

## **Dewey Beach Budget & Finance Committee Meeting Minutes 7/20/2018**

The meeting was called to order at 4:00 pm.

Members in Attendance: Claire Walsh, Dennis Trencher, Joe Kienle, Dave Davis (quorum)

Others in Attendance: Gary Persinger, Dale Cooke, Sheena Gosset, TJ Redefeer, Gary Talley

### **Administrative Items:**

The agenda and prior meeting minutes were adopted as written.

The group agreed to meet next on Friday, September 7th, at 4 pm.

### **Discussion of Business:**

1. The committee immediately commenced discussion of the long-term revenue sources begun in the previous meeting, using the matrix Dave prepared to facilitate discussion. Key discussion points and highlights are:
  - a. Increase Residential Rental Accommodations Tax – estimated to raise between \$100-\$250k revenue per year. The committee members all agree that we need to move on this issue, and although it is not likely to be a popular ask, the surrounding towns all have a higher level. It was generally agreed to suggest a 1% increase to still stay below most of the other nearby towns. While any movement on this issue depends on the change to the Charter language put forward by the Charter and Code committee, Council should be encouraged to act on this issue and we will explore the possibility of crafting language for referendum for the upcoming election.
  - b. Add Hotel Accommodations Tax – Estimated to raise between \$100-\$250k per year. For the same reasons given in the Residential Accommodations Tax, the committee agreed that this too should be implemented. Dennis added that this should be relatively straightforward to administer, unlike the honors system (with associated faults) of the Residential Tax collection process. This would also be dependent on the Charter language change that has been recommended.
  - c. Revise Town License Fees – Estimated to generate less than \$50k per year in additional town revenue. The committee considers this a must-do in the near term, as it has no real obstacles when compared to most of the other revenue sources, and the fees have not be increased in quite some time. Is was generally agreed that the analysis of all town fees should be performed promptly, and the town implement an increase every two years at the Consumer Price Index (CPI) level. Scott/Sheena will collect the data on surrounding town fees for

consideration in this matter and make that data available for the committee to review in the next (Sept. 7<sup>th</sup>) meeting.

- d. Property Tax – Estimated to generate more than \$500k in annual revenue for the town. Most of the committee members were not opposed to this possibility, but it is recognized that it would be difficult to enact and the need to clear through not only the town property owner opinions, but also the legislature. It was generally agreed that there are other more reasonable ways to achieve the levels of revenue needed near-term, but this issue should be revisited in a 3 to 4 year timeframe, as it will be needed long-term for the town’s financial survival.
  - e. Bayside Tax – Estimated to generate between \$250-\$500k and possibly more than \$500k in annual revenue for the town. The committee generally agreed that the need and justification for this type of revenue source is sufficient and should be pursued immediately. The discussion covered the town infrastructure needs and the acknowledged necessity for bayside flooding to be addressed with all due haste. TJ raised the possibility of combining the two and making an Infrastructure/Bayside Tax, to which the members agreed and that wording needs to be carefully crafted to enable this to be used for maintenance as well as major project undertakings. The committee felt strongly that this is the most needed, justifiable, and understandable revenue source to the public, given the dire issues that the town is currently facing.
  - f. Special Assessment – Estimated to generate more than \$500k one time for the town. The committee members felt that this has several pitfalls, including the one-time nature and ability to garner public support. It was agreed that other options are better suited to the town’s needs and therefore this revenue source should not be recommended.
2. Pursuant to the above discussion, three motions made and unanimously approved to forward on to Council as culmination of this discussion:
    - a. Recommend that Council instruct the Town Manager to complete the review and analysis of the fees charged by surrounding towns in concert with the Budget & Finance Committee in the Sept. 7<sup>th</sup> meeting and enact an across the board fee increase this fall in anticipation of the 2019 calendar year.
    - b. Recommend that Council consider the increase of Residential Rental Accommodations Tax and addition of a Hotel Accommodations Tax, each at a 1% level, and take this to referendum for the coming election.
    - c. Recommend that Council instruct the Town Manager and appropriate committees undertake analysis, recommendation and public hearings/meetings leading to a town Infrastructure/Bayside tax to be enacted and approved by the state legislature by the beginning of the next fiscal year, on April 1, 2019.
  3. The committee reviewed and discussed the town financials for June, 2018. Sheena provided documentation of her work on revising the monthly budget allocations so that a

clearer picture of the town's performance versus budget can be seen. Sheena believes that she can complete this process by the next meeting on September 7<sup>th</sup>, and therefore the committee will look to review the July financials in the new format, as well as the completed Annual Financial Audit results.

With no further business to be discussed, the meeting was adjourned at 5:30 pm

Respectfully submitted,

Dave Davis