

<b>TOWN OF SOUTH BETHANY TOWN COUNCIL BUDGET WORKSHOP MEETING MINUTES FEBRUARY 27, 2020</b>
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**MEETING CALLED TO ORDER**

Mayor Saxton called the February 27, 2020, Town Council Budget Workshop Meeting to order at 3:10 p.m.

**ATTENDANCE**

Councilmembers Derek Abbott, Don Boteler, Sue Callaway, Dick Oliver, Carol Stevenson, Frank Weisgerber, and Mayor Tim Saxton; Town Manager Maureen Hartman; Finance Director Renee McDorman; and Administrative Assistant Pam Smith.

**DISCUSSION AND POSSIBLE VOTE ON ADOPTION OF 2020 SUSSEX COUNTY TAX ASSESSMENTS FOR THE TOWN OF SOUTH BETHANY 2021 FISCAL YEAR (MAY 1, 2020, TO APRIL 30, 2021)**

Motion by Councilmember Abbott, seconded by Councilmember Boteler, 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 2021 property taxation purposes. Motion unanimously carried.

Requested Sussex County assessments will be based on assessments as of March 1, 2020.

**FY2021 (May 1, 2020 to April 30, 2021) Draft Budget Review to include discussion and possible vote on any line item proposed for the FY 2021 Budget (Don Boteler)**

Councilmember Boteler and the Finance Director reviewed the draft budget.

Regarding an increase in property taxes, Councilmember Boteler stated that the Budget and Finance Committee debated whether to recommend an increase, and as of now the Committee has taken it off the table. Councilmember Boteler said the Budget and Finance Committee wants to open a conversation with the Council and the South Bethany community about the Town's future needs and whether and how to implement a revenue enhancement measure. Councilmember Boteler said there are different choices that could be made about how to do that, and the Budget and Finance Committee wants to have a discussion at the Council level about options before anything gets converted into a proposal for this year or maybe next year. Mayor Saxton stated that his fear is that the Town is not generating enough fixed revenue to balance how much the Town is depending on variable revenue (such as transfer tax, which could drop at any time). Mayor Saxton expressed concern about increasing the dollar value in the transfer tax revenue to fund the operating budget when it should be used to fund the capital budget (the ARM Reserve). Councilmember Boteler said Mayor Saxton's concerns are also the Budget and Finance Committee's concerns. Councilmember Boteler said there are insufficient reserves for what is in the ten-year Capital Improvement Plan. Because transfer tax revenue can be volatile, the argument can be made that the Town is getting too dependent on variable revenue. Councilmember Boteler stated that the budget is a distorted picture when it is balanced by using transfer tax. Mayor Saxton said transfer tax revenue is a guess.

It was noted that a property tax increase from \$1.30 per hundred to \$1.50 per hundred would yield close to \$86,000 annually. Mayor Saxton asked what property tax increase would be needed to cover the difference of the \$40,000 increase in operating expenses from the FY2020 Budget to the FY 2021 Draft Budget. Budget and Finance Committee member Steve Farrow said a property tax increase from \$1.30 per hundred to \$1.40 per hundred roughly yields \$40,000.

Mayor Saxton asked the Budget and Finance Committee to look at covering the differential of about \$40,000 in the operating costs with a tax increase.

Noting that the Town does not have an emergency/disaster fund, Budget and Finance Committee member Chris Keefe said the Committee encourages Council to consider an emergency relief fund.

Mayor Saxton directed the Community Enhancement Committee, the Communications and Public Relations Committee, and the Canal Water Quality Committee to submit their objections to the proposed committee budgets to the Budget and Finance Committee.

**PUBLIC COMMENT**

There were no comments from the public.

**ADJOURNMENT**

Motion by Councilmember Boteler, seconded by Councilmember Weisgerber, to adjourn the February 27, 2020, Town Council Budget Workshop Meeting at 5:10 p.m. Motion unanimously carried.