

**TOWN OF SOUTH BETHANY  
TOWN COUNCIL BUDGET WORKSHOP MINUTES  
FRIDAY, FEBRUARY 23, 2024  
9:00 a.m.**

**Meeting Called to Order**

Mayor Saxton called the February 23, 2024, Town Council Budget Workshop to order at 9:00 a.m.

**Attendance and Absences**

In attendance were Mayor Tim Saxton and Councilmembers Randall Bartholomew, Bob Biciocchi, Edie Dondero, Chris Keefe, Tim Shaw, Bob Shields; and Town Manager Maureen Hartman, Town Finance Director Renee McDorman, and Chief Jason Lovins. Public attendee: 1 (media); virtual attendees 3.

**Public Comment**

There were no comments.

**Discussion of Additional Funding for York Road Engineering Study**

Due to a change in the Scope of Work suggested by the Resiliency Committee, there was a slight increase in the proposal for the York Road study, resulting in an approximately \$3,000.00 increase. Motion by Councilman Shaw, seconded by Councilman Biciocchi, to increase the Town's cost-share funding by \$3,000.00 due to a change in the Scope of Work. Motion carried 7-0

**FY 2025 Draft Budget Review, with discussion and possible action on a line item proposed for the FY 2025 budget**

Mayor Saxton opened up the draft budget discussion with a statement regarding the Town's past and current financial history. See attachment, page 3.

Councilman Bartholomew thanked the Finance Director and Town Manager for their hard work during this process. Councilman Bartholomew provided an overview of the FY2024 and FY2025 budgets and indicated that there is a deficit. Councilman Bartholomew stated that the total revenue from FY2024 to FY2025 is an increase of 8% and the total operating expense is an increase of 6.9%. There are four core revenue items that drive our income: Property Tax, Transfer Tax, Rental Tax and Building Permits. These drivers represent approximately 87% of the revenue. Councilman Bartholomew stated that during COVID, there was a sizeable increase within the three of four revenue drivers, but now they are starting to come down to pre-COVID levels. It is also noticeable that fewer properties are being rented. Mayor Saxton commented that any time a budget is increased, the operating reserve has to be increased as well as the ARM (Asset Replacement and Maintenance Fund). Councilman Bartholomew is anticipating that there will be a surplus in FY2024, and that surplus can be used to fund the ARM and the operating reserve. There was a brief discussion about interest income from the investment programs Fidelity and Vanguard. Councilman Bartholomew does not want to show the interest income in the revenues, but instead wants to show it in reserves. Mayor Saxton believes that interest income should be reviewed by Council and be an option for them as to where to allocate it.

Councilman Bartholomew continued with the General and Administrative section, and a discussion regarding grant sharing expense and the addition of \$77,500 for FY2025. Mayor Saxton wants the Grant Sharing line item to be separate and apart from a consultant line item. Councilwoman Keefe suggested that we have a separate page for grants. The Mayor stated that he wants everything to be transparent, so the public understands what is being budgeted.

In Public Works, Councilman Bartholomew indicated that \$30,000 has been budgeted to the Street Drainage/Stormwater line item. Town Manager Hartman provided an explanation of the most recent 'jetting' that was conducted with some Town storm drains to check for blockage. Ms. Hartman

suggested making that a yearly maintenance item. A discussion regarding the storm drain project ensued regarding jetting all the pipes as well as replacing the existing check valves with newer ones. Councilman Bartholomew stated that \$70,000.00 will be earmarked in the capital budget for storm drain projects and repairs.

The Public Safety budget has a 12% overall increase. Councilman Shaw stated that he noticed a significant decrease in some line items and asked if there was anything in their budget that is going to cause a problem because he wants to fight for their needs, if required. Councilman Shaw doesn't want to see a morale or efficiency issue in the Police Department due to cutting their budget too much. Chief Lovins stated that he concurs with the budget figures and has grant sources to utilize.

The Canal Water Quality (CWQ) Committee budget was discussed. Councilman Bartholomew stated that a large consulting fee of \$75,000.00 was removed as well as the purchase of a handheld water testing sensor for \$12,000.00. Councilman Shaw provided background on the canal cleanup program and further discussed the scheduled algae harvesting project in May. Councilman Shaw will table the canal cleaning line item until further research and discussion with CWQ Committee.

In the Capital budget, Mayor Saxton recommended taking \$70,000.00 from the \$100,000.00 in the Long-Range Planning line item to use for the stormwater project. Councilman Bartholomew indicated that the FY2025 budget isn't balanced and that there is a \$46,800.00 deficit. He opened up a discussion about a potential tax increase. Mayor Saxton suggested utilizing funds from FY2024 for the \$20,000.00 GIS project, thereby reducing the \$46,800.00 deficit to \$26,800.00. Councilwoman Dondero stated that whatever we do, we need to have numbers and make a concerted effort to communicate this information to the public. Councilwoman Keefe reminded Council that we need to have numbers for the long-range plans. Mayor Saxton agreed that we need to assign costs to some of the long-range planning items to justify these projects and a potential tax increase. Council members agreed that, if needed, 4%-5% would be the desired range. The draft budget will be sent to the Finance Director, Town Manager and Treasurer for revision based on the Workshop comments. It will be reviewed a second time at the March 8 Town Council meeting, with a public budget presentation at the March 22 workshop.

**Adjournment**

Motion by Councilwoman Dondero, seconded by Councilwoman Keefe to adjourn the February 23, 2024, Town Council Workshop meeting at 11:12 p.m. Motion carried 7-0.

Respectfully submitted,

  
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Edith Dondero, Council Secretary

  
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Date of Approval

Attachment  
Mayor Saxton's Talking Points  
Regarding Draft FY2025 Budget

- When I became involved in Town Government in 2009, I did so because I firmly believed that the Town Council at that time should have done a better job foreseeing that the Town's financial soundness had reached a point where taxes had to be doubled. The promise I made to myself and the citizens, was to work to ensure that a tax increase of that magnitude would not happen again, and to do my best to not raise taxes. And if that time came when there was a reason to do so, it would be with transparency as to the need and, more importantly, the why. Simply put, if we anticipate the potential for a tax increase, we must communicate with our citizens and never again allow it to get to the point it did in 2009, but rather address it with a smaller increase that may stem the possibility of a large increase later.
- Today, I feel compelled to discuss our current situation, as I believe we have reached a point where we need to clearly communicate what we see as future financial impacts for the Town.
- Since that increase in 2009, which is the FY 2010 budget, the Town of South Bethany has not seen a tax increase. Over the past 15 years, the Town has put into place deliberated financial plans that have prevented the need for a tax increase. We have judiciously utilized the revenues and expense and grant levers, to limit the need for a tax increase. However, we now have limited use of those levers.
- Over the past 3 years the Town has benefited financially from a "COVID high". We are now starting to see some revenue streams, such as Real Estate Transfer tax, beginning to trend to pre-covid levels. At the same time, we have continued to increase our budget to what I believe is the maximum that should be intended for our variable revenue streams. I believe after this year we will have no more room to increase these variable revenue streams.
- Let's do a brief review of the financials from the FY2010 budget to the current proposed one. Remember, we have not had a tax increase in 15 years. In FY 2010, our total budget was \$1.9 million dollars. Today, our proposed total budget is \$3.3 million. That's a 74% escalation, with no tax increase. How was it done? Real Estate Transfer tax increased by 270%, Rental Tax increased by 36%, building permits increased by 564%, and taxes by 16%. Revenues were raised due to new home building and large renovations. Again, no tax increase. All variable revenue streams increased faster than the tax revenue, but now have the potential to recede after COVID.
- I speculate that we see something coming with ongoing expenses, that do not include the needs to improve our infrastructure, provide for flood mitigation and address canal issues.
- We need to take a hard look at the possibility of a tax increase to cover our ongoing expenses that can no longer be dependent on variable revenue.