

**TOWN OF SOUTH BETHANY
TOWN COUNCIL WORKSHOP MEETING MINUTES
AUGUST 23, 2024
9:00 A.M.**

Meeting Called to Order

Mayor Dondero called the August 23, 2024, Town Council Workshop meeting to order at 9:02 a.m.

Attendance and Absences

In attendance were Mayor Edie Dondero and Councilmembers Randy Bartholomew, Bob Biciocchi, Chris Keefe, Tim Shaw, Bob Shields, and Cindy Van Horn; Town Manager Maureen Hartman, SBPD Chief Jason Lovins, and Town Clerk Matt Amerling. Public attendees: 3. Virtual attendees: 9.

Presentation of Capital Needs Projections by Councilwoman Chris Keefe and Treasurer Randy Bartholomew

Mayor Dondero stated about a year ago, the Town started to look at the known infrastructure needs the Town is facing over the next 10 fiscal years for the purposes of long-term financial planning. The Council has presented this information several times to the community in Council meetings, one of the monthly coffee and conversation events was dedicated to this topic, and it's been shared in the Town newsletter. Council wanted to put the information out before the community again, which is the reason for today's presentation.

Councilwoman Chris Keefe described three projects that are currently underway: a cleanup of the Town code, the clearing of the Town rights-of-way (ROW), and a contract with a consulting firm to make GIS technology available to the Town.

Mayor Dondero gave an overview of two resiliency projects. The York Road flood mitigation project, for which the Town received in 2023 a Hazard Mitigation Grant from FEMA, is currently in the design stage. A project design plan for recommended mitigation measures will be presented in December 2024. Funding will then be sought for implementation. In regard to the Cat Hill Flood Mitigation Project, the Town has applied and received preliminary approval for a BRIC grant from FEMA. This grant will fund an assessment of flooding conditions and design for mitigation measures. The study will commence once final approval of the grant is issued and the funds are received.

Councilwoman Keefe detailed the other projects on the list including stormwater management system enhancements, canal dredging, and the eventual raising of Town-owned bulkheads. Councilwoman Keefe presented a rough, proposed timeline of each project and a cost estimate of about 14 million dollars. Mayor Dondero stated the list of projects presented is a working document for financial planning purposes, that it is not fixed and it is not in any sort of priority order.

Councilman Randy Bartholomew stated the cost estimate for all of this was 14 million dollars and the big question is "where is the money coming from?" There are grants to be applied for, but we don't know what portion of this cost will be covered by grants. Taking that into account, the source for paying this cost would be from the Town's operating budget, and right now, the Town does not have excess money in its operating budget for any type of capital item. The next place the Town can go to fund the capital projects would be the reserves as there are certain pieces in the reserves the Town could use. Councilman Bartholomew stated some people may think the Town can get debt or float bonds for it, and Councilman Bartholomew thinks we probably could, but getting bonds are very expensive to get. The next question after getting any bond would be, "How are you going to make that debt service payment on the bond that comes back into the operating budget?" This means the Town needs to generate cash in the operating budget to fund the debt service and it all

leads back to very potential property tax increases. The total fund balance as of April 30, 2023, is \$4,997,865, and of that money, the Town set aside operating reserves, which is approximately \$836,000. The cost for infrastructure is \$1,847,915, and the asset replacement and maintenance (ARM) capital fund is approximately 2.2 million dollars. Councilman Bartholomew showed a forecast that between fiscal year 2025 and 2026, the Town's expenses exceed the revenues. Councilman Bartholomew stated the transfer tax has driven our operating surpluses in the last few years, and while some past years have seen the numbers skyrocket, it is starting to come down. As of fiscal year 2025, the Town's operating budget is showing \$650,000, so in the budgeting process, the Town – using the current year-to-date data – is assuming that downtrend will continue and the big conclusion is that the Town cannot rely on the transfer tax to continue to fund surpluses into the reserves.

Public Comments and Questions on Presentation

Simon Moore, 309 W. 6th Street, stated, as pointed out, we don't know exactly how much we're going to need to spend, but it's multiple millions of dollars over the next 10 years. We don't have the money today, so he's interested in how Council is thinking about this. He knows the Town will obviously pursue external sources of funding, but does Council consider increasing revenue, i.e., property taxes in the near future? Mayor Dondero stated the philosophy up until this point has been to "wait and see," but she thinks Council needs to start considering a plan, which will include having the Budget and Finance Committee (B&F) evaluate and make recommendations to Council. Councilman Shaw stated his opinion is, in order to keep the Town solvent and take on some of these projects, the Town will have almost no choice but to look at increasing property taxes as one of the mechanisms the Town uses.

Chris Vanuga, 150 Henlopen Drive, questioned why the cost for the studies needed prior to canal dredging were not shown on the project list. Mayor Dondero stated the \$141,000 needed is on Council's "radar screen" and it will be addressed in the budgeting process for next fiscal year.

Fred Reitzel, 135 Elizabeth Way, asked if when the new tax assessments from the County come in, does Council have to vote to change the rate? Councilman Bartholomew stated, yes, the plan is for Council to discuss and vote on whatever rate change is presented.

Joan Marini, 300 W. 8th Street, stated raising bulkheads is her item of interest and while she's happy to see it on the project list, it seems to her this is a greater need than dredging the canals, and should be moved sooner than 2031. She would also echo Councilman Shields' urgency to changing the Code for private individuals who might want to raise their bulkhead so as not to have to do it twice.

Adjournment

Motion by Councilman Shaw, second by Councilman Bartholomew, to adjourn the August 23, 2024, Town Council Workshop Meeting at 10:00 a.m. Motion carried 7-0.

Respectfully submitted,


Council Secretary


Town Clerk

9/13/2024
Date of Approval