

**TOWN OF BETHANY BEACH
TOWN COUNCIL REGULAR MEETING
May 17, 2019 – MINUTES**

The Bethany Beach Town Council held a regular meeting at 2:00 p.m. on May 17, 2019, in the Town Meeting Room, 214 Garfield Parkway, Bethany Beach, DE 19930.

Members present for the meeting were: Lew Killmer, Mayor, who presided; Rosemary Hardiman; Jerry Morris; Joseph Healy; and Patrick Sheplee. (Ms. Faith Denault and Mr. Bruce Frye were excused from the meeting).

Also present were: James Liguori, Esquire; Town Attorney; Cliff Graviet, Town Manager; Lisa Kail, Administrative Assistant/Town Clerk; and interested members of the public.

Approval of the Agenda

Ms. Hardiman made a motion to approve the minutes. The motion was seconded by Mr. Morris and unanimously approved.

Approval of minutes of regular meeting held on May 17, 2019

Mr. Sheplee moved approval of the minutes. Seconded by Ms. Hardiman, the motion was unanimously approved.

Approval of minutes of special meeting/workshop held on April 15, 2019

Mr. Sheplee made a motion to approve the minutes. The motion was seconded by Mr. Morris and unanimously approved.

Approval of Financial Report

Mr. Morris advised that this report covers the fiscal year-to-date performance through April 2019.

Operating Budget Revenues

The Town has collected 4.3% of the budgeted revenue compared to 4.1% at this time last year.

Operating Budget Expenses

The Town expended 6.8% of its budgeted expenses compared to 6.0% expended this time last year.

Recognizing that this report is subject to audit, Mr. Morris made a motion to accept and approve this unaudited report. Mr. Sheplee seconded the motion and it was unanimously approved.

Tax Adjustment List #1

Mr. Morris made a motion to approve Tax Adjustment List #1 as presented. Mr. Healy seconded the motion and it was unanimously approved.

Announcements/Recognition of Visitors and Public Comment

- Mr. and Mrs. David DeVilliers, property owners, addressed the Council regarding tractor trailers that deliver to the downtown businesses using residential streets. They advised that they live on Cedarwood Street and when the trucks come down the street it is like living on a commercial highway. The trucks are noisy and are not able to stop on a dime. There are so many safety issues that have to be taken into consideration when having them on the residential streets. The trucks are not designed to be on small streets. They suggested having the tractor trailers stay on Route One and use smaller trucks to transfer their items to the businesses. They also suggested signage that would limit trucks over a certain size.

Mr. Gravier advised that this has been investigated and the companies will not deliver in smaller trucks. The Town has had no luck with big providers working with us on this issue. And, he pointed out that businesses depend on these trucks for their deliveries. He said that he will look at it again. But he stated he did not have much hope that anything would change.

Report from Audit Committee

Mr. Chuck Peterson, Chair of the Audit Committee, was recognized. Mr. Peterson explained that the members met with the Town's outside auditors, TGM Group, on Friday, May 3rd. Members reviewed the work already completed and where they were in the audit. The Committee asked for any possible recommendations they would have for improvement. Some additional ways to look for fraud were discussed, and they agreed to send us some ideas to strengthen our program. The auditor's field work is just about complete, and they will soon start to write up their report. There is information and work going back and forth but the final report should be completed by the end of June. All indications are that the Town will have a clean audit opinion.

Report from the Town Manager

Mr. Gravier gave the following report:

MobiMats

The Town is adding additional MobiMats to all of our beach access points. For the first time we will have mats from street edge to beach!

Restroom Renovation

Final design drawings for the guardhouse restrooms are complete. We are on track to bid the project this summer with construction to start in the fall.

Additional Portable Toilets

The Town will be adding four new locations for portable toilets. This will mean we will have six portable toilets at street ends including the ones we have had for years at Wellington and Ocean View Parkway.

We will tweak locations to have the least impact on neighboring properties. In addition,

to minimize any complaints, we won't install the four additional units until the middle of June and will remove them right after Labor Day.

Locations:

Second Street NE corner of parking lot. Section of bushes to be removed level with ground

Central Blvd. NE corner of parking lot

Maplewood Street. NE corner of parking lot.

Cedarwood Street. NE corner of parking lot.

Central Park

We will have a preconstruction meeting with the park contractor on May 23, 2019. At that time, we will determine start date and schedule.

I had asked Mr. Scott Scarfone (our Park design consultant) to weigh in on prefabricated pavilions.

The design he recommends for us in a 24' size, without the railing. He is compiling an estimate for construction costs. The pavilion in galvanized steel and will be delivered unassembled. Estimated cost for the unassembled structure is \$50,000.

The structure picks up on the octagon design that is a part of Bethany Beach and its history with the original Church Meeting Hall and Town Hall Meeting Room.

Delaware Environmental Observing System

The Town has had a University of Delaware monitoring station on the boardwalk for over a decade. The station is part of a state-wide monitoring system and its information is available at their site and also on our website on our weather page. The University recently contacted us about moving the station to another location where it would be more in the open. The current location (just north of the Bandstand Plaza) is blocked by Mango's building. Public works went right to work and installed a new pole for the station at the southern-most end of the boardwalk.

United States Army Corps of Engineers

In our never-ending effort to combat flooding in Bethany Beach, staff participated in a conference call with members of the Army Corps of Engineers. We reviewed what programs the Town might be able to take advantage of to help with flooding and/or bank restoration of the Loop Canal. The Corps has sent us some options to explore and we are investigating if we meet the various program criteria at this point for their assistance.

Collins Street Pathway

We have decided to rebid the Collins Street pathway project in conjunction with our yearly paving maintenance work. We anticipate having approximately \$400,000 in paving work bid this summer with construction off-season. We will add the Collins Path to the bid package as an add-alternate and hope that we attract more bidders and a more reasonable bid on the Collins pathway.

Discussion, Consideration, and Possible Vote on a Supplement to the FY 2020 General Fund Capital Budget of \$1,114,000 for the Central Park Contract

Mr. Morris advised that last month the Town Council approved a contract with A-Del Construction of \$1,113,865 in construction costs for the park. This supplement will adjust our budget for that contract. This project has been in the planning stages for several years and was discussed at the Town Council Workshop in January as part of our Capital Improvement Plan. Funds will come from General Fund reserves held in Certificates of Deposit that will mature within the next six months. The source of these funds is revenues received in excess of budgeted, specifically from the past two year's Transfer Tax and Building Permits.

For recording purposes, the specifics on revenues are as follows:

		Budgeted	Actual Revenue	Total Revenue over budget
FY 2018	Transfer Tax	550,000	1,141,827	591,827
FY 2018	Building Permits	300,000	618,941	318,941
FY 2019	Transfer Tax	550,000	869,252	319,252
FY 2019	Building Permits	300,000	481,841	181,841
		<u>1,700,000</u>	<u>3,111,861</u>	<u>1,411,861</u>

Mr. Morris made a motion to approve a supplement to the FY 2020 general fund capital budget of \$1,114,000 for the Central Park contract. Ms. Hardiman seconded the motion and it was unanimously approved,

Discussion, Consideration, and Possible Vote on Town's Investment Policy

Mr. Morris advised that the Town's Investment Policy has been in effect since March of 2005 and requires annual review by the Town Council each April. When the Council met last month, the vote was delayed after Councilman Healy suggested adding Delaware Municipal Bonds to the list of approved investments.

Mr. Morris explained that this suggestion was also made two years ago and discussed by the Budget and Finance Committee at their July 2017 meeting. The Committee discussed the matter and recommended not changing the policy as CDs paid a significantly higher interest rate and have less risk since all CDs owned by the Town are covered by FDIC insurance.

Mr. Morris further explained that the Town's Investment Policy limits investments to no more than two years unless matched to specific cash flow needs. Currently two-year CDs pay 2.4% interest while Delaware Municipal Bonds maturing in two years yield only 1.5%. The Town would not benefit from the tax-exempt nature of these bonds. For these reasons, he recommends that Town Council does not change the policy to add Delaware Municipal Bonds.

Mr. Morris made a motion to approve the Investment Policy for another year. Mr. Sheplee seconded the motion.

Mr. Healy stated that looking at the overall policy, there are three funds, one being the water fund, which is a lengthy utilization of time that would far exceed two years if we were to set up a reserve fund. Most of these funds are set up for a long-term basis, not just two years.

Mr. Healy asked If the Town directly bought Delaware bonds, what would the return be, roughly 5%?

Mr. Morris responded only if they were for the full term. He stated that he would be against the Town setting up a plan for two years and restrict what we do. Whereas, we could use some alternative ways for investments.

Mr. Morris responded that he understands what Mr. Healy is trying to point out. At this point in time he'd like to let it go for this year and leave it up to the Budget and Finance Committee to consider changing the two-year limitation, if that really meets the needs of the Town.

Ms. Hardiman questioned if 5% was the effective rate.

Mr. Morris replied that they would need to be kept for the full term.

Mr. Killmer added that we are also required to have them insured and municipal bonds are not insurable.

Mr. Morris stated that there would need to be several things changed in order to do this. He reiterated that he would like to leave this alone for this year and if the Council would like to investigate doing other things in the future, then we can look at this again.

Mr. Killmer asked Mr. Healy if he is aware of any other Towns, similar in size to Bethany Beach that use this policy. He responded that he is not familiar with any. He also wanted to clarify he is talking about Delaware Municipal Bonds.

Mr. Killmer questioned that, as an investor, isn't what is attractive about these bonds is that you don't have to pay State or Federal taxes?

Mr. Healy stated that primarily, yes, but they are also a very secure investment.

Mr. Sheplee commented that if the Town allowed the Delaware bonds or any type of bonds, obviously we would have to include those as an approved type of investment. In the case of the Delaware bonds, we would also have to change to clause that requires FDIC insurance, and/or collateralization above the FDIC

insurance limit. So those changes would have to be in place to buy the bonds. He also said that it is important the way we look at the objectives of our investment policy, and in priority order, 1. Safety, 2. Liquidity, and 3. Return on Investment. In his opinion the Delaware bonds meet the 3rd objective, but not the first two. He stated that he understands Mr. Healy's position, but does not agree with it. He prefers Mr. Morris's approach.

Mr. Morris commented that this topic would not be tabled for next year. If the Council asks the Budget and Finance Committee to review this it will, but not unless they are asked to.

Mr. Peterson, Chair of the Audit Committee, was recognized. He stated that the Town is taking callability completely out of the equation. Meaning that if interest rates fall, an issuer is entitled to call the bonds to take advantage of the lower rates. There is no guarantee that you will get 5% back on any bond.

Mr. Healy added that if this were to be referred to the Budget and Finance Committee, he'd be okay with that.

Mayor Killmer called for a vote on the pending motion. The motion was unanimously approved.

Hearing no additional comments, Mayor Killmer asked for a motion to adjourn. Ms. Hardiman so moved. Mr. Morris seconded the motion and it was unanimously approved.

Respectfully submitted:

Lisa A. Kail, MMC
Administrative Assistant/
Town Clerk