



The Town of Fenwick Island

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BUDGET & FINANCE COMMITTEE

June 3, 2025, at 11:00 AM

Town Hall

Minutes

COMMITTEE MEMBERS IN ATTENDANCE:

W. Rymer, C. Wilson, B. Waide and W. Hayden at Town Hall
S. Rubenstein, K. Zanelotti, and J. Lee via Zoom

ALSO IN ATTENDANCE (in person or via zoom):

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

Rymer called the meeting to order at 11:00am and the Committee did the Pledge of Allegiance. The committee then reviewed and approved the minutes from the April 24, 2025 meeting (vote was unanimous 7-0). Motion was made by W. Rymer and seconded by B. Waide.

Rymer provided a quick update on the FY25 Forecast for the remainder of the year with operating results improving primarily due to increased Building Permit revenues and increased RTT revenues forecasted. Forecast now suggests beating the FY25 Budgeted operating results and RTT revenues by more than \$500,000.

Rymer then discussed the Second Draft of the FY26 Budget (“FY26Budget”). Significant topics and items discussed include:

- The two previously open items are resolved and reflected in the updated FY26Budget: final salaries and \$325,000 estimated spend on Resiliency efforts. The combination of improved FY25 forecasted results and the minor adjustments to overall expenses from the First Draft (\$20,000 reduction in expenses) keep the current FY26Budget very much in-line with the First Draft and a slight improvement.
- FY26Budget revenues of \$2.64 million as compared to the FY25Budget of \$2.63 million. FY26Budget RTT revenues projected at \$350,000 as compared to \$350,000 for the FY25 Budget. FY26Budget RTT revenues are consistent with historical average and recognizes the potential softening of the real estate market.
- FY26Budget total expenses of \$2.81 million as compared to \$2.75 million for FY25Budget.
- After taking into effect the impact of the \$300,000 RTT transfer, the FY26Budget reflects an operating loss (expenses exceed revenues) of \$165,387.
- FY26Budget Capital Expenditures are \$528,000 which includes \$325,000 for Resiliency Efforts.
- FY26Budget Fund Rollforward schedule projects total “non-committed” reserves (General Ops, RTT and Dedicated Street Funds) to be \$2.67 million as of July 31, 2026 which represents 11.4 months of operating expenses. Town goals are to maintain at least

- six months of operating expenses in reserves. This forecast reflects \$1.27 million in excess of that six-month goal (\$234,000 per month or \$1.40 million for six months).

There were no other items of significance discussed related to the FY26Budget.

W. Rymer made a motion to officially recommend to the Town Council to accept the FY26Budget as presented. This motion was seconded by B. Waide. Committee voted unanimously to approve this motion (7-0).

The committee then discussed the rental tax rates charged by Fenwick Island on both hotels and private residential properties. The state of Delaware recently implemented a 4.5% tax on rental revenues for residential properties which now makes the combined rental tax rate (state and Fenwick) a total of 12.5% (Fenwick's current rental tax on residential properties is 8%). Hotel rental tax rates are 8% by the state and 3.5% by Fenwick. Discussed the desire to bring those two total rates in-line with each other which would require hotel rental rates to be increased to 4% and residential property rental rates be decreased to 7.5%. In total, the combined rates (state and Fenwick) would total 12%. The net revenue impact to the town would be less than a \$10,000 increase. After the discussion, Rymer made a motion to increase the hotel rental tax rate to 4% and decrease the residential tax rate to 7.5% starting on January 1, 2026. This implementation date would remove the risk of profit margin impact on the hotels (prepaid bookings for this season reflect 3.5% rate). The motion was seconded by C. Willson. Committee voted unanimously to recommend to the Town Council to change the rental tax rates as provided above (7-0).

There was no New Business, Old Business or Public Participation.

ADJOURNMENT:

A motion was made by B. Waide and seconded by S. Rubenstein to adjourn the meeting. The motion was passed unanimously (7-0) and the meeting was adjourned at 11:23am.