

**MAYOR & CITY COUNCIL  
BUDGET WORKSHOP  
February 12, 2019  
MINUTES**

The Mayor & City Council met on **Friday February 12, 2019 in Council Chambers at Lewes City Hall**, in accordance with proper notification, with the following members present: Mayor Ted Becker, Deputy Mayor Fred Beaufait and Councilpersons Bonnie Osler, Dennis Reardon & Rob Morgan. Also in attendance were: City Manager Ann Marie Townshend, Financial Officer Ellen Lorraine McCabe and Recording Secretary Alice Erickson.

1. **Call to Order:** *Mayor Becker* called the meeting to order at **1:30pm**
2. **Status report on FY 2018-2019 budget:**
3. **Presentation & consideration of the Draft Budget for the FY 2019-2020.** *City Manager Ann Marie Townshend & Financial Officer Ellen Lorraine McCabe* distributed and gave an overview of the proposed budget for Fiscal Year 2020 as follows:
  - Revenue Projections to be flat
  - Increased operational cost of new parking meters is a factor
  - Increase of 10% in health insurance premiums
  - New Positions: Administrative Assistant in City Manager office & Entry-level Planner
  - 1% pay raise for employees, based on CPI-U 12-month average
  - No police raises are included, they are currently engaged in collective bargaining
  - Moved transfer tax revenues and debt service expense from General Fund to new Transfer Tax Fund (TTF)
    - ✓ FY 19: \$900,000: Transfer Tax \$875,000 & Building Transfer Tax \$25,000
  - Expenditures moved from General Fund to Transfer Tax Fund
    - ✓ FY19: \$824,500: Debt Principal \$690,000 & Bond Interest \$134,500
  - **General Fund Revenues:** \$6,038,350 (2.48% *decrease*- adj. TTF)
    - ✓ General Fund: \$5,905,350
    - ✓ General Fund Grants: \$133,000
  - **General Fund Expenses:** \$6,038,350 (3.66% *decrease* – adj. TTF)
  - Transfer of \$267,440 from prior year reserves to balance the budget

*Councilperson Osler* stated the easy way would be to raise taxes to make up this short fall. *Ms. Townshend* stated that will be discussed at future budget meetings.

**STREETS DEPARTMENT:** *Total Budget: \$912,370*, which is an **increase** of 2.21%.

- This increase mostly attributed to personnel and vehicle costs

**POLICE DEPARTMENT:** *Total budget \$1,454,870*, which is an **increase** of .18%.

- No salary increases for officers are included due to ongoing negotiations, but a 1% increase is included for the Chief, Lieutenant and Administrative Assistant.
- Pension increase of \$11,250
- Increase of \$5,000 in technical supplies and equipment
- Increase of \$3,300 in uniforms for summer uniforms
- Increase of \$3,000 in consulting for officer fitness assessments
- **Decrease** of \$10,000 in vehicles: one vehicle replacement this year vs. two last year
- Several other adjustments based upon trends

**PARKING ENFORCEMENT:** *Total Budget \$128,850*, for a total **increase** of 15.48%

- Increase of \$25,050 in software: new meter and enforcement system

**BEACH PATROL:** *Total Budget \$76,050*, for a total **decrease** of 1.62%

**CITY MANAGER'S OFFICE:** *Total Budget \$334,010, for a total increase of 28.41%*

- Increase in wages of \$43,065 for a new Administrative Assistant position
- Increase in consulting of \$35,000 for an ICMA Fellow, shared with Milford
- **Decrease** in seasonal wages of \$12,000

**FINANCE DEPARTMENT:** *Total Budget \$424,085, for a total increase of 7.04%*

- Increase of \$5,000 in audit services
- Increase of \$2,500 in payroll for ADP time and attendance
- Increase of \$1,250 in dues/subscriptions

**PARKS & MARINA ADMINISTRATOR:** *Total budget of \$61,075, for a total increase of .45%*

**MARINA:** *Total budget of \$95,850, for a total increase of .45%*

- Increase of \$6,000 in building maintenance
- **Decrease** of \$ 2,500 in ground maintenance

**PARKS & RECREATION COMMISSION:** *Total budget of \$310,560, for a total increase of 28.01%, but when adjusted for capital projects, the increase is 9.4%. There will be a presentation at future budget meeting.*

- Increase of \$5,000 for Lewes in Bloom, up to a total of a \$15,000 annual budget
- Increase of \$13,500 in Lawn Maintenance, in accordance with contract
- Increase of \$45,500 in miscellaneous for Tennis Courts and Playground for maintenance
- Increase of \$4,200 in George HP Smith Park
- **Decrease** of \$2,000 in Trees
- **Decrease** of \$3,000 in Great Marsh Park
- **Decrease** of \$2,715 in Library/Stango Ext/Alley/Trailhead/Trail

**BUILDING OFFICIAL:** *Total Budget of \$253,745, for a total increase of 1.13%*

**PLANNING and COMMUNITY DEVELOPMENT:** *Total budget of \$194,400, for a total decrease of 2.78%*

- Hire a new entry-level planner

**PLANNING COMMISSION:** **Increase** of 25% in anticipation of additional recording secretary hours.

**BICYCLE AND PEDESTRIAN ADVISORY COMMITTEE:** Total **decrease** of 16.67%

**MITIGATION PLANNING TEAM:** **Increase** of \$50,000 for phragmites management

There was discussion about phragmite control and if was it really necessary. *Councilperson Morgan* didn't believe it will do that much good. *Councilperson Reardon* disagreed. *Ms. Townshend* explained they are working on a 5-year management plan. *Mayor Becker* stated this hasn't been done in a long time and they need to catch up and then maintenance. He feels \$50,000 will be ambitious.

**BOARD OF ADJUSTMENT:** **Decrease** of \$27,000 due to reduced legal cost

**OTHER BUDGETS:** No changes to the following: Mayor & City Council, Historic Preservation Commission, Historic Lewes Byways Committee, Assessment and Election.

*Councilperson Osler* questioned if there will be a need for additional assessment services with the new developments coming on board. *Ms. McCabe* agreed there could be extra expenses. *Ms. Townshend* feels they are at least two years away and it is not needed in this budget.

*Councilperson Osler* questioned what would happen with HPC and CARC budgets. *Ms. McCabe* stated they will be combined. There will be \$15,000 for Historic District survey and the balance of \$3,000 will be mostly for the recording secretary and seminars.

*Councilperson Osler* stated the city council conference budget is never totally used and could be cut as could donations (5292)

**OPERATING:** Total budget \$1,525,910, for a total **decrease** of 43.68% due to Transfer Tax Fund

- Increase in bank fees, insurance, building maintenance, fuel and engineering fees
- Decrease in web services, advertising, construction, and technical equipment

**MUNICIPAL STREET AID:**

- Sidewalk/Crosswalk Repairs: \$10,000
- Beach 1 Parking Lot: \$70,000
- Two ¾ ton trucks for Streets: \$80,000
- Street Sweeper Lease: \$32,500

*Councilperson Osler* suggested looking at the policy of only spending 50% of the MSA funds. She feels it should be spent if needed. This is a bucket of money that could be spent and could possibly not increase taxes as much. *Councilperson Morgan* agreed. *Mayor Becker* agreed they could allocate more of these funds.

*Deputy Mayor Beaufait* stated there are sidewalks that are pretty bad and need to be addressed for safety concerns. *Mayor Becker* stated the property owner is responsible for sidewalks fronting their property. *Ms. Townshend* stated she could contact Matt Carter to have his staff do a survey. *Mayor Becker* stated it should be a code enforcement issue and needs to be addressed.

**GENERAL CAPITAL PROJECT FUND:**

- Trash Truck Lease: \$21,500 (7/7)
- Trash Truck Lease: \$26,300 (3/7)
- Trash Truck Lease: \$34,500 (2/7)
- Trash Truck Lease: \$36,000 (1/7) (will probably be higher)

**TRANSFER TAX FUND (1 ½ %):**

- Street Rehabilitation Phase 23: \$179,000
- Beach 1 Parking Lot: \$185,000
- Savannah Road Improvements: \$120,000
- American Legion Rd Overlook: \$ 25,000 (\$25,000 grant and city will have to pay \$25,000. Will not cover the entire cost)

**ITEMS NOT INCLUDED:**

- Additional Building Official/Code Enforcement Official
- Human Resources Manager
- Parks & Recreation capital projects- will be presenting
- Negotiated police union increases- still in negotiation

**POSSIBLE REVENUE SOURCES:**

- **Property Tax Increase:** each \$.01 increase = \$45,000, average residential increase would be \$14 per \$.01 increase
- **General Contractor License Changes:**
  - ✓ Current fees: Less than 6 employees: \$125 and 6 or more employees: \$300
  - ✓ Current fees have not increase since 2009.
  - ✓ 449 contractors with less than 6 employees, & 205 contractors with 6 or more employees
  - ✓ Change to flat fee of \$225 per license, for an increase revenue of \$16,350

There was discussion about increasing these fees instead of a flat fee. It was determined it would not be equitable. The suggested increase would be from \$125 to \$175 and from \$300 to \$400. *Councilperson Morgan* would like to go with a 20% increase.

- **Expired Meter Fines:** Increase from \$20 to \$25, resulting in an increase revenue of \$30,830
- **Increase downtown meters:** from \$1.00 to \$1.50 per hour for revenue increase of \$87,100
- **Extend parking meter operation to 8:00pm:** Assuming 25% occupancy, total revenue increase of \$72,870

*Councilperson Osler* stated she is OK with expand hours but not increasing the rate, especially if they are looking at a property tax increase.

*Councilperson Morgan* stated there is nothing about longer term revenue solutions and nothing about possible cost savings. They need to think hard about any personnel needs. Council needs to be able to justify a tax increase to the residents.

*Ms. Townshend* reviewed the budget schedule as follows:

February 15: Streets/Building Official/Planning/City Manager office  
February 21: Police  
February 26: Capital Projects, Public Art - move meeting to 9:00am  
March 4: PRC, Finance, /no Rob Morgan  
March 14: Approval

**4. Adjourn:** There being to further discussion, the meeting adjourned at **3:36pm**

Minutes submitted by

Alice Erickson  
Recording Secretary