

## **Dewey Beach Budget & Finance Committee**

### *New Revenue Sources/Reduced Expense Analysis*

Last Updated: Sept. 17, 2021

Purpose: Identify *significant* revenue producing and expense reducing actions that can be realistically adopted by the town to help provide a more stable and predictable financial performance for the town's near- and long-term future.

Background: While Dewey Beach has experienced significant budget surpluses in the last few years, its longer-term financial stability and needs are not being adequately addressed. With large infrastructure replacement/improvement costs looming and the eminent threat of sea level rise and its likely impact on the town, we must begin to create significant financial reserves to secure and preserve Dewey's future.

To this end, the Budget & Finance Committee has met and discussed the following recommendations and provides this to the Town Council as its key recommendations for action beginning in the fall of 2021 and future.

## ***Dewey Beach FY 2021-2022 New Revenue Source Recommendations***

Sept. 17, 2021

<b>Description</b>	<b>Potential \$ Impact</b>	<b>Priority (A,B,C)</b>	<b>Timeframe (S,M,L)</b>	<b>Pros/Cons &amp; Notes</b>
Increase business license fees	\$50-100k	<b>A</b>	<b>S</b>	Hasn't been done in many years, reasonable for CoL increase/inflation; moving license due date from Feb/Mar to May would be more practical for revenue recognition
Increase accommodations tax (rentals & hotel rooms)	\$100-500k	<b>A</b>	<b>S</b>	Legislative action afoot to take remainder to 8%; each 1% increase would likely yield ~ \$160k in revenue for town
Improve residential rental collection & identify transgressors	\$25-50k	<b>A</b>	<b>S</b>	Unclear amount of unrealized revenue and would require careful application of penalties
Review & adjust personnel levels, job functions and compensation	\$75-150k	<b>B</b>	<b>S</b>	Could be boomerang effect if pay levels too low compared to other nearby towns
Include certain beach-related costs in beach tax costs	\$250-350k	<b>B</b>	<b>M</b>	Could lifeguard costs be paid out of beach tax fund? If so, this would free up significant funds for other purposes
Create focused donation line item in budget	\$10-25k	<b>B</b>	<b>M</b>	Frees up operating budget for other items; must be purpose focused and marketing campaign created and managed
Infrastructure/town services fee	\$250-400k	<b>B</b>	<b>M</b>	Would be construed as a tax, requires significant legislative approvals and referendum
Property tax	\$300-500k	<b>B/C</b>	<b>L</b>	Political football but mostly likely necessary for long-term survival of the town

**Timeframe:** S = up to 1 year; M = 1-2 years; L = 3+ years