 10004(B)(9).**

At 2:35 p.m. a motion was made by Councilmember Shaw, seconded by Councilmember Boteler, to go into executive session for the purpose of discussing a personnel matter in which the names, competencies, and abilities of individual Police Department employees will be discussed. The motion was unanimously carried.

**EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING A PERSONNEL MATTER IN WHICH THE NAMES, COMPETENCY, AND ABILITIES OF INDIVIDUAL POLICE DEPARTMENT EMPLOYEES WILL BE DISCUSSED. 29 DEL. C. SEC. 10004(B)(9).**

Council went into an executive session for the purpose of discussing a personnel matter in which the names, competency, and abilities of individual Police Department employees will be discussed. 29 Del. C. sec. 10004(b)(9).

**MOTION TO RECONVENE THE TOWN COUNCIL BUDGET WORKSHOP MEETING**

Council reconvened the Budget Workshop Meeting at 3:15 p.m.

**DISCUSSION AND POSSIBLE VOTE TO APPROVE KERCHER ENGINEERING, INC.'S PROPOSAL TO PREPARE CONTRACT DOCUMENTS AND PROVIDE BIDDING ADMINISTRATION FUNCTIONS FOR THE FY 2017 STREET PAVING PROJECT EITHER ON TIME AND MATERIALS OR AT THE FOLLOWING FIXED PRICE FEES:**  
**STEP B. PREPARATION OF CONTRACT DOCUMENTS SHALL BE \$4,900.00**  
**STEP C. BIDDING ADMINISTRATION SHALL BE \$3,000.00**

A motion was made by Councilmember Boteler, seconded by Councilmember Shaw, to approve Kercher Engineering, Inc.'s proposal to prepare contract documents at the fixed price fee of \$4,900.00. The motion was unanimously carried.

Mayor Voveris tabled Step C until the March 10, 2017, Town Council Regular Meeting.

**DISCUSSION AND POSSIBLE VOTE ON REVISING THE TOWN OF SOUTH BETHANY PERSONNEL POLICY MANUAL SECTION 4-4 (GIFTS AND FAVORS) TO ADD THE FOLLOWING:**

**E. ADDITIONAL PROVISIONS**  
**SECTION 4-4 SHALL NOT PERTAIN TO GIFTS, BONUSES, OR COMPENSATION GIVEN TO EMPLOYEES BY THE TOWN OF SOUTH BETHANY.**

A motion was made by Councilmember Weisgerber, seconded by Councilmember Boteler, to revise the Town of South Bethany Personnel Policy Manual Section 4-4 (Gifts and Favors) to add the following:

**E. Additional Provisions**  
**Section 4-4 shall not pertain to gifts, bonuses, or compensation given to employees by the Town of South Bethany.**

The motion was unanimously carried.

## **CHARTER AND CODE COMMITTEE PRESENTATION ON DRAFT ORDINANCES REGARDING FERAL CATS**

Charter and Code Committee Chair John Fields gave background information and reviewed the draft ordinance. A discussion ensued regarding changes to the draft ordinance. Based on the discussion, Mr. Fields will make changes to the draft ordinance.

## **DISCUSSION AND POSSIBLE VOTE ON MOVING FORWARD ON ORDINANCES REGARDING FERAL CATS**

Council agreed to have the first reading of the ordinance regarding feral cats at the March 10, 2017, Town Council Regular Meeting.

### **PUBLIC COMMENT PERIOD**

Bonnie Rae (131 Anchorage Dr.) – Stated that her issue is the illegal dumping of cat food on people's properties – people's properties who have asked that it be stopped and it has continued.

Willa Peoples (Owner Millville Pet Stop and Fenwick Pet Stop) – Gave the following thoughts:

- Delaware does not require cats to have licenses.
- There are many indigenous animals that live here among us.
- TNR has been in this area for years through volunteers. Think about where your population of cats would have been had there been no TNR or placement of kitties through volunteers into companion animal homes. You want to be able to get back to the cats so that you can revaccinate them. There is a theory that if you feed them in a minimal way then they stay close enough that when it is time to revaccinate them you are able to do that.
- The clipped ear of a cat that has been trapped, neutered, and returned is very obvious.
- The TNR cats benefit the town because they help control populations of other things within the town.
- There are systems where you could have feeding stations located in places that are not bothersome to people. The cats have collars that are controlled by magnets. The magnet opens the food dispenser and then you are not feeding animals such as foxes or raccoons.
- Cats do not respect town limit signs – if they want to move they move. You can go through a process and eradicate the cats, but cats are still going to pop up the next year.
- Regarding budgeting, there is a lot of volunteerism that she and others in the community do for zero dollars.
- Put effort towards saying to your population if you live in the winter in Pennsylvania and you have a barn we will help you get a cat there.

Sandi Roberts (107 Canal Dr.) – Stated that when her house was first built 20 years ago the feral cat population was a lot larger. Ms. Roberts thinks it is because of the TNR program that the numbers have been reduced. Ms. Roberts stated that if this is about somebody who is feeding cats on other people's properties without permission then this represents an incredible amount of overreaching. Councilmembers Schrader and Stevenson said it is also about destruction of property.

John Flynn (10 S. Anchorage) – Asked how you would identify a feral, stray, or abandoned cat. Objects to the TNR program where anybody can trap the cats. Mr. Flynn is afraid it is going to be a trap and never see them again program. Mr. Flynn said he has been here over 20 years and the cat population is nowhere near what it used to be.

Terri Nicholson (205 Anchorage Dr.) – Gave background information on four kitties and their mama that she helped to get fixed and then was hired to feed for a few years. Ms. Nicholson said all of those kitties except one have been adopted. Ms. Nicholson said she kept feeding the one kitty that was still there and a new kitty that showed up because she was not going to let them sit there with no food. Ms. Nicholson said she loves them and will do anything that she can to protect them. When asked if she was still feeding cats in South Bethany Ms. Nicholson said she was not.



**ADJOURNMENT**

A motion was made by Councilmember Weisgerber, seconded by Councilmember Boteler, to adjourn the February 23, 2017, Town Council Budget Workshop Meeting at 4:40 p.m. The motion was unanimously carried.

phs:2017 02 23 Budget Workshop Minutes Approved 3/10/17