

**TOWN OF SOUTH BETHANY  
TOWN COUNCIL BUDGET WORKSHOP MINUTES  
THURSDAY, FEBRUARY 27, 2025  
9:00 a.m.**

**Meeting Called to Order**

Mayor Dondero called the February 27, 2025, Town Council Budget Workshop to order at 9:03 a.m.

**Attendance and Absences**

In attendance were Mayor Edie Dondero and Councilmembers Randall Bartholomew, Bob Biciocchi, Chris Keefe, Bob Shields, and Cindy Van Horn; and Town Manager Maureen Hartman, Town Finance Director Renee McDorman, Chief Jason Lovins, and Town Clerk Matt Amerling. Councilman Tim Shaw was absent. Public attendee: 1; virtual attendees: 4.

**Public Comment**

Tim Saxton, 24 Peterson Drive, stated his concern that the Budget & Finance Committee (B&F) had a meeting and saw a draft budget with a \$60,000 deficit, but, after reviewing this draft budget, the deficit is now \$100,000, and B&F never saw it. Even if budget numbers came in late, there could have been one more B&F meeting to review all the corrections that were made in the latest draft. Mr. Saxton stated he doesn't know if the \$160,000 of interest income is correct in the informational line, but if it is, it gives the Town a lot of latitude, and the Town can leave it within the infrastructure or in the reserves.

Wendy Manley, 3 Cleveland Avenue, stated she is concerned about the rental tax after seeing the State raised its percentage to four-and-a-half percent (4.5%), plus with the usual Town rental tax of eight percent (8%), it would be a total of twelve-and-a-half percent (12.5%), which is very high. She wanted to know if Council would discuss reducing its rental tax percentage. Councilman Randy Bartholomew stated Council would be briefly discussing it later in this meeting.

**Review, discussion and possible action on FY2026 draft budget**

Councilman Bartholomew thanked the Finance Director and Town Manager for their hard work during this process. Councilman Bartholomew provided an overview of the FY2026 budget. He stated that two pieces of information were received after the B&F meeting: one is better information regarding the police grants, and the second is the projected contributions to pensions. Those were the only two items that changed the deficit amount shown at the Budget & Finance Committee (B&F) meeting – which was approximately \$80,000 – to the number shown in the presentation today, which is \$108,000. Councilman Bartholomew stated, in regard to Mr. Saxton's comments, the information came in about a week ago and there was no time to post a B&F meeting agenda – as the Town is required to post it for seven days before the meeting – and have said meeting before today's meeting. Councilman Bartholomew stated he made the decision to go ahead with the budget this way and to show Council the results of the B&F meeting, along with those two changes. Council previously decided that all interest income which comes from the investment account would stay in the reserve account as the goal there was to build reserves.

Councilman Bartholomew stated there are four core revenue items that drive our income: Property Tax, Real Estate Transfer Tax, Rental Tax and Building Permits. These drivers represent approximately 84% of revenue. The only increases in those items relate to property tax, which was increased by \$9,000 to reflect the actual amount of taxes to be collected this year and building permit revenue, which was raised by \$5,000.

Councilman Bartholomew stated regarding the question over the Town's 8% rental tax, it was the B&F's recommendation the Town stick with its 8% rental tax and just because the State is increasing (to 4.5%), it does not necessarily mean the Town needs to adjust its tax. The Town

needs the revenue, and the rental tax is an area B&F felt the Town could keep it as it is. Mayor Dondero asked if the Town's 8% rental tax is comparable to other communities. Town Finance Director Renee McDorman stated the Town's rate is fair, as the average for most coastal towns is 6% to 7%.

Councilman Bartholomew stated the budgeted expenses for FY26 have increased from last fiscal year for various categories: General & Administrative increased \$21,000, with \$17,000 of that due to compensation, which includes salaries, benefits, pension, etc.; Public Works increased \$61,000 due to the addition of one full-time employee; Public Safety increased \$28,000 due to compensation; and Beach Patrol was increased \$5,000. The total operating expenditures for FY26 went up by approximately \$103,200.

Regarding the FY26 Capital Budget, Councilman Bartholomew reviewed expected expenses for this year including the stormwater drainage project at \$70,000, a new police vehicle for \$43,000, a replacement of a Town Hall generator for \$35,000, and replacement lifeguard stands for \$19,000. All of those add up to approximately \$167,000, which would be funded out of the current asset replacement and maintenance (ARM) fund. The infrastructure reserve expenditures would be increased for York Road mitigation by \$430,000, plus \$190,000 for the Building Resilient Infrastructure and Communities (BRIC) grant. The infrastructure reserve would fund \$477,500, and the Town would have the BRIC grant income of \$142,500. The total for capital infrastructure projects on the long-term plan – including stormwater management, York Road and Cat Hill flood mitigation, raising roads, raising bulkheads, dredging canals, and land purchase for canal harvesting – is \$14 to \$16 million, so Council needs to sit down with this list and do some prioritization for which items get the monies that are available. The only mechanism to replace the reserves is either increasing property taxes, issuing bonds which is a very expensive process, financing certain things of which current interest rates are high, or doing special assessments which goes back to the property owner.

Councilman Bartholomew indicated that the FY2026 budget has a \$108,000 deficit. Mayor Dondero stated she thinks it's too high to keep the real estate transfer tax the same as last year because it seems as if the Town is barely going to make it for this current year. Council requested Finance Director McDorman look at the trend of rental license purchases. Councilman Bartholomew stated regarding Town services such as trash, yard waste and recycling collection there is a proposed rate increase of 3%. Mayor Dondero stated Council will need to determine what the tax rate needs to be to supply the amount of revenue the Town needs in order to meet the coming fiscal year operating budget, but pointed out that this amount does not factor in any of the capital expenses or replenishment of the reserves that Council is proposing to draw down. Mayor Dondero stated the Town may need to raise property taxes just to meet the operating budget and will be without a surplus to replenish the reserves. The B&F was tasked with reviewing the budget for additional savings, reassessing transfer tax projections, and providing recommendations on property tax increases. The draft budget will be sent to the Finance Director, Town Manager and Treasurer for revision based on today's comments, with a B&F meeting to be scheduled before the March 14 Town Council meeting so B&F may address possible additional savings. The draft budget will then be reviewed a second time at the March 14 Council meeting.

### Adjournment

Motion by Councilwoman Cindy Van Horn, seconded by Councilman Bob Biciocchi to adjourn the February 27, 2025, Town Council Budget Workshop meeting at 11:32 a.m. Motion carried 6-0.

Respectfully submitted,

  
Council Secretary

  
Town Clerk

3/14/2025  
Date of Approval