

Dewey Beach Budget & Finance Committee Meeting Minutes 11/27/2017

The meeting was called to order at 9:35 am.

Members in Attendance: Claire Walsh, Joe Kienle, Dave Davis

Others in Attendance: Gary Persinger, TJ Redefer, Dale Cooke, Carolyn Elliot, Chris Flood (Cape Gazette)

The agenda was adopted as written.

Volunteer for committee Secretary was solicited. The group decided to ask Dennis Trencher to act as the Secretary for the committee and provide meeting minutes going forward.

The goals of the committee for the upcoming year were reviewed and adopted as written.

The group agreed tentatively to a series of meetings as follows, in anticipation of delivering the draft budget to the Council by the end of February:

- Friday, December 15th at 3:30 pm
- Friday, January 12th at 3:30 pm
- Friday, January 26th at 3:30 pm
- Second week of February (date not yet specified)

Dave will check with the members who did not attend and verify the December date, then the January dates for attendance.

The Committee members reviewed the October Financial Summary and YTD Actual vs. Budget schedules, with questions answered by Carolyn Elliot, town Finance Director. The following are the points of discussion, observations, questions answered and to be researched and answered by Carolyn in follow-up:

1. Was the former Town Manager's \$100,000 contract payout booked in October? Yes
2. The group discussed the need to clarify an approach and find a basis to estimate the ongoing litigation legal fees.

The Town is a defendant in several lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not, in the aggregate, have a material adverse effect on the financial position of the Town. (pg. 37 note 11)

3. Is Transfer Tax gross, or net of the below the line "feed" accounts. Net.
4. The group discussed the Parking Fines revenue as \$46k over budget, and that the improvement in collections and addition of parking code enforcement has resulted in

greater efficiency. However, the 10-15 bicycle patrol members are a significant personnel expense (discussed further below).

5. Discussed the need to monitor the insurance costs, and Joe Kienle observed that with the high percentage of insurance (~8.5%) to overall expense budget, it may be advisable to look for additional quotes for the coming year.
6. Carolyn provided an overview of the DBE revenue to the town. (bolded text is According to the 2017 Audit Report, pg. 29 Note 4)
 - a. \$5000 per month ending in 2021 (\$300,000 total)

In September 2016, the Town further amended the agreement with DBE whereby, to compensate the Town for construction delays and to ensure completion of the hotel and residential condominium project and associated parking spaces, DBE agreed to pay the Town \$300,000. This amount will be paid as monthly payments of \$5,000, which began in October 2016, with any unpaid balance due by the earlier of the expiration of the building permit for the project or the issuance of the final certificate of occupancy for the project.

- b. Permit extension fees (\$50k paid June 2017, \$200k 2nd year, etc.) are TBD

As part of the amended agreement, the existing building permit was extended to September 8, 2017, and may be extended for four additional one-year terms at an annual cost of \$50,000, \$150,000, \$400,000, and \$800,000, respectively. The first and second extension payments are each due once exercised. The third and fourth extensions, if utilized, are to be paid monthly on a pro-rated basis for the time necessary to complete the project.

- c. \$37.5k on or about 12/31 of each year in perpetuity
 - d. A lump sum of \$260k paid to complete balloon payment of \$400k for relinquishment of the 3000 sf of space for the town.

In March 2015, the Town amended a prior agreement with Dewey Beach Enterprises (“DBE”) whereby, in lieu of providing the use of office space to the Town as previously negotiated, DBE agreed to pay the Town \$500,000 in addition to an annual payment of \$37,500 in perpetuity. Of the \$500,000, \$400,000 will be paid as monthly payments of \$5,000, which began in April 2015, with a balloon payment of \$265,000 due by June 30, 2017. The remaining \$100,000 payment is due by April 1, 2020

7. Police salary/wages over budget by \$34.5k, and need to understand the cost of employee end of year vacation costs.
8. Streets department is now 2 FTE’s though not budgeted for this.
9. Alderman court cost budget overage probably attributable to Sunday hours during season.

- 10. Administrative Code Enforcement salary/wages overage of nearly \$39k due to staff members hired in lieu of sharing seasonal police staff and is offset by additional revenue shown in item 4.
- 11. The 2017/18 Rainy Day Fund is currently \$50,010 (total is \$164,064)
- 12. Carolyn explained there are 6 FTE employees in Administration, and 7 PT's.

Information provided by Carolyn after the meeting in response to requests:

DBE building permit fee of \$84,840 in May for the build out of 28 condo units.

Misc Income includes \$1,200 in wedding permits, but the larger amount was \$8,650 from Verizon for the use of our employee parking lot all summer when they installed a truck with cell phone tower.

Insurance coverage is \$250k and is as follows:

Flood Insurance	4/18/16-4/18/17	\$ 4,253	evenly split between Admin and Police monthly
Commercial	2/18/17-2/18/18	\$49,889	split monthly 36% Admin, 64% Police
Public Officials	7/1/17-7/1/18	\$52,942	charged monthly to Admin
Police	7/1/17-7/1/18	\$66,406	charged monthly to Police
Worker's Comp	9/1/17-8/31/18	\$76,375	split monthly between all divisions

Bank Accounts balance:

I have online access to 5 of our bank accounts. Their balances are as of today: (11/28)

General Fund \$1,212,176 (this is our operating account)

Parking Meter 2,593 (this account is done for the season – we maintain @\$2-3k in the account and transfer the rest to the GF)

Transfer Tax 44,235 (after I reconcile the bank account in Quickbooks, I transfer the bulk to the GF leaving @\$3k in the account)

Payroll 4,719 (I transfer money from the GF to PR each pay period)

Beach Tax 266, 791

Other accounts are:

Self-Committed Funds

Legal & Litigation	\$268,128
Street Infrastructure	308,441
Comp Plan	67,663
Technology Improv	5,623
Rainy Day Surplus	164,064
Brown Advisors	567,255 (GF)
Brown Advisors	4,032,332 (Beach Replenishment combined accounts)

Restricted Accounts:

Municipal Street Aid	\$ 20,368
Police SALLE Grant	482
Police EDIE Grant	16,650
Police Dept	3,285
Fed Confiscated	2,172
Dewey Beach Patrol	5,782
DBE Review Escrow	35,000

3 year Parking Fines recap:

11/28/2017
2:52 PM

Town of Dewey Beach
Parking Fines Revenue Comparison
April through September FY16, FY17, FY18

DRAFT

	<u>Apr - Sep 17</u>	<u>Apr - Sep 16</u>	<u>Apr - Sep 15</u>
4014000 · Parking Fines	214,520	180,130	187,430
4014005 · Vehicle Booting Fee	0	30	1,820
4014010 · Delinq. Parking Fines	3,996	16,153	26,496
	<u>218,516</u>	<u>196,313</u>	<u>215,746</u>

Additional Note from Carolyn on 11/30:

The attached is the file that we use to prepare the annual budget. It includes a 9 year history of actuals, then the budget and difference for the last fiscal year.

Once I close out November's financials, I will update the last section with YTD actuals. I will update these columns each month going through January.

The final columns which are not shown include a Reforecast of the current fiscal year based on the YTD trends and then the next fiscal year budget. This is where the new budget is built from.

Some of the row numbers are off and I'll fix them as I input November's actuals.

Respectfully submitted,

Dave Davis