

**MAYOR & CITY COUNCIL**  
**March 14, 2019**  
**Budget Workshop**  
**MINUTES**

The Mayor & City Council met on **March 14, 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, Councilpersons Rob Morgan & Dennis Reardon. Also in attendance were: Financial Officer Ellen Lorraine McCabe and Recording Secretary Alice Erickson. Bonnie Osler was not present. City Manager Ann Marie Townshend was available by phone.

1. **CALL TO ORDER:** *Mayor Becker* called the meeting to order at **1:30pm**
2. **PRESENTATION & CONSIDERATION OF THE DRAFT BUDGET FOR THE FY 2019-2020.**

Ms. McCabe explained changes made to the draft budget from the last meeting as follows:

➤ <b><u>General Fund</u></b>	
Finance Department: Increase personnel from part time to full time:	\$41,035
Parks & Recreation: CFP irrigation and 2 <sup>nd</sup> street bump outs:	\$38,050
Remove watering of baskets /Street Dept will do:	- 5,600
Maintenance of 1812 parking planting median:	1,000
Public Art Committee:	- \$2,000
Operating budget – financial bank charges:	- 15,000
Total increase:	\$57,485
Prior reserves balance last budget:	- 30,490
<b>Prior year reserves needed:</b>	<b>\$26,995</b>
➤ <b><u>1 &amp; ½% Transfer Tax Fund:</u></b>	
Maintenance Streets:	\$25,000
Total increase:	\$25,000
Prior Reserves Last Budget:	- 8,475
<b>Prior year reserves needed:</b>	<b>\$16,525</b>

**STAFFING REQUEST:** *Ms. Townshend* stated they are requesting an additional planner in the Planning & Development Department & an administrative assistant in the City Manager’s Office and the Local Government fellow we would share with the city of Milford. These are included in the Draft 6 Budget.

**LEWES FIRE DEPARTMENT (LFD) DONATION:** *Mayor Becker* stated there is a request from the Lewes Fire Department for an increase in the city’s donation. The city and BPW have been donating a total of \$55,000, with \$35,000 from the city. The LFD is looking for a much larger donation and council needs to have a serious discussion about their request.

*Councilperson Morgan* stated they need to go back to the last time the donation was increased and determine the rate of inflation to determine how much more of a donation the city should might give. They can then have a serious discussion.

*Mayor Becker* has informed the BPW about the LFD’s request. The LPD needs to make a similar presentation to the BPW. He doesn’t know what the BPW will do and council shouldn’t tie the city’s donation to the BPW donation.

*Mary Roth* questioned if there is an impact fee for new developments for the LFD. *Mayor Becker* stated not at this time but there is precedent for doing it so it could be considered. The county does not require at this time either.

*Councilperson Reardon* stated the county has a fee on building permits that is supposed to go to the LFD. *Mayor Becker* agreed it could be done this way also, but then it would be a one-time fee and they are looking for a revenue stream for the long term. A tax increase could be considered and dedicated to the LFD. A 1¢ increase equals \$45,000. They don’t know what this would do to individual donations from within the city.

*Candace Vessella* stated the LFD is a valuable service and whatever council considers, an increase is warranted.

*Councilperson Beaufait* stated he would agree to an increase to \$50,000. This would be a good first step and give them time to consider further action for the long run. He wants to let the LFD know that the city of Lewes care and appreciates their services.

*Mayor Becker* would like to determine when the last time an increase was done and what the inflation rate would be. Councilperson Morgan and Ms. McCabe will work on this and report at the next meeting.

*Ms. Townshend* stated property owners are coming from places where services are a part of their taxes and really don't think about it. *Mayor Becker* agreed, most residents don't understand the situation.

**CREDIT CARD CONVENIENCE FEES:** *Ms. McCabe* reported on 2018 Parkmobile and credit card fees. The Parkmobile user fee is 50¢ of which the city gets 15¢. The city pays a high percentage for Parkmobile usage than it does for credit cards used at a parking meter. On average, the city pays 16% of the total charge for Parkmobile usage, and 9% for regular credit cards for use at parking meters. These fees are paid to the bank because the city processes the credit card.

In 2018 the city paid \$19,000 in fees for Parkmobile charges and received \$120,285 in revenue.

*Ms. McCabe* stated the city could increase the 50¢ end user fee. It is not standing practice that more than 50¢ is charged. They need to consider if there would be a reduction in use of Parkmobile by increasing the fee. If they increase just Parkmobile charges to 75¢ the city would then keep 40¢ but would have unrecovered costs of \$8,600.

*Deputy Mayor Beaufait* stated Parkmobile requires a minimum of 2-hours so we are also making some money when people pay for 2-hours and don't use it all. He is concerned that increasing the Parkmobile fee would be a great inconvenience to the public and the city does get some money back. He would prefer looking at use of credit cards. He questioned what percent the city is being charged by the bank.

*Ms. McCabe* stated that is a difficult question. The city gets charged based on the card used because some cards have higher fees. Fulton Bank has proposed a reduction in their credit card transaction fee from 19¢ to 11¢. She looked at a 25¢ and 50¢ convenience fee on credit card transactions. At 25¢ they would still have an expense of \$11,000 versus in 2018, the city paid \$21,845. With a 50¢ convenience fee, the city would break even.

*Ms. Townshend* stated 50¢ would more than break even and 25¢ would reduce the city's expense but not totally recover. *Ms. McCabe* clarified that at 50¢ the city would retain \$500.

There was discussion about the pros and cons on the increasing of the Parkmobile and credit card fees. Mayor Becker has spoken to several of the downtown merchants and they feel their customers would not be adversely affected by adding a convenience fee for Parkmobile or credit card usage.

There was also discussion about extending the hours of the parking meters and hourly rate to increase revenues. Mayor Becker feels all three issues need to be addressed at the same time. They will look at increasing the fees, hourly rate and hours of operation at the next meeting.

**INCREASE IN CONTRACTOR LICENSE FEES:** *Ms. McCabe* explained it has been a long time since there was an increase. In 2009 the fees were increased to \$125.00 1-5 employees, and more than 5 employees was increased to \$300.00. There are 449 contractors with 1-5 employees and 205 with 6 or more employees. A 20% increase in these fees would generate \$23,525 in addition revenue. \$125 would increase to \$150 and the \$300 would increase to \$360.

*Mayor Becker* stated the city's business license fees are low and is something worth talking about it. *Ms. McCabe* stated they were increased 10% a couple years ago but would have to check exactly when. The rate is different for each business.

*Mayor Becker* stated there is a substantial difference for restaurants that serve alcohol versus those that do not. Also, there is a substantial difference for retail space based on square footage. If it has been 4-5 years since these rates were adjusted for inflation, it would be appropriate and could make a substantial difference. This would be a fee that would not be collected until January 2020 but would factor into this budget.

**TAX INCREASE:** *Mayor Becker* explained there would be \$45,000 in revenue for every 1¢ increase in property taxes. The last tax increase was in 2011.

*Deputy Mayor Becker* stated they should consider an increase for inflation each year. Councilperson Morgan doesn't want to base a tax increase on inflation. He feels taxes at the current rate yield additional fund every year as the value of house increase. He is reluctant to chase a tax increase without taking a much harder look at user fees and costs.

*Mayor Becker* stated unless major improvements have been done on a property, the assessment doesn't change, and we haven't had a reassessment since 2000. Whatever your taxes were in 2011, they have been static for 11 years. The city does not reassess at the time of resale. The property taxes in Delaware are significantly lower than surrounding states and they need to be realistic. This should at least be a discussion point.

*Councilperson Morgan* stated the police account for 30% of the city's budget and he thinks they need to look at where the money is in terms of cost savings. He is looking to Chief Spell to determine where they can save money.

*Deputy Mayor Beaufait* stated when they factor in staff increases, they are looking at a significant financial deficit and they will have to do something. He feels it is a mistake to look at one department to make up the deficit.

**CAPITAL PROJECT REQUESTS:** *Ms. Townshend* stated the top 3 requests from Parks & Recreation are all included. The Lewes in Bloom donation is currently in the budget at \$15,000. There has been discussion about moving it back to \$12,000, which is what they had requested. They have included the engineering funds for Street Improvements Phase 24. No other capital projects have been included at this time.

*Ms. Townshend* stated one of the estimates included was for the design for the lighting for Beach 1 & 2 parking lots. *Mayor Becker* stated he feels this needs to be addressed. *Ms. Townshend* stated they could include the design cost in this year's budget and then plan to implement in the spring. Because they are technically street lights, they could include this in MSA or possible CTF funds.

*Mayor Becker* stated the engineering fee for this would be \$7,368 for designing and he would like it put back into the budget

*Deputy Mayor Becker* questioned why they can't ask BPW what type of street lights to install. *Ms. Townshend* will talk to BPW and if designing is needed.

**EMPLOYEE INCREASES:** *Mayor Becker* explained that since 2013 the city has given employees at least a 3% increase. *Deputy Mayor Beaufait* stated he doesn't want to move too far from this trend.

*Mayor Becker* stated they have talked to other communities, who are looking at a 2 to 2½ % increase.

*Councilperson Reardon* stated some individuals would get more because they make more. He would like to give a base amount to those at the lower end and % to higher end individuals.

*Ms. Townshend* explained other towns are doing a compensation study and there will be information available soon. Currently there are no salary ranges for city employees, and she hopes to have this established by this time next year.

*Councilperson Morgan* stated they have been given more than inflation for the past 10 years. He would support a specific amount to lower end employees and 2 to 2 ½% for the rest.

*Mayor Becker* agreed they could give a specific dollar amount to lower end employees and then a cap of 2 to 2 ½%. They are suggesting a minimum raise of \$1,000 to 12 employees determined by *Ms. McCabe*.

*Ms. Townshend* explained that would give everyone a 2 or 2 ½% increase, and those 12 employees would get more than this to make sure they are not falling behind.

*Deputy Mayor Beaufait* questioned what the BPW does for their staff. *Mayor Becker* stated his understanding is that everyone gets 2% and there is a ½% that is distributed based on merit.

Ms. McCabe explained if they do the 2% increase then 12 employees would get the \$1,000 increase. If they went with a 2 ½% increase, then 5 employees would get the \$1,000 increase.

There would be further discussion at the next meeting when all of council was present.

**OTHER:**

**Snowflake Committee:** \$3,000. *Ms. Townshend* stated she hesitates to expand further. The BPW not willing to help with further installation. Additional information is needed before making a decision.

**Ash stand replacements:** \$3,000. *Ms. Townshend* explained they are requesting 20 new ash stands at \$120.00 each.

There being no further discussion, the meeting adjourned at 3:03pm.

Minutes submitted by,

Alice Erickson  
Recording Secretary