

**MINUTES**  
**COMMISSIONERS OF BRIDGEVILLE**  
**JUNE 9, 2014 – 7:00 p.m.**

Minutes corrected – pg. 6 “Good of the Order” – 7/14/14

**I. CALL TO ORDER**

The meeting was called to order at 7:00 P.M. by President Pat Correll. Present: Commissioners Sharon McDowell, Paul Kovack, Jay Mervine and Lawrence Tassone. The meeting began with the Pledge of Allegiance and prayer.

**II. QUORUM PRESENT**

President Correll reported a quorum was present to discuss the business of the Town of Bridgeville, as all Commissioners were in attendance.

**III. APPROVAL OF AGENDA**

Motion to approve the Agenda – Tassone; 2<sup>nd</sup> – Mervine; motion carried.

**IV. APPROVAL OF MINUTES**

Commissioner Kovack questioned who voted for or against the budget at the May 28<sup>th</sup> special meeting to adopt the FY-15 Budget, as the minutes did not include each Commissioner’s vote. He was not able to attend the meeting due to a medical procedure. It was clarified that the vote was 4 to 0 in favor of each budget item. The recording is available for review. It was determined the minutes will be modified to include the unanimous vote of 4 to 0 for each budget item.

Commissioner Tassone made a motion to approve the above mentioned modified minutes from the April 30<sup>th</sup> Budget Amendment Workshop, the May 12<sup>th</sup> Executive Session and the May 28<sup>th</sup> Special Meeting to adopt the FY-15 Budget. Commissioner Mervine seconded the motion. (It was later determined that only the May 28<sup>th</sup> meeting required modification to the minutes concerning the votes cast.)

Commissioner McDowell voted against accepting the minutes from the May 28<sup>th</sup> meeting. She has had serious doubts about her affirmative vote at that meeting concerning the 20% tax increase. She believes the Commissioners should have discussed the hardship on residents more thoroughly and she would like to rescind her affirmative vote, if at all possible.

Motion passed to approve modified minutes by a vote of 4 in favor and 1 against.

**V. CORRESPONDENCE**

Town Manager Savage advised a letter has been received from the Bridgeville Public Library thanking the Town for its assistance in making the “Spring into Your Library Family Festival” event a success on April 26<sup>th</sup>.

## VI. APPROVAL OF FINANCIAL STATEMENTS AND BILLS PAYABLE

Balance Sheet – May 31, 2014

General Fund – \$97,368

Reserve Fund – \$746,406

All Accounts – \$970,817

Accounts Receivable – \$97,440

Budget Report Target – 92%

Income – \$2,189,558 (88%)

Expenses – \$2,105,153 (85%)

Net Income – \$84,405

Accounts Payable

Bills – \$22,067

Expected Expenses – \$170,200 (including health insurance, payroll, utilities, etc.)

Total bills to be approved – \$192,267

Motion to approve the bills as presented – Mervine; 2<sup>nd</sup> – Tassone; motion carried.

## VII. TOWN REPORTS

Commissioner Mervine questioned the difference between “spray discharge” and “spray irrigated”. Town Manager Savage advised “spray discharge” is effluent going to our storage pond and “spray irrigated” is effluent sprayed directly onto crops.

Commissioner Tassone questioned a small leak at the Heritage Shores water tower. Town Manager Savage advised a drip was coming out of one of the valves.

Commissioner Tassone questioned how many water meters have been purchased for non-metered water customers. Town Manager Savage reported that two out of the approximate dozen have requested to purchase meters and pay for exact water usage.

The SCADA system was questioned; it is the Town’s alarm system and there are continuing issues with the modem communication.

Concerning the increase in grass cutting violations, Town Manager Savage advised many of the properties in violation are in foreclosure and the banks involved are not staying on top of the issue. Absentee homeowners also add to the problem. Offenders first receive a warning to cut within 3 days; if that is not heeded, they receive a first violation with a \$100 fine and 10 days to correct. With a second violation and \$250 fine, the Town cuts the grass at its earliest convenience. It takes 20-30 days to get a property back into compliance concerning lawn care.

Commissioner Tassone mentioned the monthly listing of water shut-offs; however, the water turn-ons are never tracked. Town Manager Savage advised some of the properties are vacant; however, the majority of the meters are turned on the next day when payment is received.

Commissioner Mervine questioned a grass violation at Heritage Shores. Town Manager Savage advised it was a developer violation involving undeveloped property behind Earle Ave. The Town anticipates an application to come before the Town concerning a new use for that property.

### **VIII. CITIZEN'S PRIVILEGE**

Georgetown resident Mr. Mark Hunsberger, who owns property/businesses in Bridgeville, expressed his concern about tax/water increases. He understands that the Seaford Star has given public notice of the increases, but he has seen nothing in Bridgeville. He believes the public should have been notified so that they could express their thoughts.

Town Manager Savage advised the water/tax increases were introduced at the May Commission meeting and acted on May 28<sup>th</sup>, which didn't allow time for the information to be included on the water bills. Notices included the Town website and Twitter page, along with the Seaford Star. The Town used every public forum it could to disseminate the information.

Mr. Hunsberger expressed concern that the business community is most affected by this increase and it would have been appropriate to let them know. He added that the businesses pay a lot of taxes in the Town, but can't vote.

Commissioner Tassone believes the open budget meetings are the ideal opportunity to find out the Town's financial condition and its future needs. Two budget meetings took place in April and in May that were publicized. The Commissioners believed they were being responsible by having no rate increases for 5 years; however, they heard from residents that many of them would have preferred small increases yearly, rather than one larger increase. President Correll added that several years ago they dropped the tax rate 10 cents and wished they had not done so, as it was not sustainable.

Commissioner Kovack apologized to the 4<sup>th</sup> district and the whole Town for not being more diligent to inform the public of these increases. He did not know that the Commissioners would be voting on the two Ordinances to raise fees on May 28<sup>th</sup> and he was unable to come to the meeting, which was scheduled on a weekday morning. Commissioner Mervine added that the meeting was properly advertised in the newspaper. Town Manager Savage advised the Agenda was posted seven days before the meeting; it included Old Business – to pass the 2 Ordinances and included "Discussion and Possible Adoption of the FY-15 Budget". Commissioners received the Agenda 7 days before the meeting.

Mr. Hunsberger suggested the Town call the business community or walk down and talk to them personally when matters are before the Commission that pertain to them. He wants to make sure the business community's opinion will be heard. Town Manager Savage responded that every free public forum the Town has available to them is used to communicate important information. If the Commissioners want the Town to spend more money on advertising, he will do so. He has solicited email addresses from property owners in the past with only marginal success; however, he will be glad to do so again and business owners in attendance tonight are welcome to leave their contact information.

Commissioner Mervine commented that the Town has received financing for a water project on Walnut St., replacing 100-year-old, narrow piping. This \$1.2 million project (20-year loan) will increase the debt service, which is covered by this water increase. President Correll added that funding was

solicited several years ago and a 3% loan was awarded; however, the project could not move forward. Currently, a 1-1/2% loan has been awarded, which is much more advantageous.

Mr. G.L. Jefferson from Jeff's Tap Room advised he believes Walnut St. should be taken care of, as well as the current project near his business on Mill St. He also believes it should have been completed before what he considers less important projects and questioned why business owners do not have a say in Town matters.

Town Manager Savage advised non-resident business owners cannot vote for Commissioners; however, they can vote in Referendums to borrow money and to annex property. Business owners can also express their concerns to the district Commissioner who presides over the voting district their business is within. The monthly Commission meeting and "Citizen's Privilege" is also open to business owners every month.

Commissioner Mervine advised the business community is a valuable asset to the Town and there is no intention of excluding business owners. The Town website has information that might be helpful to the business owners – [www.bridgeville.delaware.gov](http://www.bridgeville.delaware.gov)

Seaford resident Paul Wolpert also has a Bridgeville business. He believes the Commission is misguided in raising the taxes a full 20%. He would be out of business if he did that, as there are annual contracts in place that cannot be changed. A gradual increase would be more prudent. The quarterly newsletter is a good contact point; however, email would be the cheapest and easiest communication. He has been to Town meetings over the years, but this is the first time he is aware that businesses have a vote. Solicitor Schrader clarified that business owners can vote in annexations and bond borrowings. Town Manager Savage added that Public Hearings always precede referendum dates.

Solicitor Schrader advised he works with other Towns, as well as Bridgeville. He believes a significant problem will be future state laws that mandate that notices be placed on Town web pages. That will be the required location for information. The business owners countered that all their regular communications come through emails.

Greenwood resident Brian Butler is a Bridgeville business owner who agreed with Mr. Wolpert that they are locked into year-long contracts and can't change prices mid-stream. They must fulfill their contracts. He is on the Town new Economic Committee and didn't know about the rise in pricing.

Commissioner Correll hasn't had any calls about this increase from residents and only one man from church questioned her. Commissioner Mervine added that the Town advertised the meetings and very few came to the two budget meetings. He assumed the Commission was doing the right thing. He is glad the business owners came tonight so the Town can begin a conversation with them in a way that will elicit future interaction.

President Correll advised the first budget meeting took place on April 30; the second was on May 28 and, per the Town Charter, the budget must be adopted by the first Tuesday in June each year.

Commissioner Kovack asked if the Town needed the rate increase to pass the budget. Town Manager Savage advised if the Town wishes to continue relying on transfer tax, it would not need the rate increases to balance the budget.

President Correll shared that approximately 13 years ago the Town didn't receive any monies (transfer tax) from the county for the sale of properties. Since then the Town has received transfer tax and places it in the budget to offset budget line items that aren't fully funded. Over the years, President Correll has learned that it is not wise to depend on these monies to balance the Town budget. Eventually the development will build-out and the money will dry up. Depending on these monies is not responsible budgeting. Bridgeville is trying to wean itself from putting transfer taxes in the budget, per the advice of its auditor; it is a process that has begun this year and is expected to continue for several years.

Commissioner Kovack countered by saying there are 1,600 more units to be built at Heritage Shores and the Town is also receiving transfer tax from Wawa. He does not believe the money will run out in the near future.

Commissioner Mervine advised the intent is to wean the Town off of transfer tax; make the budget balance through property tax exclusively; and use the transfer tax to pay down capital debt. A capital improvement project list has also been developed for future needs; including a new police station.

Commissioner Kovack commented that we haven't made the Fire Company responsible to provide receipts for \$25,000 of public service monies they have received from the Town, as required by the Town Charter.

## **IX. OLD BUSINESS**

There was no Old Business to discuss.

## **X. NEW BUSINESS**

### **A. Mill Street Project – DBF Bid Recommendation**

Mr. Rob Duma from the Town's engineering firm of Davis, Bowen and Friedel, Inc. (DBF) advised the Town received four bids for this street project. The low bid came in at \$135,360.67 from Hopkins Construction in Bridgeville. The high bid was \$266,652. Hopkins Construction is bonded and has also won the bid for the effluent line project, which will begin in the near future. The low responsive and responsible bidder is Hopkins Construction and DBF recommends awarding the bid to the company. They anticipate a 60-day project that should be done well before the Apple Scrapple Festival.

Mr. Ralph Root from 44 Canvasback Circle asked if the Town is required to take the low bid or can they take "best value." Per Solicitor Schrader, the Town must take the "low responsive" bid. Commissioner Tassone added the Town has worked with this company many times. President Correll likes to award bids to local businesses, when possible.

Motion to accept the bid from Hopkins Construction – Tassone; 2<sup>nd</sup> – Kovack; motion carried.

## XI. INTRODUCTION OF ORDINANCES

Commissioner Kovack introduced #2014-E, an Ordinance amending the Land Use and Development Code of the Town of Bridgeville relating to Off-Premises Signs (Billboards). It was clarified this Ordinance will go to the Planning and Zoning Commission for their July 15<sup>th</sup> meeting and return to the Town Commission for consideration at their August 11<sup>th</sup> Commission meeting. President Correll understands that the passage of this Ordinance will place Bridgeville in line with state law concerning the size of billboards on the highway. Town Manager Savage advised there are some older signs on the highway that are already the larger size and pre-date the current code. This Ordinance would standardize the billboard signage.

## XII. GOOD OF THE ORDER

Commissioner Kovack asked the Commissioners to entertain an amendment to the 20% tax increase Ordinance, in light of the business owners' concerns, the recent establishment of an Economic Development Committee, etc. Commissioner Kovack recommended increasing the tax rate incrementally by raising it 3% this year and revisiting the increase each year, in terms of budgetary needs, until we reach the 20% increase that has already been passed by the Commission.

President Correll advised the budget has already been approved. Commissioner Kovack reiterated that we don't need the money to balance the budget. Solicitor Schrader believes the only possibility after having passed the budget is to introduce an amendment to the Budget Ordinance at one meeting and then go through two Public Hearings. He believes Commissioner Kovack is interested in seeing if there is a consensus of interest in having an Ordinance/budget amendment proposed. It would need to be introduced at the next Commission meeting and follow the normal course for adopting the budget.

Town Manager Savage explained that the current budget includes approximately \$200,000 in transfer taxes. A 1% increase in taxes would total \$5,000; a 3% increase would total \$15,000, etc. At the Budget Workshop the Commission decided to remove ½ of the transfer tax from the budget, which is \$100,000 and equals the 20% increase. When Town Manager Savage introduced the FY-15 budget he explained that he wanted to decrease the Town's budget dependence on transfer tax, as it is an unknown quantity. Commissioner Tassone added that transfer tax will likely slow down in the near future due to Heritage Shores Phase 3 housing not ready for sale before early 2015.

Solicitor Schrader asked for the typical assessed value of a residential property in Bridgeville (\$18,000). The tax assessment has been raised from \$2.00 to \$2.40; therefore residents in older Bridgeville will pay \$60.00-70.00 and Heritage Shores (\$25,000 - \$28,000 assessed value) will pay approximately \$114.

Commissioner Kovack is concerned about encouraging a new Economic Development Committee and new businesses, **\*Commissioner Kovack's comment should correctly read "when we have just had a 20% increase in property taxes, water fees are going up and our impact fees are \$6,500,"** which will make it harder for businesses to move here. He is also concerned about retirees.

It was clarified that a business like Jeff's Tap Room would have a tax increase of approximately \$300 with the Town tax increase. Town Manager Savage advised the average Bridgeville commercial business owner, with an average assessment of \$48,000, would see a \$190 tax increase.

Commissioner Mervine advised the purpose of the fee increases is to wean the Town off of transfer taxes. In 4-5 years Heritage Shores will be built-out, with no more transfer tax coming in. We have to balance the budget from regular tax revenue, not from transfer tax. Then, per the advice of our auditor, we can pay down debt with transfer tax and also use it for the capital improvement program.

Based on that information, a 3% increase over time is not going to wean us off of transfer tax. Commissioner Mervine advised it was his idea to go with a 20% tax increase, rather than the 10% proposed by the Town Manager, to lengthen the time before another increase was necessary. He still believes we need to do a large enough increase to wean the Town off of transfer tax in the budget over a reasonable number of years.

Commissioner Kovack believes that by incrementally increasing the taxes, the Town will actually receive more money in the long-run, as each increase will be on a higher-valued property. Arguments against this idea included a new business looking elsewhere because Bridgeville raises its taxes every year and the fact that stretching the increase over several years does not save the taxpayers money – they will pay more for taxes, even though it is spread out over time.

It was questioned whether it is possible to remove our dependence on transfer taxes in the budget if we do small 2-3% increases over the next 5 years. Town Manager Savage reported it would depend on how much the tax base increased.

Another argument for not placing transfer tax in the budget is that the state regularly considers taking away transfer tax. Bridgeville could lose that income in the near future.

Commissioner Tassone agrees with increasing taxes from 10% to 20%, although it is a difficult decision to make and will create hardship. There are monetary facts that the Town must face: indebtedness of \$5.7 million and a wastewater plant upgrade/replacement to cost \$8-12 million in the next 5 years (an unfunded federal mandate).

Town Manager Savage advised Commissioner Kovack has asked for a consensus to introduce an Ordinance to lower the tax rate. Tax bills will go out before the July 14<sup>th</sup> Commission meeting and special meetings to approve a new tax rate would be necessary. It was determined that it was appropriate to call for a vote. The votes were recorded as follows:

Commissioner Kovack – yes	Commissioner McDowell – yes
Commissioner Mervine – no	Commissioner Tassone – no    President Correll – no

The motion failed 3 to 2 to introduce an Ordinance lowering the tax rate increase approved on May 28<sup>th</sup> and discussion was closed on the issue.

Police Chief Longo recently attended the Employee Support of the Guard and Reserve and the Town of Bridgeville received its 3<sup>rd</sup> "Above and Beyond" award at the national level for its support of the organization. Police Chief Longo is a Guard member and recommended the Town for the award.

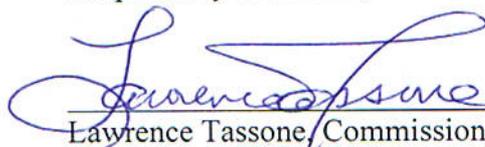
The Town has also received a Secretary of Defense Employer Support Freedom Award and is one of 30 Towns that are finalists in the national awards in D.C. Chief Longo expressed his appreciation for the Town's support of his involvement as a National Guard member.

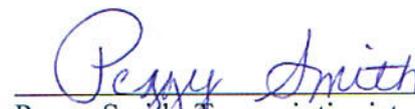
President Correll advised on Thursday, June 5<sup>th</sup> there was a groundbreaking ceremony for Phase 3 of Heritage Shores. The development has been noted as one of the top 50 planned communities in the country.

### **XIII. ADJOURNMENT**

Motion to adjourn the meeting – Kovack; 2<sup>nd</sup> – Mervine; motion carried. The meeting was adjourned at 8:17 P.M.

Respectfully submitted,

  
\_\_\_\_\_  
Lawrence Tassone, Commission Secretary

  
\_\_\_\_\_  
Peggy Smith, Transcriptionist