

# FINANCE COMMITTEE

April 23, 2018

## MINUTES

A meeting of the **Finance Committee was held on Monday April 23, 2018, in Council Chambers at City Hall**, in accordance with proper notification, with the following members present: Chairperson/Councilperson Bonnie Osler, Deputy Mayor Fred Beaufait, and committee members Ken Casazza, and Carol Disabatino. Also present were Ex-Officio members: Councilperson Dennis Reardon, City Manager Ann Marie Townshend, Financial Officer Ellen Lorraine McCabe, Building Official Henry Baynum, and Recording Secretary Alice Erickson.

*Chairperson Bonnie Osler* called the meeting to order at **10:00 a.m.** announcing there should be a new member, to the Finance Committee, Marylou Wellbrock-Reeves, once confirmed by City Council.

### 1. Review and approval of the October 26, 2017 meeting minutes.

ACTION: *Fred Beaufait made a motion to approve the minutes as presented, seconded by Ken Casazza, all voting in favor, motion carried.*

### 2. Review of City investments.

*Finance Officer Ellen Lorraine McCabe* reviewed the city investments with UBS. The current balance is \$4.6million with dividends and interest for year ending March 31, 2017 of \$70,531.00.

### 3. Review and discussion of current financial statements.

*Finance Officer Ellen Lorraine McCabe* reviewed the Summary of Revenue & Expenditure versus Budget for March 2018 and end of fiscal year 2018. As of the end of the fiscal year, revenues came in at 108.66% and expenses came in at 721.16%. The city is trending very well for the end of the fiscal year 2018. There have been additional expenses that have come in since this report was completed but there shouldn't be a significant change. In June they will be preparing for the annual financial audit.

*Ms. McCabe* reviewed the fiscal year 2019 Budget, which is a 9.8% increase to \$6.56million. This increase is due in large part to more closely reflecting actual revenues received, whereas in the past the budget was very conservative in anticipating revenues.

*Chairperson Osler* requested the budget letter be sent out to Finance Committee members.

### 4. Update and discussion of capital projects.

*City Manager Ann Marie Townshend* reviewed FY 2019 capital projects as follows:

**George HP Smith Park Playground:** The city has received a grant from DNREC and private donations but there will be city funds as well. This was supposed to be completed in FY 2018 but was moved to FY 2019.

**Phase 22 Street Project** is complete. They are now working on the scope for **Phase 23 Street Project. Burton Avenue** will be paved in conjunction with a BPW water main replacement sometime this fall.

**Beach 2 Parking Lot** is currently in process as a recycle and repave project. They are working on a plan for upgrading the **Beach 2 Restrooms. Beach 1 Parking Lot** will be a mill and overlay project.

*Ms. Townshend* reported Senator Lopez has contributed funds towards the Beach 2 parking lot, and Representative Smyk will be funding crack sealing and structural patching on Fourth Street from Park Street to New Road. The city was awarded a grant for the Savannah Road Overlook project, but exactly where it will be placed has yet to be determined. The Savannah Road TAP project is in the design phase.

There was discussion about the potential for additional bike parking in anticipation of an increase in electric bikes and scooters. The situation needs to be monitored.

The **Front Street BPW project** will be wrapping up soon and will then continue in January 2019. This is not a city project.

## **5. Update and discussion of grants and grant applications.**

*Ms. Townshend* stated the city will receive grant funds for the Savannah Road Overlook project, the George HP Smith Park playground and planting trees.

The Delaware League of Local Governments has requested the state of Delaware increase Municipal Street Aid from \$5million to \$6million, which will impact the amount of funds to be received by the city of Lewes.

## **6. Further discussion and possible action regarding tasking from City Council to consider utilization of large one-time revenues.**

*Chairperson Osler* stated this committee has been asked by council to make recommendations on what to do with the windfall account that was established for transfer taxes on sales more than \$3million. Sources of these funds will be the sale of Mariner's Retreat, the sale of lots along Tennessee Avenue; the Beebe Property, if the sale goes through, and the sale of the Lewes Dairy at some point in the future.

One of the ideas is to designate this as an emergency fund, defining the meaning of "emergency". Also, there was a suggestion of putting together a process by which these expenditures would be made. *Ms. Osler* stated council is looking to this committee to offer recommendations regarding what would be an appropriate use for these funds.

*Mr. Beaufait* stated it is a financial question and this committee should be involved in the process. They could set up a fund for special projects, separate from the general budget, to allow committees to submit a proposal for something that was above and beyond normal city business. The finance committee would review and determine if it should be forwarded to city council, who would make the final decision.

*Ms. Osler* questioned if there would be funding opportunities for Lewes nonprofits? *Mr. Casazza* feels that nonprofits could suggest things, so could city committees, but it would need to be an extraordinary situation for the benefit of the entire city and not a part of the city's general operation and approved by council.

The new Lewes Library was used as an example of an appropriate situation that these kinds of funds could have been used.

*Mr. Beaufait* stressed they need to determine guidelines to set up the process, to include limitations. It would have to be for something that would benefit the entire city. *Mr. Casazza* stated it could be a nonprofit or an extraordinary situation determined by city council.

*Ms. Osler* stated there will always be projects, whether generated by the city government or from outside sources, there will always be lots of ideas. An emergency fund, a rainy-day fund, is by definition something that is not used except in extraordinary circumstances. How would this be balanced versus allowing submission of proposals?

*Mr. Casazza* questioned if the city needs more emergency funds than it already has? He feels the city is well set for emergencies already. He is concerned the city could look as if it is accumulating or hoarding funds. They should not restrict these funds from being used in an emergency situation but should not be labeled as only emergency funds.

There was discussion about defining "extraordinary" and how it would be applied to nonprofit and/or city requests. *Mr. Beaufait* felt that the funds should be used primarily for city issues, not necessarily for nonprofits. *Mr. Casazza* stated city council would have to determine if a request is a benefit to the city as a whole or not. *Ms. Osler* questioned if the city should be using these funds to support local nonprofits.

*Ms. Disabatino* suggested using some of the funds to address repairs to sidewalks and curbs. Lewes is a walking city and there are sidewalks that are in need of repair and very much a hazard. *Ms. Osler* pointed out the City Charter states sidewalk repairs are charged to the property owner. *Ms. Casazza* stated there are some very difficult situations regarding sidewalk in the city that should not be considered normal maintenance. The line between repair and redesign would be the difference between normal maintenance and an extraordinary situation.

*Ms. Osler* requested clarification that the city is in a comfortable situation regarding its emergency funds or do we need additional reserve funds. *Ms. McCabe* stated that including the investments funds, the city has more than 6-months of reserves, which has been recommended by the city auditor. *Ms. Townshend* stated she likes the suggestion of using the windfall funds for extraordinary issues, but they would need to determine what is "extraordinary". *Mr. Beaufait* stated it would be an opportunity for the city that is not a reoccurring expense.

*Ms. Osler* questioned if the funds should be in a separate account at all. Perhaps it should go into the reserve accounts. *Mr. Casazza* stated the advantage of a separate account is that it recognizes the funds are not normal revenue. *Mr. Beaufait* questioned if there is a definition of what the reserve funds are used for. *Ms. Townshend* stated reserve funds are funds that are not included in the general operating budget.

*Ms. Osler* suggested making the windfall funds a dedicated source for capital projects. The city does not have a revenue source for capital projects and there are a number of capital projects in the future that the city may not be able to fund. She clarified it would be great to be able to fund nonprofit needs but questioned if it would be in the best interest of the city as a whole when there are capital projects that need to be covered.

*Mr. Beaufait* and *Mr. Casazza* agreed this would be a good option.

**ACTION:** *Fred Beaufait made a motion to recommendation to Mayor & City Council to put the income from the windfall account into the Capital Project Fund, seconded by Ken Casazza, all voting in favor, motion carried.*

**7. Public comments.** There were no public comments.

**8. Consideration of future agenda items.**

**9. Scheduling of next meeting.** The next meeting was scheduled for August 6, 2018 at 10:00am.

The meeting adjourned at 11:14am.

Minutes submitted by,

Alice Erickson  
Recording Secretary