

## **Report of Budget and Finance Committee**

### **August 9, 2019 Town Council Meeting**

The Budget and Finance Committee (“Committee”) met on Tuesday, July 16, 2019. Committee members Chris Keefe, Steve Farrow, Joe Mormando and Don Boteler were in attendance along with Town Manager, Maureen Hartman and Finance Director, Renee McDorman.

The Committee began with a review of the proposed revised Investment Policy Statement for the town. Chris Keefe, working with Renee McDorman, had previously developed the proposed revisions for the purpose of bringing the town’s Investment Policy up to current municipal standards. Following a thorough discussion, the Committee agreed to minor changes in the nature and frequency of required reporting of portfolio composition and performance. The Committee further agreed that the proposed language appears to permit a closer matching of the maturities of certain holdings to the schedule for implementing Capital Plan initiatives. The Committee then approved the Statement contingent upon the agreed to changes being made.

The Committee then reviewed (1) the status of the town’s Capital Plan and (2) how best to allocate to reserves the town’s FY19 operating surplus.

With respect to the Capital Plan, Ms. Hartman and Ms. McDorman advised the Committee that the staff had requested and received an estimate for construction of the beach access walkways from a contractor who was strongly recommended by DNREC as the most highly qualified builder of beach access walkways. The estimate was \$26,000 per walkway, \$11,000 higher than the \$15,000 estimate that was included in the Capital Plan and FY 2020 Budget. In addition, the estimate is for a grade level walkway; not the elevated walkway contemplated in the Plan. The current Plan calls for building three walkways per year for five years. The Committee noted that, when actual bids are solicited and received, the Town Council will need to determine how best to amend the project plan should the best price be significantly higher than the \$15,000 estimate included in the Capital Plan, but expressed a preference for staying within the \$45,000 year-one budget for beach walkways, even if it would mean building only one or two walkways in the current budget year rather than the three walkways called for in the Capital Plan.

Finally, the Committee discussed how best to allocate the FY19 operating surplus to capital reserves and determined that, after fully funding the ARM reserves, the balance of the surplus should be allocated to the Operating Reserve account.

Respectfully submitted,

Don Boteler, Chairman – Budget and Finance Committee