



The Town of Fenwick Island

800 Coastal Highway, Fenwick Island, DE 19944-4409

302-539-3011 (302-539-1305 fax)

www.fenwickisland.delaware.gov

BUDGET AND FINANCE COMMITTEE MEETING

March 18, 2024

MINUTES

APPROVED

COMMITTEE MEMBERS IN ATTENDANCE:

W. Rymer, E. Bishop, N. Magdeburger at Town Hall

J. Bortner, W. Hayden, L. Lear, J. Napolitano, S. Rubenstein, B. Waide and K. Zanelotti via Zoom

ALSO IN ATTENDANCE (in person or via zoom):

P. Schuchman, D. Gary, E. Ellinger and L. Dabbondanza were in person.

A few members of public via zoom

Rymer called the meeting to order at 10:01 AM and the Committee did the Pledge of Allegiance. The committee then discussed and reviewed the following topics:

- YTD Operating results for the six months ending January 31, 2024 as compared to budget.
- Updated Forecast for the full twelve months ending July 31, 2024 as compared to budget.
- Discussed primary drivers to both operating expenses and revenues.
- Overall YTD results and the updated forecast for the full year are in line with the original FY2024 Budget. Current full-year forecast suggests a \$95,000 improvement from the original budget being driven by slightly better than expected revenues. RTT revenues are also expected to beat the original budget (\$407k vs. \$225k).
- Overall cash balances as of January 31, 2024 and forecasted cash balances for July 31, 2024. Forecasted cash balances at July 31, 2024 to be \$3.87 million vs. the budget of \$2.94 million. Largest driver to the higher forecasted balance is the delayed dredging project (originally budgeted to be completed by July 31 but now projected to complete in Dec 2024) as well as overall improved operating results and higher RTT inflows.

The committee then discussed a timetable for the upcoming FY2025 Budget cycle:

- Department Heads to provide initial detailed expense estimates by April 22.
- Initial estimates for all revenues and expenses to be completed shortly thereafter with a goal of having the Committee review of the first draft of a budget by mid-May.
- Any additional research or changes will be analyzed and then second review to be performed by Committee in mid-June. If all goes well, Committee will recommend a budget to the Town Council in advance of the June 28 meeting. If not, budget will be completed and provided to the Town Council for their review and approval during month-end July meeting.

Significant items to consider in advance of the FY2025 Budget review process:



The Town of Fenwick Island

800 Coastal Highway, Fenwick Island, DE 19944-4409

302-539-3011 (302-539-1305 fax)

www.fenwickisland.delaware.gov

- Market pressures on salaries especially Police Dept
- Overall health insurance cost increases
- Town to begin contributing to a state-required Paid Family Leave fund starting January 1, 2025. Paid Family Leave Act to be offered starting January 1, 2026 but funding starts one year earlier.
- Review all fees and licenses for potential revenue increases
- State is considering an 8% tax on rental income earned by residents. Currently not taxed at the state level. Fenwick currently charges 8% on this rental income. Important to remember that hotels are taxed 8% at state level and 3.5% by Fenwick. If state implements this 8% tax on residential rental income, how should Fenwick respond to its current tax rates for both residents and hotels?
- As overall expenses continue to grow, at what point will Fenwick consider a property tax increase? Over the last few years, the town has utilized RTT revenues and other general reserves to offset any operational funding needs. The town currently has more than adequate reserves to meet its desired levels of 3-6 months of operating expenses but at some point, property taxes will need to be increased to ensure the reserves won't drop below these desired levels.

There was no New Business.

The meeting was then opened to public participation.

- No public comments were made.

The committee's next meeting will be scheduled at a later date.

ADJOURNMENT:

A motion was made by N. Magdeburger and seconded by E. Bishop to adjourn the meeting. The motion was passed unanimously, and the meeting was adjourned at 10:55 am.