



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 & FINANCE COMMITTEE

March 10, 2025, at 10:00 am

Town Hall

Minutes

APPROVED

COMMITTEE MEMBERS IN ATTENDANCE:

W. Rymer, L. Lear and N. Magdeburger at Town Hall

J. Napolitano, S. Rubenstein, W. Hayden, and K. Zanelotti via Zoom

ALSO, IN ATTENDANCE (in person or via zoom):

Colleen Wilson, D. Gary, and E. Ellinger were in person.

Rymer called the meeting to order at 10:00am and the Committee did the Pledge of Allegiance.

The committee then reviewed and approved the minutes from the June 2024 meeting (vote was unanimous 7-0). Motion was made by N. Magdeburger and seconded by L. Lear.

Rymer then provided an update on the year-to-date operating results of the town for the six months ending January 31, 2025, as well as reviewed updated forecasts for the entire year ending July 31, 2025. The town has performed well for the first six months as compared to the original budget with stronger than anticipated revenues primarily due to Building permits. Overall expenses are in-line with expectations. Increased salary and OT spending in the Police Department as a result of higher than anticipated OT (which is being more closely managed by Chief Morrissey to bring back in-line with budget) and a \$7,500 bonus paid to Chief Morrissey (previously approved by Town Council). These additional expenses are more than offset by Admin Dept savings which relate to the lack of a Town Manager (originally included in budget). RTT revenues are now forecasted for the full year to be \$573,000 as compared to the original budget of \$350,000. In total, the town expects the combination of higher revenues, lower than budgeted expenses and higher than expected RTT revenues will generate an additional \$390,000 of cashflows for the Town.

There was a discussion about the potential softness in the real-estate market which may impact the 2026 budget process but there Rymer felt the \$573,000 RTT projected for the rest of FY2025 was reasonable based on February transactions and current housing inventory (only \$100,000 projected for the last six months of which \$28,000 was earned in February).

The committee then discussed two topics to be considered as part of the FY2026 budgeting process:

- Rental tax rates on residential and hotels: state recently imposed a 4.5% rental tax on residential properties which is in addition to the 8% already charged by the town (12.5% in total). Hotels are charged 8% tax by the state and 3.5% by the town (11.5% in total).



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The committee will review options of possibly changing the town-imposed rates so that the total rate would be the same for residential property and hotels (reduce town rate from 8% to 7.5% for residential properties but increase rate on hotels from 3.5% to 4%). Any changes would not be implemented until after this summer season and likely be close to revenue neutral for the town. No decisions made.

- Impact of upcoming Sussex County property tax changes: it appears that the Sussex County re-assessment property tax program could result in an increase in property taxes to be paid by Fenwick homeowners between 200% and 400% over last year's amounts. As part of the upcoming FY2026 budgeting process, the committee will keep this in mind if there are discussions about possibly increasing the property taxes paid to Fenwick Island. There has not been a property tax increase in more than 15 years and the town continues to face inflationary pressures on salaries especially for police officers. However, it would appear that the town has more than sufficient reserves to avoid an increase for the upcoming year but the committee will discuss if such an increase would be appropriate given the long-range impact of increased expenses. No decisions made.

There was no New Business and no Public Participation.

ADJOURNMENT:

A motion was made by N. Magdeburger and seconded by L. Lear to adjourn the meeting. The motion was passed unanimously, and the meeting was adjourned at 10:52am.