

**Town of Bethany Beach  
Budget & Finance Meeting  
February 17, 2022 – 10:00 a.m.**

Present: Jerry Morris, Fulton Loppatto, Patrick Sheplee, Scott Bell, Martin Decre and Joseph Healy.

Excused Members: Mickey Hinman and Denise Boswell

Also present: Cliff Gravier, Town Manager; Janet Connery, Finance Director; Terry Tieman, Assistant Town Manager and Molly Daisey, Administrative Assistant.

Mr. Morris called the meeting to order at 9:55 a.m.

**Approval of the Agenda**

Mr. Loppatto made a motion to approve the agenda. Mr. Sheplee seconded the motion and it was unanimously approved.

**Approval of the Minutes from October 14, 2021**

Mr. Healy made a motion to approve the minutes as amended. The motion was seconded by Mr. Decre and unanimously approved.

**Discuss the FY 2023 proposed budget**

Ms. Connery gave the following report:

There have been a few changes since the written report that replaced our January meeting.

- \$20,000 increase to Revenue because the Town Council is considering an increase in annual parking permit fees. This \$20,000 is based on a \$10 increase to the current \$35 fee, the Council may change to a \$15 increase which would make the revenue increase \$30,000. The proposed increase would replace a portion of the revenue lost by allowing these residential permits to be used at the beach end lots, a practice started due to the pandemic that many residents want to continue.
- \$47,000 increase to the Operating Budget
  - \$20,000 in Streets to replace snow removal equipment, including 2 snowblowers and plow blades for pickups and the skid steer
  - \$27,000 in Water for an annual maintenance contract on the pedosphere, which is now 7 years old
- \$13,500 grant application that may be funded by DNREC to plan wetlands restoration
- \$480,000 increase to the Storm Emergency Relief Fund, the January version of the budget still used the prior year's amount.
- \$330,000 increase in projected cash at the start of the year from updated projections.

The total revenue budget of \$11,455,000 is an increase of \$894,000, which is 8.5%. Most of the changes are from revising our estimates for future revenues without any adjustment to the rates we charge. This includes increasing the budget for Transfer Tax by \$200,000, Rental Tax by \$200,000, Building Permits by \$150,000, and \$81,000 in smaller adjustments. The only changes in fees being discussed are the annual residential parking permit and trash fees.

The total operating expense budget of \$9,864,000 is an increase of \$526,000, which is 5.6%. This includes \$357,000 for a 6.3% increase in total personnel costs, most of this is from three new positions; 1 in Public Works, 1 police officer and the Assistant Town Manager position that was added mid-year. Other increases include one-time funds to replace beach signs, replace town dumpsters, repaint public works trucks and replace snow removal equipment.

There are two new, large grants this year; \$672,153 from the Pandemic American Rescue Plan (ARPA) and \$297,512 Sussex County Realty Transfer Tax Sharing. These funds along with the annual Municipal Street Aid Grant and town funds budgeted in FY 2022 but not yet used provides \$1.65 million for capital projects such as Collins Street, routine paving, drainage and other projects.

The proposed budget includes over \$14 million in total Reserves. This is \$9.4 million in Capital Replacement Reserves, \$1.5 million in Operating Reserves, \$2.8 million in the Storm Emergency Relief Fund and \$350,000 for replacement of filter media in the water plant.

### **Capital Improvement and Replacement Plan**

The Town's Five-Year Capital Replacement and Improvement Plan has been updated. General Fund projections are that the fund will remain around \$1.4 million over the minimum recommended replacement reserve for the next five years, assuming no new, large capital improvement projects are funded.

The Sanitation Fund projection shows that even with the 25% trash fee increase included in the proposed budget the reserve will dip below recommended minimum by the end of FY 2025 but recover in FY 2027 after a year without a planned trash truck replacement.

The Water Fund projection shows the Water Fund with over \$1 million more than the recommended minimum for the next five years. However, improvements to our system are being considered that would change the situation.

### **Discuss the trash fee increase included in the proposed budget**

A 25% increase to trash fees is proposed. The Town plans for trash rate adjustments every three to five years, and it has been five years since the last change. The Town's costs to provide trash services have increased significantly over the past few years, especially the cost of personnel and replacement trash trucks. The proposed 25% fee increase would change our residential rate from \$330 to \$410 per year, an increase of \$80. Other residential and commercial rates would increase by the same percent.

The five-year projection is just a best guess based on current information. If the pandemic causes further staffing and equipment supply problems, then we may find this projection was too optimistic and the 25% increase too little. With this 25% increase the sanitation fund is projected to drop below the recommended minimum in fiscal years 2025 and 2026 but recover to \$5,000 above the minimum in FY 2027. A 30% increase should keep the fund from falling below that recommended minimum at all.

### **Committee Discussion and Recommendations**

The Committee discussed both the fee increases. Regarding trash fees, the Committee considered options for the amount of increase, if the increase should take effect in a single year and how long each increase should last. Regarding the annual parking permit fee, the Committee considered the time since the last increase and the new benefit allowing use of the beach end lots.

The Committee decided to recommend that Town Council approve this draft budget with a \$100 increase to the residential trash fee, increasing other trash fees by the same 30%, and a \$15 increase to the annual parking permit.

**Next Meetings**

Public Hearing most likely Monday March 14

B&FC meeting if needed most likely Tuesday March 14

Council to vote on the budget on Friday March 18

Thursday July 14 or Thursday July 21. The Council meets on 7/15

Thursday October 20

**Adjourn**

Mr. Dece made a motion to adjourn the meeting. Mr. Sheplee seconded the motion and it was unanimously approved. The meeting was adjourned at 11:15 a.m.