

Dewey Beach Budget & Finance Committee Meeting DRAFT Minutes for June 28, 2019

The meeting was called to order at 3:31 pm.

Members in Attendance: Bill Stevens, Lynn Winkler, Phil Winkler, Nancy McCloskey, Zeke Przygocki, Dave Davis (quorum)

Others in Attendance: Gary Persinger, Scott Koenig, TJ Redefers, Sheena Gossett, a couple of members of the public not recorded.

Administrative Items:

The agenda was adopted as written.

Roll call was taken with Jill Compello and Joe Kienle absent, Lynn Winkler arrived late.

The minutes for the April 12th meeting were approved with no changes.

Next meeting will be scheduled for early August.

Discussion of Business:

1. Review FY2020 YTD financial performance vs. budget – Scott provided an overview of the current year financials.
 - a. An engagement letter has been executed with an audit firm for the FY2019 audit.
 - b. Scott indicated that he and the finance staff had not had an opportunity to perform a detailed notes summary of budget variance items but gave an overview of a few categories and will complete a more thorough and detailed report and review following the June monthly close and then having a full three months of results to report on.
 - c. A brief discussion on how/when to move the set asides into their associated accounts took place, with acknowledgement that the early season revenue imbalance makes it a bit difficult to move the funds yet. However, it will be done monthly going forward beginning soon so that a more accurate picture of the accounts is available.
2. Discussion of Town Surplus Funds Level to Recommend to Council
 - a. As of the end of May, the town has approximately \$1.2 mm in surplus funds plus another \$500,000 recently placed with Brown Advisory. However, there are two set asides that are included in that balance that historically have resided there and a breakout of these amounts is required to get a clear picture of the total amount of general fund reserves.

- b. Scott has maintained about \$800,000 as the amount necessary to fund ongoing budget requirements and all accounts now are receiving interest on balances.
 - c. The group discussed the optimal amount to recommend to Council for a surplus in the event of a major calamity or catastrophic situation. The conclusion and unanimous vote of the B&F members was to recommend that the town build to and maintain a balance of 1 to 1.5 years in total town revenue based on a running 3-year average.
 - d. Scott indicated his desire to work with lenders toward a line of credit that would enable the town to also borrow funds in the event of a significant capital requirement. The committee generally agreed that this is a desirable goal.
3. Discuss New Revenue Stream Opportunities – Dave provided a timeline covering FY2020 and 2021 with some key milestones for several important revenue stream opportunities. This timeline will continue to be enhanced and clarified in subsequent meetings (see attachment).
- a. The Residential Rental Income process to capture additional revenue for properties renting but without a rental license or payment of accommodations tax will be revisited in the fall when time and staff levels permit.
 - b. We discussed the Hotel Occupancy Tax and the progress that Rehoboth is making in this area and agreed to work toward the necessary charter changes to make this possible in the fall and winter timeframe, and also follow Rehoboth's status in the meantime. The B&F members generally agree that this can be a desirable new revenue stream for the town but will take quite some time to properly vet and possibly implement.
 - c. The Town Manager and B&F will perform a review of set asides beginning in the fall and recommend to Council by November/December suggest changes and levels for funding set asides for the next fiscal year.
 - d. Discussion of the need for infrastructure funding steered toward the possibility of modifying the Beach Replenishment Tax to enable a future percentage of funds to be redirected toward infrastructure needs. Bill agreed to look further into the Beach Replenishment Fund policy and report back to the committee in the next meeting.

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

Respectfully submitted,

Dave Davis, Chair