

MINUTES: Special Meeting of the Board of Commissioners of the Town of Henlopen Acres held on Monday June 13, 2011 at 10:00 a.m. at Town Hall on 104 Tidewaters in Henlopen Acres, Delaware.

PRESENT:	Wanda Davis	Mayor
	David L. Hill	Commissioner
	Beatrix Richards	Commissioner
	Frank Jamison	Commissioner
	David Lyons	Commissioner
	Winifred W. Kee	Commissioner
	John Staffier	Commissioner
	Thomas A. Roth	Town Manager
	Sharon Karl	Town Clerk
	Herb Wilgis	35 Pine Reach
	John Scheurer	62 Tidewaters

**[The Minutes Are Not Verbatim]**

**1. Call to Order, Pledge of Allegiance**

Mayor Davis called Meeting to order at 10:00 a.m., followed by Pledge of Allegiance.

**2. Proposed Budget for Fiscal Year July 1, 2011 through June 30, 2012**

Mayor Davis said that this meeting is to work out the details of the Budget for the next fiscal year and that it will be approved in July at the next Board of Commissioners meeting. She asked Commissioner Hill to address the Proposed Budget. Mr. Hill covered the highlights starting with the revenue side where they project a total ordinary income of \$566,192.65 which is about the same amount as \$564,100.80 approved last year. Based on our projections we are going to collect a little less than \$564,100.80 this year. There is a significant reduction in Marina Slip Rental and a slight increase in Property Taxes. Mr. Hill said that based on our projections we are going to have Ordinary Expenses in the amount of \$564,739.00 leaving a surplus on the Operating Budget of \$1,453.65. Reviewing some of the expense items we have \$12,075.00 budgeted for the Audit. Mr. Hill said that we do not get a true Audited Financial Statement in a classic accounting sense and we feel we are paying too much and have plans to discuss it with the accountants and get a price reduction for the next audit. We are looking at projected legal fees of \$25,000., down \$5,000. from last year's budget and based on this year's total legal cost to date, we are under budget \$18,370.31. Mr. Hill said that under Streets, Street Beautification in the amount of \$1,500. is a continuation of our new street signs, which is a project we hope to complete in the coming year. Mr. Hill said that the individual sections; Marina, Security, Streets and Water Plant, all of them are operating as proposed, with a slight surplus.

Mr. Hill said that the next category is the Capital Budget. This year the big item is Phase IV of the Street Renovation at \$129,515. It is getting more expensive because in Phases IV & V we are dealing with the worst roads. We are also dealing with the purchase of two new vehicles; a new patrol vehicle for Security, which North Shores will pay roughly half of and a new pick-up truck for the Town. Mr. Hill said that under Other Income we have \$45,000. proposed for Transfer Taxes. This current fiscal year we had \$150,766.87 collected in Transfer Taxes and that will be part of the reserve that will be used to meet the Capital Budget. Mr. Hill

said that we are not expecting much in the way of State Aid this new fiscal year. Mr. Hill said that there is a new item on the Budget, not yet approved by the County, in the amount of \$11,250.00 that is a County Grant for Security that goes to municipalities that have a security force but not a police force. We have Total Other Expenses under the Capital Budget of \$204,515., Other Income of \$101,060. so that leaves us a deficit of (\$103,455.). The proposed Budget's Total Deficit is (\$102,001.35). Mr. Hill said that this Budget is roughly in line with what we have done the past couple of years.

Mr. Hill said that there is no proposed change in the Tax Rate or Water Rate. The Town Manager suggested a change in photo copying charges which Mr. Hill said has an insignificant impact on the budget and that he would like to get more information on. Mr. Hill concluded presenting the Budget to the Board for their consideration and questions.

Commissioner Lyons began discussion by asking if gas prices were figured into what we charge North Shore for Security. Mr. Roth said that we charge North Shore a flat percentage of our Security Cost, so if the expenses increase, due to gas or anything else, then the amount we collect from North Shore increases. Mr. Lyons asked if the revenue for the Marina gets booked in the General Fund. Mr. Roth said yes. Mr. Jamison asked why the Marina fees are down. Mr. Roth said that it is because people are selling their boats. Mr. Roth said that last year we had two slips open, this year we have eight. Mr. Scheurer, 62 Tidewaters suggested offering "Specials" to get people into the marina. Mayor Davis said that there has been more than one complaint that the marina needs to be dredged, which we knew was coming but hoped to wait another year or two. Some discussion followed on the cost and requirements for removing the spoils from the Marina. Mr. Roth said that he is projecting \$150,000. in dredging expense for the 2013 Budget.

Mr. Scheurer, 62 Tidewaters began a discussion of how the Total Deficit of (\$102,001.35) impacts the Balance Sheet for the Town. Mr. Hill said that we will have to draw down on reserves to cover the deficit and theoretically it will reduce those reserves and reduce our assets. Mr. Roth handed out a schedule where he compiled a projection that shows Capital Improvement Funding. Mr. Roth said that most of the money is coming from Transfer Tax, which is a restricted fund that can only be used for infrastructure. Mr. Roth said that our total reserves, restricted and unrestricted are approximately \$1,290,000. Mr. Hill said that they made a policy decision to go into the reserves and not increase the Real Estate Tax Rate and other fees.

Mayor Davis said that we always keep the Water Supply in the forefront, that we have the reserves if something should happen with the bladders or pumps. Mr. Hill said in the last couple of years we have established Capital Reserve Accounts that would take care of anticipated catastrophes, like the water system. We are trying to build up a reserve putting in \$10,000. a year to the Marina Account which we are going to have to do some significant work to bring that account balance up. Mr. Hill said if there was a Katrina like event that would wipe out the Marina, pollute the water system and devastate the Community, a State of Emergency would be declared and Federal Disaster Aid would be available. The Transfer Tax is put in the Reserves and is restricted to use for infrastructure and roads. This year the Transfer Tax revenue was \$150,766.87 more than enough to cover what we are using from it. More discussion ensued about the balances in the reserve accounts.

Mr. Lyons said that he would like to get in the minutes the cleaning up the 2<sup>nd</sup> Avenue Entrance. Mr. Lyons said it is going to be a capitalized expense so if it cost \$5,000. to do it, with a ten year life it will be an expense of \$500. a year. Hopefully we can find the money

Mr. Hill said that there was less than a 1% personnel salary increase factored into this budget. He said that they will need to go into Executive Session to discuss on an individual employee basis. Mr. Lyons said that there was no change in the employee benefits costs from the State.

**3. Review Tax Rate, Water Rates and Fee Schedule**

Mr. Hill said that there is no change in the Tax Rate or Water Rate. The Town Manager suggested a change in photo copying charges which Mr. Hill said has an insignificant impact on the budget and that he would like to get more information on. There was some discussion about different item cost including the Marina, labor fees, gas and the cost of going to the dump. Mr. Hill said it is important that we continually look at our fee rates and make sure they are covering our cost. No fee changes were recommended.

**4. Executive Session to discuss personnel issues**

Mr. Hill made a motion for the Board to enter into executive session at 11:00 am to discuss personnel issues, Ms. Richards seconded the motion.

The Board came out of executive session at 11:47 am.

Mr. Hill made a motion to approve the actions discussed in the executive session, Ms. Kee seconded the motion. The motion passed unanimously.

**5. Adjournment**

Mayor Davis called the meeting adjourned with unanimous consent at 11:48 am.

Approved: \_\_\_\_\_, 2011