

**TOWN OF SOUTH BETHANY  
TOWN COUNCIL MEETING MINUTES  
MAY 10, 2024  
9:00 A.M.**

**Meeting Called to Order and Pledge of Allegiance**

Mayor Saxton called the May 10, 2024, Town Council meeting to order at 9:01 a.m., followed by the Pledge of Allegiance.

Karen McGrath, Senator Tom Carper's Sussex County Regional Director, presented Mayor Saxton with a letter of appreciation from Senator Carper honoring Mayor Saxton's dedicated service both as Mayor of South Bethany and President of the Association of Coastal Towns.

**Attendance and Absences**

In attendance were Mayor Tim Saxton and Councilmembers Randy Bartholomew (virtual), Bob Biciocchi (virtual), Edie Dondero, Chris Keefe, Tim Shaw, and Bob Shields; Town Manager Maureen Hartman, SBPD Chief Jason Lovins, and Town Clerk Matt Amerling. Public attendees: 6. Virtual attendees: 8.

**Public Comment**

Diann & Ed Nazarian, 20 Peterson Drive, thanked Mayor Saxton for his years of service and dedication to the Town.

Cindy Van Horn, 12 S. Anchorage Avenue, stated she takes great exception to comments made by a candidate for Town Council regarding the Town's finances.

**Adoption of Minutes**

Motion by Councilman Bob Shields, seconded by Councilman Tim Shaw to adopt the March 22, 2024, Town Council Workshop meeting minutes with proposed changes. Councilman Randy Bartholomew's Zoom connection was not functioning and he did not participate in the vote. Motion carried 6-0.

Councilman Shaw motioned to approve the April 12, 2024, Town Council meeting minutes, seconded by Councilman Bob Biciocchi. Motion carried 6-0.

Motion by Councilman Shaw, seconded by Councilman Shields to adopt the April 17, 2024, Town Council Workshop meeting minutes. Motion carried 6-0.

**Brief statement on the Town financials from FY2010 to current state.**

Mayor Saxton felt compelled to present to Town Council corrections to the misstatements and mischaracterizations that recently appeared in public information on the financial state of the Town and financial actions taken by the Town Council.

FY2010 was the first fiscal year after taxes were doubled and the Town was in a difficult financial situation, to the point where there were discussions on possible furloughs of employees. It never happened due to an uptick in RTT in the fall of 2009. This is the starting point.

The progress in the 5 major revenue streams since then – the figures that Mayor Saxton is providing, are a snapshot in time and are not an average over the period:

1. The reserves at the start of FY 2010 were \$1,034,189 and at the end of FY 2023 reserves were \$4,997,864. An approximate 400% increase. This demonstrates the fiscal responsibility of these Town Councils and provides initial funding for future resiliency and other long-term projects.
2. The Real Estate Transfer Tax (RTT) in FY 2010 was \$300,474 and in FY 2023 RTT was \$817,465 with no change in fee rate. A 270% increase.
3. The rental tax income in FY2010 was \$437,999 and in FY 2023 was \$707,464 with no change in fee rate. A 62% increase.
4. The Property Tax income in FY2010 was \$470,219 and in FY 2023 was \$526,237 with no increase in tax rate. A 12% increase
5. The building permit income in FY 2010 was \$80,417 and in FY 2023 was \$516,219. An approximate increase of 600%. An adjustment in building permit calculations was made in FY2017 (ICC index x 2.15% per sq. ft to ICC index x 3.15% of per sq. foot). This adjustment was made so that we were comparable to surrounding towns, after we reviewed their respective building permit fees. Even with this adjustment South Bethany was lower than surrounding Towns, as noted in the approval documents.

This review shows that over the 15-year period, fees were not raised by 500%, as was inaccurately stated recently in the public domain. The fee schedule is reviewed every year by the Budget and Finance Committee in conjunction with the preparation of the next fiscal budget. This review is carried out to ensure the Town is in alignment with surrounding municipalities and adjustments were made as necessary. These adjustments were minor outside of the building permit adjustment previously noted.

The large increase in building permit income is due to the fact that in FY2010 we were coming out of the 2008 housing market crash when investment into housing was slow. Today the houses that are built or renovated have much higher building costs (6-7 figure construction costs) which has a direct effect on the building permit cost and Town revenue. In fact, when comparing the revenue in the year the building permit calculation was changed to the previous year the income difference was approximately \$9,000. To be fair, the total dollar income has risen approximately 600%.

In the fifteen-year period, there have only been two occasions where a Town Council went into reserves to balance a budget. On each occasion the dollar amount was approximately \$25,000 and both Town Treasurers publicly reminded the Town residents of potential tax increases in the future if the trend continued. The Town Councils on each occasion also reviewed the projected budget surplus for the prior fiscal year and determined the surplus would easily cover the \$25,000 and on May 1 of the new fiscal year the reserves would be fully funded once again. For fiscal year 2025, one of the two years, this will happen again and there will be no need to touch the interest on reserve investments; and Mayor Saxton will say the Town will make well over \$300,000 in surplus.

In 2009 the Town Council formed a Budget and Finance Committee, and the initial committee developed the Asset Replacement Management (ARM) reserve. The intention of this reserve fund was to be able to routinely fund capital purchases/projects without affecting the operational budget and therefore reduce the need for tax increases for these large costs. The committee requested the reserve be updated yearly with new capital items and funded yearly based on depreciation of capital assets within the fund. The ARM has been extremely effective over the 15-year period and met the goal of reducing pressure on property tax increases.

Over the 15-year period Town Councils have invested in and funded many infrastructure projects. The Town developed a road maintenance plan which has been followed utilizing Municipal Street

Aid (MSA) funds. Other projects include improvements to beach crossovers, road improvements in Cat Hill to provide increased safety for pedestrians, bringing in Comcast to improve our cable and internet services, a study with Woods Hole on our canals to assist with our canal dredging needs, improvements to the Police department building, installation of rain gardens throughout Town and multiple projects in the canals to improve Canal water as a small sample. In fact, the recent one-time grants of American Rescue Plan Act and Sussex County RTT, were used entirely for Town infrastructure: the needed renovation of Town Hall and the preparation of a Resiliency study by an engineering firm. So, to say 14 Town Councils ignored infrastructure is a total mischaracterization.

The resiliency study report has led to a greater focus on storm water and infrastructure. In 2023 the Town Council approved the request by the Town Manager to identify all storm water drains throughout town and begin the process of improving our Storm Water System. Funds needed for this project were utilized as required. Simultaneously, Mayor Saxton contacted Senator Carper's office and the Army Corps of Engineers to investigate the potential funding for our storm water system improvement which led to a letter of request to the Corps for possible funding under the federal 219 program. The Town awaits to hear back on our request. Another example that the Town Councils are not ignoring resiliency infrastructure needs.

The information Mayor Saxton just provided is some of the financial history over the 15-year period. Not increasing taxes does not mean no new revenue. Over this period, the yearly outside audits indicated the Town was in excellent financial condition. The Town is not in a huge financial hole. Tax increases over this period would not have solved the funding for the future expenditures for the projects identified in the long-range plan, which have a significant cost over the next 15 years. The Town does not have the tax base to solely fund the total cost identified. The Town will need to find cost sharing opportunities, possible loans, possibly floating a bond, etc., to accomplish the goals. This would be the case if projects were started in any year of the 15-year period. What is the case, is our reserves created over the 15-year period has put the Town in a good starting place for funding the initial studies and projects if we utilize cost sharing programs as we do now, and will do, in the future.

Over this period of time, yearly surpluses occurred. With yearly surpluses, it would have been very difficult to justify tax increases to the taxpayers without a plan on how the increased tax revenue would be utilized. In April, this Town Council approved an initial long-range plan that provides not only a guide to future Town Councils but lets the property owners know how any increased tax revenue would be spent.

#### **Presentation of the Planning Commission's report on the Town Council's request for a parking study.**

Mayor Saxton decided to table this presentation.

#### **Presentation from Historical Society regarding the placement of new historical boards on York Road.**

Ms. Cathy Peck, of the South Bethany Historical Society (SBHS), requested approval from the Town Council to install 2 storyboards at the corner of York and Route One (Coastal Highway), which will focus on the history of the area behind York Beach, which is known as Paradise Shores. The storyboards will be 24 inches by 36 inches constructed of half-inch aluminum board and covered in a clear plastic coat with UV-ray protection. The SBHS is working with Vivid Creative Studio on graphic design, with photos provided by the SBHS; a company called Southern Delaware Signs, will make the signs. Vivid will install the storyboards and the pedestals, and they'll be mounted on a single pedestal made of treated wood. They will not be encased in plastic and will match the storyboards located on Russell Road. The cost for this job is \$1,450, and the SBHS will

finance the complete project. Vivid estimates the project to be completed within one month. The SBHS understands that should they receive approval from the Mayor and Council to move forward, they will be required to meet with Town Code Enforcement Constable Joe Hinks so that he could assist with signage requirements. Councilman Bob Biciocchi stated he fully supports this request.

Councilwoman Edie Dondero asked Ms. Peck if the SBHS had any plans to update the signs that are on Russell Road, because the timeline on current signs ends probably 10-plus years ago. Ms. Peck stated there were no plans to replace anything on Russell Road at this time. Ms. Peck requested if anyone has any pictures of Paradise Shores, please let the SBHS know as they would love to put them on the board.

Councilwoman Dondero motioned to approve the SBHS request to place the signs as presented, seconded by Councilman Shaw. Motion carried 6-0.

### **Discussion, overview and possible action of proposed updates to the Personnel Policy Manual.**

Town Manager Maureen Hartman stated Town Solicitor Stephani Ballard Wagner, Town Finance Director Renee McDorman and she have been working on this for a while and they have brought up need updates; as well as Police Chief Lovins having a lot that was moved over to his standard operating procedures (SOPs) because they weren't necessary in this manual anymore. On the human resources (HR) side, there are Federal and State HR changes which had to be made since it hasn't been done since 2017. Town Manager Hartman stated we are not making any employee benefit changes or provisions as these are all strictly legal things, and some Federal changes. Council agreed for the Town Manager to move forward on the updates.

### **Leadership Reports**

Mayor's Report – Report submitted. (See attached.)

Town Manager Report – Report submitted. Town Manager Hartman thanked the Mayor for his service and support.

Police Chief Report – Report submitted. Chief Lovins stated his thanks to the Mayor for his support and dedication to the Town.

Treasurer Report – No report submitted. Councilman Randy Bartholomew re-joined the meeting and stated there was nothing to report.

### **Committee and Commission Reports**

Budget and Finance Committee – Report submitted.

Canal Water Quality Committee – Report submitted, and algae harvesting in the canals has started. Councilman Shaw stated the CWQ asked to delay the harvesting by a week or so, the request was denied by DNREC. However, DNREC offered that after the two weeks are done, if the harvesting group is still in the area, and we do have an algae bloom, DNREC committed to trying to get the harvester back in to make another pass through the canals and will cover the expense.

Charter and Code Committee – Report submitted. Regarding the Code review project, it is plotting along, going through its process, headed towards Council at some point in the new fiscal year.

Community Relations Committee – Report submitted. The blood drive collected 22 pints of blood.

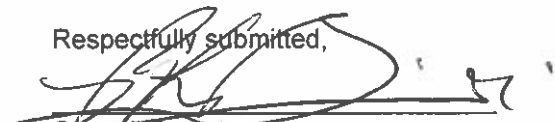
Planning Commission – No report submitted.

Resiliency Committee – Report submitted. Councilwoman Dondero stated the York Road project is underway, and field work is supposed to start in the next week or two. Councilwoman Dondero and Councilman Shields attended a "Creating a Flood Ready Community" half-day training in Dover yesterday, which was beneficial, and they came back with a lot of good resources.

**Adjournment**

Motion by Councilwoman Chris Keefe, second by Councilman Shaw, to adjourn the May 10, 2024, Town Council Regular Meeting at 9:46 a.m. Motion carried 7-0.

Respectfully submitted,



\_\_\_\_\_  
Council Secretary



\_\_\_\_\_  
Town Clerk

6/14/24  
Date of Approval

**Mayor's Report:** I want to thank the Property Owners of South Bethany for the opportunity to serve the Town as Mayor over the past 6 years. It has been quite a ride. I also want to thank the 6 different Town Councils and all of the individual Council members I worked with over the years. Each were a pleasure to work with and together we accomplished a lot of good things for this Town. We had our differences and knew how to leave the disagreement in the room. Also, I would be remiss to not thank the Town Hall staff, Public Works and the Police department for all of their support. Nothing would get done without them. The Town is blessed to have such a high-quality staff.

Over the 6 years I am proud to say I governed with the view the Town always came first, not my personal feelings. I can say that every area of Town received my attention. I addressed the issues as they arose and always worried that no one are felt left out and treated fairly.

I enjoyed every day of the 6 years of service, well at least 99% of the time. Even the difficult times were a learning experience. I always felt every day was a new civics lesson. In the Spring Breeze I outlined some of the projects we accomplished together so I will not repeat that lengthy laundry list. I do want to mention a few of the biggest challenges we faced and overcame. First, we had to re-build a Police Department. Thank you Chief Lovins for all the work you did to build a highly professional well-trained police department. Second, all of the challenges and changes required through the COVID pandemic. Thank you to Maureen for all the work you did to keep the office running smoothly and efficiently through those two years. Also, for assisting me with keeping an efficient Town Council so we could continue to make progress. Your effort was extraordinary. Third, all the work needed to improve our infrastructure for cable and internet service. The pandemic pointed out our serious need to upgrade and improve service as many property owners worked from home here in South Bethany and the Town received many many complaints. Thank you to Sue Callaway and Maureen for working with me to bring Comcast to the Town and improving Media Com service.

Over the 6 years I am proud to have established effective professional relationships with important agencies and individuals required to support the needs of South Bethany. A short list is DNREC, Del Dot, Comcast, Media Com, Sharp, BBFD EMS, Sen. Hocker, Rep. Gray, Sen. Carpers office and the Army Corp Philadelphia office. In addition, I have worked with the ACT Mayors to share ideas and thoughts. My hope is the next Mayor can build on what has been accomplished to date with these relationships.

As a group we accomplished an enormous amount. We have made significant progress and commitment to improve our flooding issues here in Town. I firmly believe this will continue to move forward now that the wheels have been set in motion. The long-range plan we adopted will continue to move along all issues identified within it. I honestly wish I had more time to continue to push these efforts forward but the Town Charter says my time is up.

One message I would like to leave for the next Mayor and Town Council. It comes from my mentor, John Fields, "The wheels of government turn slowly for a reason, the hopes of getting it right". We have a prime example with this very group here today. Let's take the York Road Project.

1. We began the Resiliency study in October of 2021, a presentation was given on a preliminary report in May 2022 and the final report was delivered in March of 2023.
2. TC accepted the identification of York road as the first project for flood mitigation
3. In December 2022, the Town Manager at the request of the CWQ Chair, wrote and submitted for a grant to study the York Road area and develop a shovel ready plan
4. In September 2023 South Bethany was awarded the grant and began work to hire an engineering firm.

5. In February 2024 the contract for AECOM was awarded by Town Council. The report is not expected until December 2024/January 2025.
6. Evaluation and identification of a construction firm will begin and most likely will take 6 months. If any permits are required it could take longer.
7. Funding will need to be determined and most likely will need support with a grant.
8. The most optimistic shovel in the ground start is mid 2026.

So, it will have taken a minimum of 5 years. The wheels of government turn slow when dealing with multiple agencies and attorneys.

Lastly, you cannot be a successful Mayor without an excellent Town Manager. I want to thank Maureen for all the hard work you have done and the counsel and advice you provided me over the years. I may not have always taken your advice but hearing a different point of view was always helpful. We worked together and always had a strategy on how to deal with issues, vendors and outside agencies. It was an absolute pleasure to work with you for the past 6 years.

Remember I have always popped back up somewhere as I love this Town. Don't be surprised if I serve in some capacity again.