

Dewey Beach Budget & Finance Committee Meeting Minutes for Jan. 25, 2019

The meeting was called to order at 3:35 pm.

Members in Attendance: Lynn Winkler, Joe Kienle, Bill Stevens, Phil Winkler, Dave Davis (quorum)

Others in Attendance: Gary Persinger, Scott Koenig, Dale Cooke, Sheena Gosset, TJ Redefier, Jim Tyler, Jim Degan, Ellen Driscoll (Cape Gazette reporter), Elmar Bennet (recorder for DCA)

Administrative Items:

The agenda was adopted as written.

Members of the committee introduced themselves and gave a brief background.

The group agreed to schedule a Workshop with Council at 3:30 pm on February 8th in order to make necessary progress on key budget issues in time for completing the budget submission to Council by early March.

A committee secretary was not yet selected, but Dave will ask Nancy McCloskey if she is interested in fulfilling that role, and if not, Dave will perform this function.

Discussion of Business:

1. Reviewed the December 2018 Financial Summary and Notes, with Scott providing an update on the status of the town's performance vs. budget. In short, revenues as a whole are far above budget, and certain expenses have exceeded budget and were detailed as to reasons. Scott continues to monitor all accounts and manage to budget appropriately.
2. The issue of whether a Budget Amendment should be considered to address some of the extraordinary expenses was discussed. The consensus of the members was that given that we're nine months into the fiscal year already, there was no need for this for the current year. A motion made by Phil Winkler and seconded by Bill Stevens to recommend to Council that we not do a Budget Amendment for this year but have the Town Manager raise the need for a possible Budget Amendment in future years if and when called for. The motion passed unanimously.
3. The committee discussed the revenue analysis provided by Scott and Sheena, noting the key elements and comparison to prior years, leading to a discussion of how to go about projecting the revenues for the upcoming budget year. It was generally agreed that there may be an opportunity to increase some of the levels but that a rationale was needed to make an informed prediction of many of the revenue categories. For the Transfer Tax and Building Permits in particular, we require external input on the real estate market and the likely economic trends for the coming year. Mayor Redefier offered to work with other

real estate professionals and provide an analysis of this for consideration during our Workshop on February 8th. Rationale for projecting the other revenue categories will be one of the key topics discussed during the Workshop as well.

4. Reviewed the current draft budget with Scott leading the discussion and noting the current excess of expenses over revenues of approximately \$111,000, along with some detailed information on how certain of the revenue categories will adjust upward based on inputs and expenses will be fine tuned and revised. He noted that some additional expense categories are still to be added, notably any projects initiated by Council, storm water management and others. Jim Degan asked about extraordinary expenses of a capital nature and Scott indicated that while we will not have a complete Capital Budget in time for this fiscal year, he is working to create one and is considering items of this nature for the upcoming budget year. Scott also noted that in comparing expenses to prior years, some shifting of costs into different accounts makes it difficult to do an apples-to-apples comparison. Some examples of this are the separation of Code Enforcement from the Police budget as it had been in prior years, expenses to run the Life Saving Station have been moved under Lifeguard Department expenses, Workers Comp insurance was moved from insurance to the employee expenses categories, and town hall expenses have been split between Police and Town Hall categories.
5. The committee briefly discussed the issue of set asides which have been deferred in the current budget but were identified as a task for review by the committee in the prior year. Dave and Scott have discussed this, and it is acknowledged that the 20% allocation from Transfer Tax to the Infrastructure fund will be completed by the end of the budget year, the other categories of set asides require further review and will be one of the topics for the upcoming Workshop in February. Scott will provide a recap of set asides in an email to committee members in the next week.

Key Action Points:

1. Workshop with B&F and Council scheduled for February 8th at 3:30 to 5:30 pm at the Life Saving Station
2. Motion to Council that we not do a Budget Amendment for the current year, but in future years the Town Manager raise this possibility as necessary. Motion carried unanimously.
3. Mayor Redefer will provide an analysis of the real estate market and economic trends for the coming year in concert with other realty professionals in time for the Workshop.
4. Scott will provide a recap of set asides in an email to B&F committee members during the week of Jan. 27 so that members may familiarize with the issue.

With no further business to be discussed, the meeting was adjourned at 5:00 pm

Respectfully submitted,

Dave Davis, Chair