



The Town of Fenwick Island

800 Coastal Highway, Fenwick Island, DE 19944

302-539-3011 ~ 302-539-1305 fax

www.fenwickisland.delaware.gov

BUDGET & FINANCE COMMITTEE

May 19, 2026, at 2:00 PM

Town Hall

Minutes

DRAFT

COMMITTEE MEMBERS IN ATTENDANCE:

W. Rymer, C. Wilson, T. Leahy, Ben W., L. Wilder, J. Lee and K. Zanelotti at Town Hall
S. Rubenstein, S. Brennan, L. Wilder, N. Magdeburger and J. Napolitano via Zoom

ALSO IN ATTENDANCE (in person or via zoom):

Jerry Green and Erin Ellinger were in person.

Rymer called the meeting to order at 2:00pm and the Committee did the Pledge of Allegiance. The committee then reviewed and approved the minutes from the April 22, 2026 meeting. Motion to approve was made by J. Lee and seconded by K. Zanelotti. Final vote was unanimous (12-0).

The committee then reviewed a 12-page packet of financial information with summary information and details of the first draft of the FY27 Budget. Significant items discussed:

- Current draft does not include any potential increases to property taxes or fees charged by the town for business licenses, parking rates, rental tax rates etc.
- Majority of all expenses and capital expenditure requests have been finalized based on input from department heads with the largest exception being employee salaries. Salaries to be discussed during the upcoming town council meetings.

The following items are highlights from the first draft of the FY27 Budget:

- FY27Budget revenues of \$2.64 million as compared to the FY26Budget of \$2.62 million and the FY26Forecast of \$2.64 million. When comparing the first draft of the FY27Budget to FY26Budget and FY26Forecast, there are no significant changes between the categories but a few areas with slight adjustments. FY27Budget revenues for building permits (\$350,000) are consistent with FY26Budget and FY26Forecast (\$350,000). Transfers from RTT funds to be \$300,000 which is the same as FY26Budget and FY26Forecast. Most other categories are either matching the FY26Budget or FY26Forecast based on current information. FY27Budget RTT revenues projected at \$350,000 as compared to \$350,000 for both the FY26Budget and FY26Forecast. FY27Budget RTT revenues are consistent with historical average and recognizes the potential softening of the real estate market.
- FY27Budget total expenses of \$3.14 million as compared to \$2.81 million for FY26Budget and \$2.9 million for FY26Forecast. The two largest increases between FY27Budget expenses and FY26Budget/FY26Forecast relates to the inclusion of a new Town Manager position (aprox. \$150,000 impact across Admin salaries, health



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insurance/benefits) and market pressures on the Police Department salaries (including a new 3-year agreement with Police Chief). FY27Budgeted Police Department expenses represent 38% of total town operating expenses while total Lifeguard Department expenses represent 13%. Payroll and benefits represent 74% of total town operating expenses.

- After taking into effect the impact of the \$300,000 RTT Funds transfer, the FY27Budget reflects an operating loss (expenses exceed revenues) of \$497,635 as compared to the most recent FY26Forecasted operating loss of \$255,035.
- FY27Budget Cap Exp includes spending \$100,000 on the completion of the two-year (\$300,000 in total) Resiliency Engineering study as well as \$127,000 on street maintenance. The Infrastructure Committee decided that maintenance was not needed on streets in FY2026 and will include more streets in the FY2027 plan. This will reduce the expense over a two-year period since the town will only have to pay for one set of mobilization costs for paving equipment. The remaining items are not significant and are typical recurring annual expenses or small one-time purchases. The Police Department does not need to purchase a new vehicle this year so that reduces traditional annual cap exp spending.
- FY27Budget Fund Rollforward schedule projects total “non-committed” reserves (General Ops, RTT and Dedicated Street Funds) to be \$2.33 million as of July 31, 2027 which represents 8.9 months of operating expenses. The “non-committed” reserves as of July 31, 2026 total \$3.02 million which is a forecasted reduction of \$670,000. Town goals are to maintain at least six months of operating expenses in reserves. This forecast reflects \$760,000 million on excess of that six-month goal.
- Based on this information, the committees agreed that the combination of a weakening real estate market and reduced levels of uncommitted reserves; the town needed to find ways to increase revenues to reduce the forecasted cash usage in FY2027. Jerry Green (town finance manager) and Rymer compared all major fees (business licenses, rental tax rates, parking rates and parking fines) charged by Fenwick Island to the fees charged by local beach communities. The two major outliers (Fenwick charged less than other towns) were business licenses on restaurants as compared to Dewey Beach and the rental tax rate charged on long-term leases. Total license fees on restaurants are approximately \$8,000 and since the other towns (excluding Dewey) are consistent with Fenwick, no changes were proposed for those fees. Long-term rental tax rates of only 4% are below the 7.5% charged on short-term rental rates. All the other owns have a single rate charged on both long-term and short-term and range between 5% and 7%. An increase in the long-term rate to match the short-term rate of 7.5% could generate an estimated additional \$42,000 of revenues. The Committee agreed that the next draft of the FY2027Budget should reflect this change.



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- The Committee then discussed Property Tax revenues. Some historical background was highlighted:
 - The town has not raised property taxes since August 2002 (24 years ago).
 - One local beach community increased property taxes by 100% in 2008 and has had seven additional increases since 2010 which totaled 24%. Cumulative increase in last 18 years of 124% (without the impact of compounding interest).
 - Another local beach community recently increased their property tax revenues by 55% in FY2026.
 - During the Fenwick Island FY2022Budget discussions, the town manager (Terry Tieman) strongly recommended a tax increase in either FY2022 or FY2023.
 - Over the years, the different town councils have decided to rely on RTT revenues and new home construction/renovations to provide adequate cash reserves to offset the continued costs increases (primarily salaries, health insurance and general insurance).
 - Over the last three years, the town has spent more than \$1 million on three major projects (excluding the impact of grants received): Dredging (\$720,000); Resiliency (\$200,000 plus another \$100,000 to come) and Sidewalks (\$80,000).
 - When comparing the FY27Budget with FY2022 actual results, overall expenses have increased \$860,000. Salaries/health insurance/benefits represent \$670,000 (\$490,000 for salaries and \$180,000 for insurance/benes) of that total increase with General Insurance (\$46,000), Trash services (\$37,000) and IT support (\$33,000) representing the other large increase. The increase in Salaries/benes includes the hiring of a new town manager in FY2027 which equates to approximately \$150,000. Over that time period, salaries and benefits for the Police Department increased \$274,000 along with a \$139,000 increase in the Lifeguard Department. This represents \$412,000 of the \$670,000 previously mentioned.
 - The Committee discussed the potential range of revenues that could be generated from increasing property taxes by 10-20% in FY2027 (\$75,000 to \$150,000). It is important to note that the cash usage of non-committed reserves during the upcoming fiscal year in the first draft of the FY27Budget totals \$670,000. Therefore, without a significant strengthening of the real estate market, there will be a need for additional property tax increases in the future beyond FY27.
 - Based on these discussions, the second draft of the FY2027Budget will include a property tax increase in the range of 15-20% along with an increase in long-term rental rates. Combined, total revenues should increase by \$160,000 to \$190,000.
 - Other areas will also be reviewed including final salaries.

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

ADJOURNMENT:



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A motion was made B. Waide and seconded by J. Lee to adjourn the meeting. The motion was passed unanimously (12-0) and the meeting was adjourned at 3:42pm.