

**Town of Milton
Town Council Meeting
Milton Library, 121 Union Street
Monday, July 11, 2011
6:30 p.m.**

**Transcriptionist: Helene Rodgville
[Minutes are Not Verbatim]**

1. Public Participation

- a) M.J. Ostinato: I'm going to read mine because I'm afraid I'll forget something. Forgive me. We were here a month ago speaking at the meeting and I thought that we had agreed that we had a public safety hazard issue at the carriage house barn on the property behind us. And Craig Mills did come out; he took pictures; he talked to us and apparently he contacted Dan Copans and he called me and said that Dan was willing to remove the debris from our property and remove the parts of barn... Originally, he told me that he was going to take it down and then he changed that to he's going to remove the parts of the barn that are falling onto our property. Well, nothing ever happened and about a week ago we came down to Town Hall and talked to Mr. Mills and he said oh, he had friends and family there July 4th and they took it away, right? Well there's been no action at all. It's, in fact, much worse. Another whole section of the barn has fallen onto our property and we are really frustrated, because we were originally told Mr. Copans planned to go before the Board of Adjustment to apply for a variance to rebuild the barn with only a 3' setback; instead of the 6' that the Code requires. This was with the understanding that he would tear down the barn. Now we learned that he has plans to renovate or rebuild the barn on the current footprint and build one wall at a time. Apparently, this is justified by his belief that he can reuse some of the existing wood. Mike and I are not structural engineers, but it's not hard to see that the barn wood appears to be mostly rotten and unusable; in fact we had a contractor friend who was interested in the wood, to reuse it, and he said it was all unusable. You can actually poke a finger into the support beams, due to the insect damage; they fall away like dust. So, this structure, in my opinion, perfectly fits the description of demolition by neglect that's outlined in the Town's Code for the historic properties that was adopted in 2009. Going back a couple of years, Mr. Copans applied for permission to the Historic Preservation Committee to reside his house; this is over two years ago. He completed approximately two walls and never continued and given that that was a far less involved project and he didn't complete that, I have to be skeptical that he's going to be coming from California and actually complete this barn, one wall at a time. He lives in California and as far as I can tell, about twice a year. He does the work himself with pick-up day labor; so it's not like someone is here doing the labor or being supervised. He has to come here; which doesn't happen frequently. We are very much in favor of saving historic properties; we have a historic property and we do everything we can to keep it maintained and it's very galling to us that Mr. Copans, who doesn't live here; has allowed his house and his barn to fall into complete disrepair and he's given so much deference and information. We live here full time and we have to sit and wait for something to be done about something that's falling onto our property. I can't work in that part of my yard, because this barn is falling onto it. We just feel that those of us who live here and participate in town activities should be given at least as much or more deference as an absentee landowner who has no participation in Milton. That's what I want to say.

Mike Ostinato: I talked to the Code Enforcer and I said we were talking about him building

one wall at a time; he was going to be build the east wall and then he was going to put up the south wall; then the north wall; then the west wall and knowing Mr. Copans coming before the Committee that I sit on and the word that he did not do, I don't know how long it will take him to do that. I said he will not set foot on my property if he's erecting that one wall that is sitting on my property line. He said, well, you know I found out that maybe there's something wrong with the property line; there's a little jag in the plat that shows that maybe there is some space for him to work. Well, we have a plat right here from 2006 and there's no... This is what really galls me and MJ. We're given some information either needless to give or it is incorrect. We have the plat for our property line and we were told that maybe he does have some room to work on that house. Well he isn't setting foot on my property to do anything to that place.

M.J. Ostinato: We've submitted pictures and you can see for yourself the mess that's in our backyard.

Mayor Newlands: Is it actually falling into the backyard? Because I have passed by there and I thought that wall was still solid.

M.J. Ostinato: No. We have another whole section of it that just keeps... You can see there's huge gaps. You can see through to his house; through the barn and it's all coming onto our property and our neighbor next door, Bob, his is worse. The only thing that's keeping it from falling into his yard, is that there are vines covering it and holding it up. That's all that's holding it up.

Mayor Newlands: We were lead to believe that it was not in danger of falling down.

M.J. Ostinato: Well you can come and take a look. You can take those pictures.

Mike Ostinato: He has that cable wrapped around it.

M.J. Ostinato: He put one cable around it.

Mike Ostinato: I don't think it's going to fall anywhere but inside; but I was taking some of the vines down. We want to put a fence out back; taking some of the vines that are all coming from his yard.

M.J. Ostinato: We're constantly battling these vines that are coming from his property.

Mike Ostinato: When I pull the vines off, chunks of rotten wood comes down and falls into the backyard. This is where we used to have a garden so you can't work out there.

M.J. Ostinato: I had a garden out there two years ago, but now...

Mike Ostinato: The wall's not falling in, but big chunks of the boards that are up there are in our backyard and we left them there, because he was supposed to come up on 4th of July weekend and take care of it and he never did. That's what we were told.

M.J. Ostinato: There's a huge, huge hole that you can look through from our garden; he has piles and piles of trash, old furniture, an old sink; you can see through the rafters to the sky. He hung an orange blanket there so we couldn't look in anymore.

Mayor Newlands: This is in the house?

M.J. Ostinato: It's pretty horrible.

Mayor Newlands: This is in the house?

Vice Mayor Betts: No, the barn.

Mayor Newlands: Oh, the barn. Okay.

M.J. Ostinato: His house is a mess, but that's not on our property line. I really can't address that and the other thing is, if he is not going to maintain the house, which is a very historic property; it's a very significant property; I think it's one of a kind in Milton; and the house has pigeons and squirrels running in and out of it, because there's huge holes. He's got tar paper hanging on the back.

Mike Ostinato: We've been in; we've been invited in.

M.J. Ostinato: So what are the odds, if he's not maintaining the house, that he's going to come and spend the money to rebuild a barn. It just makes no sense to me. So I know that

there are regulations that you have to go by; but I would just like somebody to do something to remove this mess from our backyard. It's a hazard and it's a blight to both of our properties. That's all I want to say. Do you have any other questions?

Mayor Newlands: I don't right now, no. We're trying to work with the man, so he can rebuild his structure; and if we're not going to get any cooperation from him, we'll take further action with it.

M.J. Ostinato: Please, because he was supposed to be on the agenda for what July; now he can't be here; so now he's going to... And if he does get approval, that means 90 days before he has to start it. What does start mean? What does that constitute? Then after that he's got a year and then he can reapply; so this could just go on and on, if he just keeps reapplying for permits and I'm just fed up with him. He wouldn't even let me... I asked him one time if we could have someone come onto his property to trim a tree, at our expense, because we can't get a truck in our backyard and he refused. He thought it would damage his property. It's unbelievable.

Vice Mayor Betts: Ma'am, did you give him a time limit to correct the problem?

Mayor Newlands: He's got to go before Historic Preservation and present what he wants to do with the property.

M.J. Ostinato: Okay, but aside from Historic Preservation; it's falling onto our yard. This is not preservation; it's a hazard to us. I don't understand. There's a difference.

Vice Mayor Betts: I don't know why he would have to go before Historic Preservation.

Mayor Newlands: He's trying to rebuild the structure, that's what he's trying to do.

M.J. Ostinato: But it's a safety issue; that's what I keep saying.

Vice Mayor Betts: It's a safety issue.

Councilwoman Jones: Mr. Mayor, we identified this as a public safety issue in June and I've been privileged to the correspondence between Mr. Mills and the Ostinato's; what I don't understand, was in June Robin made the statement that the shed could not be renovated in its present location unless it had a foundation. Now that that option appears to be on the table, are you saying that a Code Enforcer went to 205 Federal Street and you have identified a foundation under that barn?

Mayor Newlands: No, if there was a foundation under the barn, the barn could be taken down and it could be rebuilt at a later date. If there's no foundation under it, it could be rebuilt in place, wall by wall. There's a different way of doing it, depending on whether there's a foundation or not.

Councilwoman Jones: I hear the Ostinato's frustration, that this isn't something that has just come before us in the last month; this has been fighting since the snowstorm of 2010, so if I'm correct in what I hear, a full time living resident of this town, who takes being in the Historic District seriously...

M.J. Ostinato: We were on the Garden Tour two years ago and now I couldn't possibly do that.

Councilwoman Jones: They are actually being given less consideration than a long distance homeowner who continues to be told something has to be done; it's already the middle of July; can you tell me if Mr. Copans has made arrangements to be at the August Historic Preservation Meeting? Because he's missed this one.

Mayor Newlands: He's missed this one and he's scheduled to be at the August meeting.

M.J. Ostinato: So what happens if he doesn't come in August?

Mayor Newlands: Then we'll talk to our Town Solicitor and get much more strict with him.

M.J. Ostinato: And what does that mean though? I keep hearing this, but how are you going to make him do anything?

Mike Ostinato: "The Code Officer may order the owner of the premises upon which is located any structure or part thereof, which in the Code Enforcer's judgment is old,

dilapidated, or has become so out of repair that it's deemed unsafe, unsanitary and otherwise unfit for human habitation, occupancy, or use so that it would be unreasonable to repair the same and to arrange to remove such a structure and parts thereof. If it can be made safe by repair, to repair and make safe and sanitary and remove the owner's option or where there has been a cessation of normal construction, of any structure for a period of more than two years, to raze and remove such a structure and part thereof. The order shall specify a time in which the owner shall comply there and with and specify repairs if any. It shall be served on the owner of record, or the agent, where the agent is in charge of the buildings..." It seems to be that Code right there says that he has to say when he's going to do something and get it done.

M.J. Ostinato: It certainly isn't safe; I would not feel...

Mayor Newlands: But also, what was the section about the two years. He's got two years.

M.J. Ostinato: It's been a year and a half.

Mike Ostinato: That thing was a wreck way before that storm.

M.J. Ostinato: It actually wasn't safe before that. It wasn't safe before that.

Mike Ostinato: But now the storm just caved the roof in and the thing is ten times worse than it was before the storm. It's never been... This thing is 150 years old.

Mayor Newlands: Robin and I on Wednesday will talk to the Town Solicitor about it and see how aggressive we can get with him.

M.J. Ostinato: Please, please.

Councilwoman Jones: Question. Isn't it time to cite this property-owner for demolition by neglect?

M.J. Ostinato: Yes, yes.

Mayor Newlands: I have to look at what's in the Ordinance to see what we can do to him.

M.J. Ostinato: It perfectly fits demolition by neglect.

Councilwoman Jones: It does fit demolition by neglect.

Mayor Newlands: All right, but what I'm saying is we have to look at the Ordinance to see what we can actually do with him. Some of these Ordinances are way out of date.

Councilwoman Jones: Well the Historic Preservation Ordinance has been updated within the last three years, so they're not terribly outdated.

M.J. Ostinato: I can read it to you.

Councilwoman Jones: Is there no recourse against Mr. Copans to hold him responsible for his property, except to invite him to come an Historic Preservation Meeting?

M.J. Ostinato: He's already told a neighbor of ours that he can't afford to repair it.

Denise Suthard, 309 Union Street: I'm going to tell you what he told me.

M.J. Ostinato: You talked to him?

Denise Suthard: No, this is when I took care of his wife, which was 8 years ago.

M.J. Ostinato: That was a few years ago; before I ever lived here.

Denise Suthard: Eight years ago I cared for his wife, who was dying of cancer. He specifically told me at that time, do not go in the barn, it's imploding. Well, that seems like it's past the two year mark.

Mayor Newlands: Well, that may have been from what you know, but not from what we know. We will talk to the Town Solicitor on Wednesday and see how aggressive we can get with this. Okay?

M.J. Ostinato: I don't want to be a nag and I'm afraid to keep coming before Council and complaining, because then everybody's going to say, well she's a nag.

Councilwoman Hudson: Please keep coming.

M.J. Ostinato: But I really feel like we deserve something. Anyway, that's all I have to say.

Mayor Newlands: Thank you.

b) Richard Miller, Cannery Village: There are two issues that I want to address. The first has
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to do with Emergency Shelter and reference was made a few minutes ago to the winter storm of 2010. There were sections of the neighborhood that I reside in that had no power and one of the options we had was to retreat to an established Emergency Shelter that happened to be in Milford. I believe the second one was in Millsboro. Tomorrow morning I'm going to be speaking with Joan Deaver the Council Representative from Sussex County to ask if the Council can look at properties that could accommodate Milton as an Emergency Storm Shelter; because if, in fact, we have to relocate it's very difficult to get ten miles or so in those kinds of storm conditions. So I just wanted to ask, if it comes before Council that you support such an option and would just help it to develop. That way we can establish our own Emergency Shelter.

Mayor Newlands: I don't know what's involved and when we find out what's involved, then we'll tell you whether we can support it or not.

Richard Miller: I'm speaking with her tomorrow morning. The second issue is about the community in which I reside. It's Cannery Village. The past several months there's been individual residents who have petitioned Council at various levels for various grievances and obviously they have a right and a privilege to do that. My concern is that one or two voices from that neighborhood does not reflect the opinion or the organizational management of Cannery Village. We do have structures in place to take care of community issues that affect 170 properties. I would not want Council to be swayed by 1 or 2 vocal, vociferous and determined individuals who are trying to force their issue upon Council. There are 1 or 2 voices. They don't represent the majority of residents; 170 units; in Cannery Village. Thank you, Mr. Mayor.

Mayor Newlands: Thank you very much. Just to let Council know, we've been served with two complaints from the Attorney General's Office for Cannery Village; mostly because we haven't forced them to have a bond. We're going to respond to that this week.

- c) Pat Sexton, 110 Orchard Street: I've noticed that several communities around Milton have already established a policy for their yard waste and I was wondering what's the progress that's been made here in Milton, towards resolution of this problem?

Mayor Newlands: Well some of the towns who have created a policy have their own trash pickup. They have their own people doing it. We contract this out to a company. At the last meeting, we set out to put a bid out for a contract for our regular trash and yard waste and recycling. So we're waiting for that bid to come back in; it's a Request for a Quote and that won't come back in probably until August.

Pat Sexton: All right. Thank you.

Mayor Newlands: And if we don't have them do it, we'll probably put a dumpster in the town yard some place.

Pat Sexton: We did have one for a while.

Mayor Newlands: We did have one for a while. That's correct and if we need one seasonally, more frequently, they're not expensive to put in there. So if we needed one to come in for a week or two during the summer, we can do that. It's not difficult.

Pat Sexton: Okay.

Mayor Newlands: We're not hearing much from the public, so if the public wants to tell us what their needs are, we're not getting many phone calls about yard waste. Our new contract will start in October, so we'll know in August whether we're going to have yard waste included in that contract or not.

- d) Ginny Weeks, 119 Clifton Street: First of all I want to thank you for putting the tax delinquency problem on the agenda to discuss it.

Mayor Newlands: You're welcome.

Ginny Weeks: I want to thank whoever handed these out tonight and it confirms something that I thought and remember in April when you gave us that finance report and you said it

would go on the web? Has it ever gotten on the web? I don't think it's there.

Mayor Newlands: Okay, I'll get it out there.

Ginny Weeks: Thank you. Also, I'm not real good at web stuff, so I could be wrong. I don't think the Ordinances or the Charter or the Comp Plan are on the web? Are they? Where do I find them?

Mayor Newlands: The Charter is on; the Charter you can get from the home page. The Ordinances you can get from the home page.

Ginny Weeks: Where do I find those, because I went into public documents.

Mayor Newlands: There's a little box on the right hand side of the home page that says Ordinances and Resolutions. Another one on top of that says Charter. They're right there on the front page.

Ginny Weeks: I did Ordinances and Resolutions and it came up with Ordinances and Resolutions that had been passed in the past. But not the whole ordinances; or I didn't look far enough.

Mayor Newlands: That's in General Code; once an ordinance gets past, eventually it gets put into General Code.

Ginny Weeks: Is the General Code on the web?

Mayor Newlands: It's right above the other ones. In that little box everyone is there. Everything you're asking for now is all in that little box.

Seth Thompson: Ms. Weeks, you might want to try ecode.com because our website should redirect you; but if not, you can just go I think it's ecode.com is General Codes website and you would have to pick your town and state.

Ginny Weeks: Thank you very much, I appreciate that. Thank you. But there is just one other thing I wanted to ask you about and that was I see that you're going to talk about a reduction of annexation fees and I know that in the past, Mr. Mayor, you have mentioned that part of the annexation fee was connected to the sewer. I would ask that before the Council make any definitive decision, that you supply where that was voted on. Because I don't believe that was ever voted on. I believe that when Impact Fees were being discussed, the attorney said it could be used for this, this and this; but I don't believe Council ever said 20% was for sewer fees, 10% was for water, 30% for...

Councilwoman Hudson: I can answer your question. February 6, 2006.

Ginny Weeks: Okay.

Councilwoman Hudson: And the minutes should be on the website, and if not, perhaps Robin can give you a copy and it specifically says 65% is for sewer; 65% of that \$8,000.

Ginny Weeks: I didn't remember that.

Councilwoman Hudson: There are specific numbers for Town Hall, for police, for Streets and Sidewalks and that was signed in 2006; in 2007 we sold the sewer plant, so...

Ginny Weeks: Thank you for telling me. I was just curious because I didn't know. I remember Tim Willard saying it could be used for this, that or the other thing; and I did not remember specific numbers and that's why I'm here to ask if they do exist. So thank you very much.

Councilwoman Hudson: February 6, 2006 and there was a specific percentage of 65%.

Ginny Weeks: Okay. Thank you.

- e) Roy Fleming, 115 Broad Street: There is a proposal on the agenda for a rental tax. 75% rental tax isn't being enforced on most of the units in town already; which is on the books. Shipbuilder's – 7 houses on my street that I'm aware of. Landlords in compliance are paying the rental license and are being asked to shoulder another tax while the majority of rental fees are being ignored or unenforced. This holds responsible landlords who pay the rental license responsibly; while irresponsible landlords not paying this fee are not penalized. Is the Town unable or unwilling to enforce the current \$75 rental fee; I see no

reason to impose more fees on honest landlords. So the responsible, honest landlords are being singled out for penalty of \$50 a day, when not in compliance. _____ on the books for landlords not paying rental fees of \$75 a year. This legislation isn't well thought out at all. I would ask my representatives to vote no to this ludicrous piece of legislation. Enforce the \$75 rental fee, instead of singling out honest landlords who comply with the present law. Thank you.

Mayor Newlands: Thank you.

- f) John Boros, 115 Broad Street: I want to speak on the gross rental tax issue, too. I've gone over it a couple of times and I realize that my roommate, Roy, based on the way this is written; it looks like I'm going to paying a gross rental tax on what he pays to stay in my guestroom. He helps me out with the mortgage every month. But the way I'm reading this, this is how this reads. If I'm wrong, please let me know that I'm wrong. I pull up the old Code and the old Code says that if there are three unrelated persons occupying the dwelling unit maintaining the common household, they're considered a family. This doesn't say that; your new reg or ordinance does not say that. The old one does. I guess my biggest problem with this ordinance is, I agree with Roy; you have a small portion of people to shoulder the burden. I don't know if the apartments up the street, the subsidized apartments are included in the rental. Do they pay for each one of those apartments?

Mayor Newlands: Yes, they do.

John Boros: Then if you have 320 people who have licenses and those apartments are included, I submit there's probably 200 people in Shipbuilder's and Cannery Village that aren't paying the license fee. And if you can't enforce the current code, which if you look at it, the penalty can be anywhere from \$100-\$300 per occurrence and an occurrence can be every day of the week. Maybe if you enforced the current code and went after the people that... I mean, there's For Rent signs all over Shipbuilder's; For Rent signs. Drive through and write the addresses down and see if they've got a license to rent those houses. Not rocket science. I went to Tom Harkin on Tobin; do you know how many renters are on your street? He said, sure we have a homeowner's association; I can tell you every renter on the street. I have 10 renters on my street; I can tell you every rental on my street. I don't think you've tried to enforce the current code and bring your revenues in from the current code; so the last thing you need to be doing is changing the ordinance to go on the backs of those like he said; those landlords that are paying the \$75. I don't think it's fair; and now you're including me, which I also don't think is fair, because I have a roommate; but I also don't think it's going to be easy to determine who's sleeping with who and who's living in whose guest room; and the way you've written this thing, that's what you're going to have to determine. You can't enforce the one that is written well, you sure as hell aren't going to be able to enforce this one.

Mayor Newlands: Actually, what one of the towns; what Dewey Beach does is they send a letter out to every homeowner and you either confirm that you're residence is a rental or not; subject to a stiff penalty.

John Boros: Have you done it under the current reg, Mr. Mayor?

Mayor Newlands: We will on this one.

John Boros: Have you done it under the current reg, Mr. Mayor?

Mayor Newlands: We will on this one.

John Boros: This is called selective enforcement. It goes right along with the signs that you asked the lady; you had the Code Enforcer go to the lady to have her remove the signs off of Mulberry Street; or whatever that is. However, we still have Save the Milton Theater signs all over town that you haven't enforced. We have Abraxus who had a sign up for six months, saying "I've Moved. Come See Me in Lewes, because I've gotten out of Milton"; you didn't enforce. But you're enforcing the lady who's got a sign up there on Mulberry

Street you didn't want to see. This town is selective enforcement of the Code; you're not enforcing the current code and the last thing you need to be doing is putting another ordinance in place that is going to... I can't see, administratively, if you can't enforce the current one at \$75 per rental property, how the heck are you ever going to enforce this thing without hiring another person? I understand we're in trouble and it's not your fault and we'll give you credit for that; I understand we're in financial trouble; it's not your fault; but I would rather see you hit my taxes up for 1%, then to hit the people that have rental properties. I have neighbor's across the street. His property is empty for a year at a time; he has to cut the rent in the wintertime because the utility bills in the Historic District are so high, on some of those old houses. How's he ever going to keep them rented? It doesn't make any sense to go on the backs of these people, when you aren't enforcing the current regulations with the current people. You may get enough out of them to cover your deficit. On that covering the deficit issue, I understand we're in trouble and we need money. I'm on the Parks Committee. We voted unanimously two months ago to bring something forward to Council, which was a revenue enhancing thing of proposing beer and wine sales in the Park; \$250 license permit; 12% of the sales for like Dog Fish Head or whoever wanted to have a function in the Park. It's been two months later and it has never made it to the agenda to be voted on. It was a unanimous vote with the Park's Committee to bring it forth to you guys. Two months, I'm here every meeting; it's still not on the agenda. It's a revenue enhancing idea that was unanimously voted on and you haven't addressed it at all. The next thing is revenue enhancing. We hired a receptionist instead of using maybe a student from Cape Henlopen as a... We use them all the time in the Federal Government. We would have a work study student that would come in in the morning and go to school in the afternoon. Then we would have a second one that went to school in the morning and came in in the afternoon.

Mayor Newlands: Which receptionist are you talking about?

John Boros: You hired a receptionist a few months ago.

Mayor Newlands: No we did not. We have two accounting clerks. When the receptionist left we...

John Boros: Well apparently we do need two accounting clerks.

Mayor Newlands: We do need two accounting clerks, yes.

John Boros: Okay, maybe we do.

Mayor Newlands: When the receptionist left we opted to hire a second accounting clerk.

John Boros: The bottom line is, you're not enforcing the Codes we have; you're selectively enforcing what Codes you want to enforce and here you want to throw another one on us, and you can't enforce the old one.

Mayor Newlands: The new Code Enforcer is addressing everything that we need.

John Boros: You know Cliff, we've had a Code Enforcer sitting in that Town Hall that could have enforced the Codes in this Town and it hasn't been done. I'm done. Thank you.

Mayor Newlands: Thank you.

2. Call to Order – Mayor Newlands called the meeting to order at 7:01 p.m. and close the Public Participation
3. Moment of Silence – Vice Mayor Betts
4. Pledge of Allegiance to the Flag
5. Roll Call – Mayor Newlands

Councilwoman Hudson	Present
Councilman West	Present
Vice Mayor Betts	Present
Councilwoman Jones	Present
Councilman Lester	Present
Mayor Newlands	Present
Councilwoman Duby	Absent

6. Additions or Corrections to the Agenda

Mayor Newlands: Do we have any additions or corrections to the Agenda?

7. Agenda Approval

Councilwoman Hudson: I would just like to note that my request for agenda item, the boat dock rental, was not on this month's agenda, so could you please put it on next month.

Mayor Newlands: Yes it is already noted and it will be on next month.

Councilwoman Hudson: Thank you.

Mayor Newlands: I apologize. Are there any other changes or corrections to the agenda? Can we get a motion to accept the agenda?

Councilman West: I make a motion to approve the agenda.

Vice Mayor Betts: Second.

Mayor Newlands: We have a motion and a second to approve the agenda. All in favor say aye. Opposed. Motion carried.

8. Presentation and Approval of Minutes – May 2, 2011

Mayor Newlands: Are there any issues with our minutes of May 2nd?

Vice Mayor Betts: I have a question. This is the May 2nd meeting and it would be nice if we could have the June meeting to correspond the following month so that we can check to see if everything has been done that was said it was going to be done in June.

Mayor Newlands: Yes, I didn't get a chance to get them on here when we got them from the transcriptionist. The transcriptionist was out for a few weeks, so they were just finished after we published this, so they weren't done in time.

Vice Mayor Betts: It's hard for the Council to follow through.

Mayor Newlands: I understand that.

Vice Mayor Betts: Thank you.

Mayor Newlands: Can we get an approval on the minutes for May 2nd?

Vice Mayor Betts: I make a motion to approve the minutes.

Councilman West: Second.

Mayor Newlands: We have a motion and a second to approve the minutes of May 2, 2011. All in favor say aye. Opposed. Motion is carried.

9. Discussion on Written Committee Reports

Mayor Newlands: We have the Committee Reports.

10. Department Reports: Public Works, Project Coordinator, Code and Police

Vice Mayor Betts: Can we discuss the reports?

Mayor Newlands: Which one are you looking at?

Vice Mayor Betts: The Code Enforcement or Code Report. I would just like to encourage the Code Enforcer to make sure he starts when he's starting with problems like M.J. and her husband had and also Shipbuilder's. I'm telling you that is really a sad place. I've been out there and it just looks like that something can be done to have the grass cut and I understand the problem with

Capano's the Mill section; but it's our town and our people are paying the taxes. I just think that we should go out there and cut the grass and mail it to him. If we get it, fine. But it's a bad situation for our town to look the way Shipbuilder's looks.

Mayor Newlands: The main field was mowed today at Shipbuilder's.

Vice Mayor Betts: I'm glad.

Mayor Newlands: Mr. Capano told us today that he thought his contractor was there every 10 days and we know he's not.

Vice Mayor Betts: I know he's not either and even the people living in the houses that needs to be addressed to them; their property.

Mayor Newlands: We sent a letter to him and we have to wait a number of days after the letter gets sent, before we do the mowing and bill him.

Vice Mayor Betts: But this has been going on Mayor for quite some time, because I've been down and asked about it. I really do think that we've got to keep up on it, because it's not fair to Shipbuilder's residents.

Mayor Newlands: I understand, I understand. Sure.

Vice Mayor Betts: Thank you.

Councilwoman Hudson: I wish to make a comment on the Police Report.

Mayor Newlands: Hold on. Did you have anything else on the Code?

Vice Mayor Betts: No, that's all. Thank you.

Councilman Lester: Mr. Mayor, I would just like to concur with Vice Mayor Betts; since the election, the only calls I've received about problems, have all come from Shipbuilder's and there's been quite a number of them and some people have stopped by to visit about it, whether it be drug dealing or...

Vice Mayor Betts: Prostitution?

Councilman Lester: You name it. I don't know about those things Ma'am.

Mayor Newlands: We keep telling the public if you have a police issue, call the police, not me. I cannot report something second hand to them. The best for them to do is to get it to the police first hand.

Vice Mayor Betts: Well I think the Chief will agree with me. I went with the Chief out and the woman did personally address it to the Chief and I don't know if that problem was taken care of or not.

Mayor Newlands: The prostitution issue was unfounded, wasn't it?

Chief Phillips: At this time, yes. The problem we have is you can't see something happen and wait two days later to report it to us and think we can solve it, because by then they are already gone and it's a moot point. So if you do see something happen you need to call us right away and help us out.

Mayor Newlands: That's part of the problem is that people are calling the wrong people. They're reporting things to Town Hall and they should be calling the Police Department.

Vice Mayor Betts: But she did report it to... This lady did.

Mayor Newlands: But not when it was happening though; that's the whole problem.

Vice Mayor Betts: But she didn't know how to go about it and that's why the Chief went out and talked with her because she was afraid of retaliation.

Mayor Newlands: 9-1-1.

Chief Phillips: We had a good understanding since then and we haven't had any problems or calls from her since then so we've beefed up the patrols there and apparently took care of the problem for the time being.

Vice Mayor Betts: That's right. But it is important that we check on the people that have a complaint.

Mayor Newlands: Are there any other questions on the Code Report? Councilwoman Hudson you wanted to go to the Police Report? This is the new format that you had asked for.

Councilwoman Hudson: Yes, I would like to thank Chief Phillips for revising the format. His officers turn in a weekly activity sheet with the format that I was asking for, where it has the statistics down the side; the number of arrests; and the days across the top. He very nicely compiled that into the statistics or the names of the complaints down the side and months across the top and this was very well done and provides a lot of information, so I wanted to thank him for that. Because there is nothing reported about grant money being spent, I assume that there was no grant money spent in June? Is that correct?

Mayor Newlands: I didn't ask him to provide anything this month, so we will get you that in next month's. I'll get you the last 3 or 4 months.

Councilwoman Hudson: Okay. Thank you. I wanted to thank him for revising this chart.

Chief Phillips: Mr. Mayor, I have no problem showing her what she wants to see; it's just that she's using a piece of paper that was brought up back in around 2005 and when we did our General Orders S.O.P. which was passed by the Town Council when Tim Willard was on there, it superseded everything that they had come up with before. The piece of paper that she is showing says what it says on it; it has nothing to do with anything nowadays. It's past history. I have no problem showing her what the grants are; we just have to be careful with Homeland Security; there are some things that we purchased that we're not allowed to talk about and can't share with the public.

Mayor Newlands: Right.

Chief Phillips: But I'll be glad to sit down and show her whatever she would like to see.

Mayor Newlands: All right.

Councilwoman Hudson: I was referring to the Milton Police Department Policy and Procedure Review Date 11/08/07 and you say that there's something that supersedes this?

Chief Phillips: That's correct. When our General Orders were passed by the Town Council and the Town Solicitor looked at and approved it, it wiped out whatever you're talking about there was wiped out.

Councilwoman Hudson: Okay, because this is what I was given when I was sworn in; I was given this by the Town Clerk, so if I could please get a...

Chief Phillips: Was that this time or the first time you were on the Council Ma'am?

Councilwoman Hudson: Just recently; a couple of months ago; when I was sworn in Stephanie gave me the Code Book; so this is what was in it as of two months ago.

Chief Phillips: That was back in 2004, 2005 that piece of paper surfaced.

Councilwoman Hudson: No this says reviewed date 11/08/2007.

Chief Phillips: That's either a typo or someone wrote the wrong thing on it.

Councilwoman Hudson: I'm just explaining what I'm referring to and if there is something that's been updated, I would like to have a copy. That would be very nice.

Chief Phillips: But I can assure you that it came up back then. What was the section number on that that precedes to it? If it's an ordinance or whatever, it should have a section number so we can look it up.

Councilwoman Hudson: Policies and Procedures for the Operation of the Milton Police Department, Number 1. It says a Summary of All Grant Requests shall be included in the Police Department's monthly report to the Mayor and Town Council. This report shall indicate grant name, type or purpose, status of grant and shall be for all grants regardless of type. Now, I'm not asking for information as I explained to Mayor Newlands that would expose us to al Qaeda or the inner defenses of our town.

Comprehensive Plan: Where is the policy number that says that is in affect and that can be enforceable? I've already explained to you once that you are more than welcome to take a look at exactly what we have.

Mayor Newlands: Wait you guys are talking over each other, please.

Vice Mayor Betts: Wait.

Councilwoman Hudson: Thank you. I'm asking just for general information, the grant name, type or purpose, status of the grant; what have you purchased with it; and this information has to be turned into the Town Clerk, because the Town has a total list of assets that we get at the end of the year. We get totals for grants and we get a list of the Town's assets. So I would just like that combined so we know which assets were purchased with which grant. So if we get the grant money totals and we get the items at the end; then that's not a secret; or it's not exposing us to danger from the criminals. So I'm just asking that the items that were purchased be listed with the grants; that's all.

Chief Phillips: I think you already got a copy of that from the Mayor.

Mayor Newlands: No, I didn't produce it for this month because we haven't finished with it yet. It will be in...

Councilwoman Hudson: By the month. Then for example if this month you bought laptops with a specific grant, then that would simply be attached to the report. This month with the DEMA grant we bought flashlights and how much money from the grant was spent. That's not that complicated.

Chief Phillips: Like I explained to you, all you have to do is come by the station and I'll be glad to show you what you want; but doing it out here in public, I don't understand why we're grandstanding or whatever you're doing.

Councilwoman Hudson: I don't need to come by the station every month.

Mayor Newlands: She just needs it in this report. We'll talk about it Wednesday.

Councilwoman Hudson: Thank you. I appreciate that.

Chief Phillips: You're welcome.

Councilwoman Hudson: And thank you again for revising the report. Great job.

Mayor Newlands: Okay, are there any other questions about the reports? Marion, I didn't get a chance to go over your feedback report.

Councilwoman Jones: Yes, I have a question on the monthly Maintenance Report. I see that No Smoking signs were posted in the Parks. Back in May, Mr. Collier came forward to express his concerns about observations in the Park. He talked about signs and how the No Alcohol signs; he believed existed only at the Chandler Street entrance. According to the data I used to compile this public participation feedback report, you had indicated that you didn't want to put up too many signs, but you would look into where the current signs were placed and Councilwoman Duby, at that time said, signs had been planned during the park renovation, but apparently they had run out of money and the issue is to be discussed, actually, as far back as May third's Park and Rec Meeting. Do you have any information if you're now posting No Smoking signs; where we are on the request which is still pending, about No Alcohol signs in the park for Mr. Collier?

Mayor Newlands: Allen will answer that for you.

Allen Atkins: We're in the process of getting new signs made. I'm getting quotes now for having them put up with the hours of the park; similar to the one that's out here in this park and Mill Park both and Rails to Trails. I'm not sure, I guess, we should have signs in there also.

Mayor Newlands: Yes we should have signs in there, as well. The reason the smoking signs went up ahead of time was that we got different money from that. We got grant money from the American Lung Association; that's why we were able to do that as a separate project.

Councilwoman Jones: So signs have actually been purchased or are being purchased?

Allen Atkins: They're in the process. We're just getting bids right now. Deanna just emailed me back, because I emailed her last week about the signs and she gave me the information and now we're just in the process of getting quotes to have the signs made.

Mayor Newlands: This is park rules and things like that.

Councilwoman Jones: Thank you.

Mayor Newlands: Okay are there any other questions?

11. Finance Report and Revenue/Expenditures Report

Mayor Newlands: Okay, we can go on to the Finance. We're still cleaning up the records and books, that's why there's no Revenue/Expenditure Report; but what we did do is we put in the bank balance report for everybody; so there's a spreadsheet that has all of our bank balances on it.

Vice Mayor Betts: I have a question to Councilman Lester, I guess. In May I noticed in the minutes, you said the State Auditor's Office would probably be here in June.

Councilman Lester: Yes Ma'am, they were. They have begun their audit.

Vice Mayor Betts: They were here? And that has been... That's why I didn't have the June Report. Okay, thank you. So they have been.

Councilman Lester: Just to bring you up to date, Mrs. Rogers has posted just about all of the corrections to the fiscal year 2009. She and I have to arrange some time together. We're still trying to untangle what happened to the park money and the expenses and they may create further adjustments to fiscal year 2009. Now, we just need to clean up 2010, because there were a lot of corrections; it went from 2008, 2009, to a huge, as you know there were huge errors in there and monies that were improperly recorded, so...

Vice Mayor Betts: I'm glad to hear that the Auditor's Office has been here.

Councilman Lester: I've contacted the State Auditor's Office and it seems that they had to put us aside for a couple of days; maybe a week or two, because they were busy on other matters.

Vice Mayor Betts: But they have finished?

Councilman Lester: They're working on it, yes.

Vice Mayor Betts: Oh, they're still working on it.

Mayor Newlands: They won't be done until September.

Councilman Lester: They have a lot to do.

Vice Mayor Betts: Okay, thank you.

Mayor Newlands: They won't be done until when? September?

Councilman Lester: Probably. Yes, this is a thorough review.

Vice Mayor Betts: Good. Thank you.

Mayor Newlands: Are there any questions on the bank balances? Did you have anything else that you wanted to report?

Councilman Lester: No.

Mayor Newlands: Okay. Just for the record, we did get two letters from the public about the gross rental receipt tax; objecting to the gross rental receipt tax; just to let you know.

Vice Mayor Betts: Can I have a discussion on that?

Mayor Newlands: When we get to it in about two minutes, yes.

Vice Mayor Betts: I meant, is it possible that we can have discussion about it?

Mayor Newlands: Sure.

Vice Mayor Betts: Okay, thank you.

Mayor Newlands: I'm not going to read this into the record; but all the Council has a copy of it. Corporal Collins had assisted an 80 year old man; he pulled him over and stopped him and the gentleman got a little nervous and wound up hitting his tire against the curb; blowing a tire and Collins graciously got out and changed the man's tire for him. So he was very appreciative of that and he wrote us a letter to put in his file. As I said before, we're getting a number of complaints from Cannery Village; they're complaining about some of our ordinances regarding where we tell the contractor and the developer that they are responsible for street maintenance and snow removal and street lights and he's passing that money along to the residents; that's his option. We have nothing to do with that; so I just want to let the public know that. A couple of individuals also went to the Attorney General's Office to complain about that, as well; so we're addressing that with the Attorney General's Office.

12. Old Business – Discussion and possible vote on the following items:

a. Ordinance for Gross Rental Receipt Tax

Mayor Newlands: I just want to read to the public, a list of the Towns and what they charge: Georgetown charges a flat fee of \$300 a year; Lewes charges 5% Gross Rental Receipt Taxes; Dewey is \$150 a year; Bethany Beach is 6%; South Bethany is 8%; Fenwick Island is 7.5%; Millville is 2%; Dagsboro is 3%; Milford doesn't have any, but they also have sewer, water and power station; and Millsboro doesn't publish any fee schedule on the web, so I couldn't find that out; and, Rehoboth charges \$22-\$33 per room, for tax. So it is not unusual to have a Gross Rental Receipt Tax in Sussex County or anyplace else and this ordinance taxes those rentals that the State does not tax. So if it's a Bed and Breakfast and the State has a tax; we don't double hit the landlord for that. We have to remember that the people who rent these apartments are using town services. So they're using police, fire, water, sewer; they're using the town services; they're registered voters, a lot of them; so they're using a lot of services and there's no tax coming from that at all. There's a lot of things that we need to collect.

Vice Mayor Betts: But they are paying their water and sewer, the same as anyone else.

Mayor Newlands: Yes they are.

Vice Mayor Betts: Okay.

Mayor Newlands: Actually, some of their landlords pay them for some strange reason.

Vice Mayor Betts: That's right, but it's getting paid.

Mayor Newlands: Yes it is.

Vice Mayor Betts: And the town is not absorbing the cost.

Mayor Newlands: Uh-huh.

Vice Mayor Betts: You said that it does not include non-profit, is that right?

Mayor Newlands: No, it doesn't include rentals that the State taxes. The State has I think at 8% tax on certain businesses and certain rentals.

Vice Mayor Betts: How about Section 8? Are we collecting from people that are Section 8, Low Income?

Mayor Newlands: It will be any of the apartments in town, yes.

Vice Mayor Betts: And all Milton Landing?

Mayor Newlands: Uh-huh.

Vice Mayor Betts: But the non-profits, no, right?

Mayor Newlands: Yes, we will hit them as well.

Vice Mayor Betts: The non-profit, like Luther Gardens and Luther Circle?

Mayor Newlands: Yes. Luther Circle, that's not rentals, I don't think.

Vice Mayor Betts: Yes it is, they pay according to their income.

Mayor Newlands: Oh, that's right, okay.

Vice Mayor Betts: Okay.

Mayor Newlands: They are paying the rental license right now; whoever is paying the rental license, will pay this, as well.

Vice Mayor Betts: Okay. But they just pay one rental license of \$75. Is that correct?

Mayor Newlands: Per apartment.

Vice Mayor Betts: Per apartment? Okay. How about the commercial landlords that have buildings that they're renting to people that have a business?

Mayor Newlands: We're not doing commercial and none of these towns do commercial. They always do residential.

Vice Mayor Betts: But if we did do that, it could be a much lower percentage that it wouldn't hurt anyone. It wouldn't be... They do not get any more service... A person that rents a house, does not get any more services than I do. What difference does it make if one person owns five houses; they pay their rental license on every house and there's no different services that are given to the tenant.

Mayor Newlands: One thing you're not realizing; you pass this along to the tenants. This is something that gets passed along to the tenants.

Vice Mayor Betts: Okay. The 300 properties which you have singled out; they're absorbing the cost of the deficit that the town created as a whole; regardless of the majority or out of town landlords; and they're not in town; everyone should be treated the same. And it was stated that the landlords could raise rent to include the tax that is being proposed. With the economy the way it is, the rent standards have been lowered; so Milton does not have the amenities that the beaches have in order to have a high rent justification. And a lot of the landlords in town are receiving low rent because they can't get people to rent it at a high rent. We may have a few, but most of them... And what criteria are you using between low rent and high rent? It's going to be the same?

Mayor Newlands: The same percentage. Yes. That's the way it's done in all of the other towns. Yes.

Vice Mayor Betts: Okay. The landlord's are taxed on each property; the County, the Town, as well as the Federal and State rental income; just like everyone else and I can't see the difference of who owns the property; what services the landlord, on a rental unit, gets more than a property owner.

Mayor Newlands: The landlord doesn't use any services, because he's not in the dwelling.

Vice Mayor Betts: No, but he's paying for his rental license. They're paying for their services.

Mayor Newlands: That is correct. Yes.

Vice Mayor Betts: They're not getting anymore service.

Mayor Newlands: If you don't like this and you can come up with another \$200,000 of steady income for this town, I'm more than welcome to listen to it, but nobody's come up with any other revenue sources and this is not something that is foreign to anyplace down here; any of the towns down here. That's why I listed out all the towns and all of what they get.

Vice Mayor Betts: Okay. All right. But they also pay a rental license to rent their units and we have to remember that this is Milton and not a beach area and they can't compare to it.

Mayor Newlands: I'm fully aware of that. Dagsboro and Millville are not beach areas either and they're all doing this.

Vice Mayor Betts: I think at the rate that you're proposing, will probably drive out a lot of the rentals because they support the local businesses, the same as you and I do.

Mayor Newlands: The way this is written right now, if we do 6% right now, the way this is written, we only collect 6% on the last quarter of this year; that's the first thing; so that doesn't come due until 2012; so it's technically a 1.5% for this current year. The full tax doesn't go into effect until January 2013; okay, so people have enough time to get used to this and get adjusted to this.

Vice Mayor Betts: Well I disagree.

Mayor Newlands: Every year we talk about our fees and there's no reason that every year we can't adjust this, as needed.

Vice Mayor Betts: I think we can adjust the rental licenses, yes. But I definitely think 6%...

Mayor Newlands: See if you adjust the rental license, whether it's rented for the entire year or not, you pay that license. This, at least, goes based on whether it's been rented the entire year.

Vice Mayor Betts: The 6% is awful high. When you have a house that you rent for \$700 a month; you get \$4,800; you pay that right off the top. With 6% you have your town tax; you have your County tax; you pay on the Federal and State tax; that comes out first. I'm telling you the landlords are not making anything and a lot of the landlords have invested

in the town so that they could retire and live off their income. I'm telling you, it's very little.

Mayor Newlands: Well if you can come up with another source of \$200,000 for revenue, we'll do it; but right now this is the what we have.

Vice Mayor Betts: I do think that if all property owners that rented any type of building, paid 1%, it would take care of the 6% on 300 people. They didn't help create it.

Mayor Newlands: The State charges commercial some nominal fee; I forget what it is, but on commercial rentals there is some fee, I think. I think it's under 1%, but there is a fee there.

Vice Mayor Betts: Well thank you. That's my feeling.

Councilman West: Mr. Mayor, your commercial businesses are still doing business in this town, just like your landlords are. They're a business too.

Vice Mayor Betts: They are.

Councilman West: So if you're going to charge one, you need to charge them all. I'm against, like I told you; I'm against charging a percentage. I would rather see you raise the licensing fee than charge the people this tax.

Mayor Newlands: But if you raise the licensing fee, you're paying the licensing fee regardless of whether the building is occupied or not.

Councilman West: That's right, but people would rather pay the licensing fee, than a tax.

Vice Mayor Betts: But I think we need to try to find other ways to help and see what it would be, if you charged everyone that was renting a property.

Mayor Newlands: As we find them, we do that. We go out and we talk to them.

Vice Mayor Betts: But that's not helping the person that is paying the 6%. The 300 people...

Mayor Newlands: Code Enforcement is a different problem and we're addressing that; and there's also a way to do that in here, where one of the towns what they do is they make every homeowner sign if they're renting their property or not; every year when the tax bill goes out. If they're caught and they don't it's \$1,000 fine.

Vice Mayor Betts: But that's what I'm saying; it's not fair to the people... I know we have a deficit and we have to pay it; but it's not fair to single out 300 people that rent their homes out to pay the deficit that was created by the whole town.

Mayor Newlands: So you would rather go out and charge 10% extra for all the residents of town and raise taxes by 10%. It's not going to be 1%, by the way, to raise this kind of money.

Vice Mayor Betts: But isn't it fair?

Mayor Newlands: No, I don't think so. You can't keep going back to the same source of the same people.

Vice Mayor Betts: Well you're going back to the same landlords over, because they're paying their tax; they're paying a rental license.

Mayor Newlands: This is on the business; this is different. It's on the business portion of their house. It's different.

Vice Mayor Betts: Then you said you weren't taxes the business.

Mayor Newlands: It's the business part of their...

Vice Mayor Betts: Thank you.

Councilwoman Jones: I've had an awful lot of visits and phone calls about this issue. I would like to share some of it with you. I think this whole issue warrants a public workshop with actually, if you have 300 identified rental license folks in this town; then I believe, no matter the cost, they deserve written notice of the workshop. It is, after all, a select group that's being targeted and though I applaud your effort and I hope you'll continue to look for revenue for the Town of Milton; I don't think passing an ordinance like

this, so quickly, is a very wise move. I believe it starts with; which you alluded to in here and allows for owners of rental properties to be contacted and swear under oath that they do or do not rent; well, that's an awful big variable. I think it starts with investigating the tax bills and find out who is getting tax bills sent out of state. I know that we have a very concerned citizen in Shipbuilder's that although she's not very popular with Town Hall, she makes a good point in the number of places that are rented in Shipbuilder's alone, that don't appear to carry rental licenses with it. In which case, you are now asking the 300 to shoulder the increase that you're asking for. Again, I applaud you for looking for revenue; the town is in great need, but I do believe we need to sneak up on this issue a little slower than we're going now. I'm sorry that there wasn't more public participation actually that came forward to speak about this issue; but then it took almost three weeks to get it up on the website after June's meeting; after it was brought up. I've heralded it out there for people to become concerned and those who have read it have contacted me. I have no rental property. I don't have a dog in the fight, but for the number of calls and contacts I've had, I couldn't support this as written. I think it requires a lot more work before you're... You're also asking, I don't know how many of these 300 identified people are actually out of town residents, which also makes them have no vote. They cannot vote for or against this; they cannot then change the administration come March because they weren't happy with how we made our decisions. They are rendered useless with no vote against this issue. I just would ask for further consideration and for certain, this being as large a subject as it is; I would ask for a public workshop.

Mayor Newlands: Well, just to let you know, I've done at least two interviews on this subject alone. The Cape Gazette had an article in Friday's paper; detailing what was on the agenda for tonight's meeting; so it's been publicized there. This was on our agenda about two months ago, so it had notice then. This is not the first time people are hearing about this.

Councilwoman Jones: But we tabled it.

Mayor Newlands: It doesn't matter, we tabled it; it's been up there and nobody's actually asked me for a copy of it. So we've had two letters come in; that's it.

Councilwoman Jones: I'm not going to argue with you.

Mayor Newlands: Nobody's asking. It's had enough notice, I think, to the public.

Councilwoman Jones: I don't think it has had enough notice to the public, because I think you would have a lot more attendance here, since this is back on the agenda tonight for a possible vote. I think there are a number of people who have issues with this. Unless you check the website, you don't know. And if you have 300 actually identified and you have their addresses, then I think it behooves the Town of Milton, in all fairness, to notify them. Thank you.

Councilman Lester: Mr. Mayor, is there an urgency that we pass this tonight?

Mayor Newlands: Not tonight, but I would like it to be a task by September so we can include it in the budget.

Councilman Lester: So we can work through this as we go through the budget process, so we can see the impact.

Mayor Newlands: Yes.

Councilman Lester: There are two courses of action the landlords have: 1) they would have to rewrite their leases to state that the lease will include whatever rate we decide on or, 2) set up some sort of monthly billing system so when the landlord gets the rent from the tenant each month, it would include 3, 4 or whatever percentage that we are presenting; then it's truly a pass through to the tenant.

Mayor Newlands: Well we wouldn't do it monthly; it would cost us too much money in mailing and it's too much to...

Councilman Lester: Well you see what I'm saying; for the landlord to pass it through, otherwise you can't go along at the end of the year and say, oh by the way...

Mayor Newlands: Right, that's why it's set up...

Councilman Lester: There's this clause in the lease that I'm going to charge you this. So you would always be running a year late; you would have to change next year's lease.

Mayor Newlands: That's why I set it up so that we can't tax anybody on monies they've already earned this year. That's why it starts in October.

Councilman Lester: Yes. So that gives us time to work through all the angles.

Vice Mayor Betts: I would agree with Councilwoman Jones that I think we should have a workshop so that we can sit down and get... Do you have a list of all the landlords in town that we could work on; so we could sit down and try to work down?

Mayor Newlands: Do you actually believe that you're going to get 300 landlords to come in here, number one?

Vice Mayor Betts: No, I'm not saying that.

Mayor Newlands: No, what I'm getting to is if you have a workshop and you bring people in and tell them that we're going to tax them and ask their opinion, they're all going to say no.

Vice Mayor Betts: They'll what?

Mayor Newlands: You're going to get all the landlords in here and have a workshop and ask their opinion; they're all going to say no.

Vice Mayor Betts: No, that's not what I'm saying.

Mayor Newlands: That's not what taxes are all about.

Vice Mayor Betts: I think that the landlords should be notified of the tax; like Councilwoman Jones said. I think it would behoove us; and then if we had a list, we could figure out if there's others that are not being taxed.

Mayor Newlands: I remember from a presentation I did in 2007 about taxes; that there were a lot of bills going out of state; they weren't going to the actual residents; so we'll check that and compare that against our list of renters.

Vice Mayor Betts: I think that would be helpful because there are people who know landlords that are renting houses and you have to find out how many people are renting rooms.

Councilwoman Jones: I would rather see an increase across the board in both commercial and private rental licensing myself and my other question is, how do you propose to know when a landlord comes and gets a rental license? How do you propose to know what they are charging for that property, so you know what you're going to get your 6% on? How do you propose to know that figure? Do they disclose it somewhere to you?

Mayor Newlands: They would have to disclose it in the form to us, yes.

Councilwoman Jones: In a form to you?

Mayor Newlands: We would have to create a form that they'll sign and fill out and tell us what they're charging.

Councilwoman Jones: Which may or may not be truthful.

Vice Mayor Betts: That's right.

Mayor Newlands: But they're swearing to it, and I guess...

Councilman West: Yeah but there are a lot of good con artists out here.

Mayor Newlands: Hold on, let's let Seth talk.

Seth Thompson: If I can address a few of the issues. Number one, I think it's important to note that the enforcement issue on the license fee is completely separate. So I understand people's concern that this is somehow a means of collecting money that would be due under the rental licenses; but legally it isn't that and the bottom line is that we expect people to comply with the law. Just like when people file their taxes; they're supposed to

be truthful. Now if they get caught, then obviously there are consequences. It would be the same in this situation. It was set up so that they could seemingly look at the end of the year, when they were doing their taxes; so then pay the rental tax. The reason it was focused on residential properties, as opposed to commercial; and this is more a policy issue; but I think it's also underlining why all of your neighboring towns tend to just focus on residential, is that people come to Milton because they like the atmosphere and maybe there isn't that much of a difference to them; the 6% or the 3% or whatever the Town Council may or may not elect to put as a Gross Rental Receipt; that seemingly probably next year gets passed on to the renters; isn't as much of a deterrent. And again, you're focusing on people that might rent for a year; or maybe just seasonally. You are fairly close to the beach and hopefully Milton has enough charm that people would want to come despite the slight increase in cost vs. businesses. We are a corporate state and obviously we keep our state taxes very low for businesses, to draw those businesses in. The same rationale would apply to your town. The reason being that seemingly businesses in town tend to make up the money on the other end by having other people live in town and just doing business in town. So that's really, I think, the underlining reason why people focus on the residential rentals, as opposed to the commercial rentals. The other thing is supply and demand. There are a lot of empty store fronts out there. So when it comes to commercial, a Gross Rental Receipts Tax for commercial that other towns don't have; would just be another reason for businesses to go elsewhere. Which again is a little bit different than the residential, where you would hope that people would come for the charm. It's not as long of a relationship. You would like to think that a business would come for a long period of time, and commercial leases tend to be longer. If somebody is going to invest some money, it's going to be more than just for a summer season or for a month or just for a year. So that's the thinking behind it. These aren't legal questions, they're just policy questions.

Councilwoman Jones: To take issue with one, the writer of this letter feels that people are coming to Milton, not because of the charm, because they cannot afford the rents in Lewes and Rehoboth; which is forcing them further inland and with it, actually, comes a whole different tribe of individuals.

Vice Mayor Betts: That's right.

Councilwoman Jones: When you talk about excluding rental licensing for business and I go for the increased rental license across the board. Let me ask a question and I think I know the answer. A small business downtown; if I may use Bark Avenue; it is a commercial business. Your rental license; is Bark Avenue paying the exact same amount for a rental license as Food Lion?

Vice Mayor Betts: Yes, yes.

Mayor Newlands: What do you mean rental license?

Councilman Lester: She has a business license.

Councilwoman Jones: Business license, excuse me. Let's just reverse it over to business license. Does your business license include the same amount of money as Food Lion pays for their square footage?

Mayor Newlands: No, Food Lion is a lot higher.

Councilwoman Jones: So I just think that there are variables, whether it be business licenses or rental licenses that we could look at as far as increasing the charge. That's like a bird in the hand is worth two in the bush. If they come to get their rental license and they pay for it and we enforce it because, if they're not paying their bills it's not their fault; it's the Town of Milton's fault, if we're not enforcing and getting our money. If we increase their licenses across the board, I do think it will generate income and the homeowner has paid you their fee; they may or may not rent that building. You may get no percentage off

of a vacant property. I'm just asking and throwing out there a broader set of options and working up what your figures would be if you increased rental licenses; in both the commercial and private sectors, as opposed to going to this percentage. I would imagine you won't get as much money as Gross Rental Receipt Tax; but it's a start and you're getting ready to go into a new budget year, where you could effect this. How that plays out to go forward, yes, there are a lot of municipalities in this area that include Rental Receipt Tax, but when you put Rehoboth Beach as 22-33% per room, per year, are you talking about hotels? We don't have any.

Mayor Newlands: What do you mean we don't have any hotels?

Councilwoman Jones: We don't have hotels. You're not going to get income from that source. You quoted it here.

Mayor Newlands: I'm just listing what we have. That's all. Actually the hotels are charged a State tax; so it wouldn't be the hotels. I just read off their website what they do. I don't know what that generates even. I know in some towns this generates \$250,000.

Councilwoman Jones: I'm sure it's a huge amount of money.

Mayor Newlands: It's a sizable amount of money, yes.

Councilwoman Jones: In regard to your comment about inviting 300 people here to tell them we're going to increase their Rental Tax; no, it's not going to be a popular option. But the Town of Milton will rise to the occasion as being a fair and equitable player, if they contact these folks and let them know what's going on. So it's not about whether or not you expect them to sign up with happy hearts for a 6% increase in their rental receipts; it is that we, the Town of Milton, has done the right thing by notifying them in a proper way.

Mayor Newlands: Just realize if we make the rental tax \$300; it's less than half of the money that 6% would bring in.

Councilwoman Jones: And I think I qualified that by saying I don't expect we're going to get anywhere near the money and it doesn't mean you have to bury this proposal; it just means for right now, I don't believe you have all your players in place. I think you have equally as many people who rent in this town, who don't get rental licenses, as you have who have stepped up to the plate to do the legal thing. That's what I believe.

Mayor Newlands: Okay, well we check that out. I can do that study pretty easily.

Councilwoman Hudson: One thing I would ask is; you were talking about the expense of notifying 300 rentals, all of the residents here are involved; not just the people with rental properties; and the Charter says that we have a specific means of notifying people. So it wouldn't be fair to notify just the 300 rentals in the town and not notify everyone else; and I think to notify everyone in the town, every time that we decide to change a fee or change a tax; would put an exorbitant cost on this town. I would ask that we comply with the Charter, because I know that one of the things you're a stickler for is Policy and Procedure. So I would ask that the Town continue to notify according to the Charter.

Mayor Newlands: That's a good point, thank you.

Councilwoman Hudson: Thank you.

Seth Thompson: Just getting back to the issue of raising the fee over charging a Rental Receipt. The one concern is that obviously they have to pay the license fee up front; which could be a deterrent to somebody actually then deciding to rent a unit vs. the actual tax, where they've received money and now they're paying some of it back. I think they are going to look at it as the cost of business. Councilman Lester could always speak to it, but I assume they would try to write it off on their taxes. The other element to raising the fee, as opposed to incurring the tax, it's going to have a disproportionate impact on the lower priced rentals. I think that's the problem. But if you just increase that fee; again, that's going to be much more difficult for the people that rent cheaper places. I think that's why Towns typically have a license fee and a Gross Rental Receipts Tax.

Councilwoman Jones: Why is it going to be more difficult for people who have lower rent?

Seth Thompson: Well it's a larger chunk of what rent they're going to receive for that year.

In essence, if they rent out a room for \$300; a \$700 license fee is over...

Councilwoman Jones: Exorbitant and I would never recommend that; nor would I recommend a 10% increase in taxes across the board, which is what Mayor Newlands said; so bringing it down to some reality there; at present \$75; I think that's extremely reasonable; I think any proper business person would find that extremely reasonable at this time and I think you would find less resistance to making that approach first. Just first. Baby steps.

Councilwoman Hudson: To me, I didn't teach math; what he's trying to say is, it's based on a percentage. When I was working and they cut 2% tax across the board; it hurt somebody worse, like a Records Clerk, who was making 20% to be cut 2.5%; far more than it hurt somebody in the State who was making \$110,000, like a Psychiatrist to be docked 2.5%; because the person at the bottom has less resources available. It was a bigger hurt out of the pocketbook for somebody only making \$25,000 as opposed to somebody making \$110,000. So I think that's why a percentage is more equitable, than an across the board fee; because the across the board fee will hurt the low paying incomes and we have a sizable number of them in the Park Row Apartments and Milton Landing and so I think it would not be a fair thing to do, to just have a straight across the board fee.

Mayor Newlands: And if you're not renting your dwelling full time, you're going to pay that full fee; if it's a fee as opposed to a tax.

Councilwoman Jones: Meaning the license?

Mayor Newlands: Correct. So it does penalize people a lot more doing that.

Councilwoman Jones: If you're not renting it full time, you're not getting your 6% either.

Mayor Newlands: That's fine, but it's equitable though.

Seth Thompson: It would just be 6% of a smaller number.

Mayor Newlands: Right, exactly. So it's just a more equitable way of doing it that way. I don't see what you're going to do having a workshop; I don't see where you're going to go and what you're going to learn from a workshop.

Councilwoman Jones: You are going to be fair in your approach to the residents of Milton.

Councilman Lester: Mr. Mayor, we're going to have budget workshops. Maybe one or more. I think that would cover any workshop requirement.

Mayor Newlands: Okay.

Councilman Lester: If anybody wants it to be in the budget discussions...

Mayor Newlands: We should have a workshop at the end of the month.

Vice Mayor Betts: I think that would be good.

Mayor Newlands: Okay.

Councilman Lester: Unless my friend next to me wants to take more days off the board and come to more meetings.

Councilwoman Jones: Well that's fine, the budget workshops, but how do you notice; you talked about the Charter and I have to tell you I don't what that issue is about the Charter's way to notify en masse. If we're having budget workshops in two weeks, how does anyone propose to notify those folks who could be affected.

Mayor Newlands: The same as we do everything else. It goes on the website; it's in the paper.

Vice Mayor Betts: Could it go in the water bills? They're getting ready to go out.

Mayor Newlands: No, it won't be in the water bills. That means it's going to go to every resident, as opposed to 300 renters. It's posted. Believe me they find out about these things.

Vice Mayor Betts: A lot of people who are out of town, I don't think will know it.

Mayor Newlands: I got letters from North Carolina, so they know out of town, believe me.

Vice Mayor Betts: Probably through someone else talking to them.

Mayor Newlands: This has been going on for 2 or 3 months now that I've been talking about this and it's been in the paper quite a number of times, so it's not like people don't know about this. And I'm not shy about talking about it in the paper either.

Councilwoman Jones: We send out to all our residents notices about Concerts in the Park. This is an important issue; equally as important as Wednesday's Concerts in the Park or the Chamber's activities or the Downtown Merchant's Group. I can't say anything more about it.

Councilman Lester: Seth, if I may, isn't notice notice to everybody. If something happens and you put a notice in the paper, say it a death when there's a will to be read, or something. You're notifying the public, in general; if they happen not to see it, they've received notices; they don't look for it.

Seth Thompson: The way it works is, the notice that's required, is going to be dependent upon what the subject is. So, for instance, if there's a rezoning, that public hearing has to be noticed in the newspaper 15 days in advance; that sort of thing. Annexations – it's just going to be subject dependent. This is not something that is going to require additional notice; certainly the town could take it on. I think Councilwoman Hudson's point is well taken, that as soon as you start either doing surveys or doing specific mailers for issues; just be prepared to do that for a lot of issues. I view it, to a certain degree, as a potential change in the Tax Code. Again, these are people making money, so they're operating a business and to a certain extent they should probably remain aware of what's going on in the town in which they are operating a business.

Councilwoman Jones: Let me ask you, if this passes, how do you intend to notify all these 300 that you have identified? Because you have identified. You've got a list; the 300. Now you're going to pass this. Are you going to give them notice, or are they just suddenly going to get a bill?

Councilman Lester: The Town sends out a notice at the end of the year that if your property is going to be rented in the next year, this is going to be your rental fee; so included in that notice.

Councilwoman Jones: But you hope to collect November, December.

Mayor Newlands: This one we'll have to do earlier because we're October, November, December. So we would have to notify them when we pass this.

Councilwoman Jones: So it does affect this year's income for them.

Vice Mayor Betts: Sure it does.

Mayor Newlands: Yes it does. It's only 3 months though. Seth explained to me; I asked him the question, why is it only for the last 3 months and he said you can't tax them on something that you haven't given them notice on.

Councilwoman Jones: That's ironic.

Mayor Newlands: What?

Councilwoman Jones: You're about to tax them for something they don't have notice on.

Mayor Newlands: No, but this is money they've made already. We can't tax them on money they've made already.

Councilwoman Jones: Did you miss the point?

Seth Thompson: The point is that for most people I would think the seasonal leases would have expired at that point; so seemingly they wouldn't pay for anything on 2011. And, again, you're dealing with months; you're dealing with just the last quarter of the year. So it's, in essence, an opportunity for people to get used to seeing this in the payments, because they would come in for next year's rental license and then, at that point, the town could say, oh by the way, if you rented last year, you owe this rent and it's only for 3

months.

Councilwoman Jones: Have we identified a great number of seasonal rentals in this town? I mean, if you're differentiating; I'm asking have we identified seasonal rentals in this town?

Seth Thompson: The ordinance doesn't differentiate, but using a percentage obviously would in terms of affect. But, again, if people only rent for 4 months or 3 months or 1 month; that's going to be a much lower... It's going to be the same percentage, but it's going to be a much lower number because you're dealing with a lower amount of total rent.

Councilwoman Hudson: And in the workshop, perhaps we can discuss when we want to start. If you think starting this last quarter is too soon; we could start it the next year; but that would be something to discuss in a workshop, as to when to start. That way there would certainly be plenty of notice for people.

Mayor Newlands: I think we've taken enough time on this one; otherwise we'll be having the workshop now.

Councilwoman Hudson: Shall we make a motion that this be discussed at the Workshop?

Seth Thompson: I think you can just request that it be on the agenda.

Councilwoman Hudson: On the agenda for the workshop?

Seth Thompson: Yes, that's right.

Councilwoman Hudson: I make a motion that this item be on the workshop agenda.

Seth Thompson: The motion isn't necessary.

Councilwoman Hudson: Oh, okay, it's not necessary at all. Okay.

Mayor Newlands: I'll make sure it's noticed properly on the agenda.

b. Annexation Fee Reduction

Mayor Newlands: Councilwoman Hudson, this is yours.

Councilwoman Hudson: As I was saying to Ginny Weeks, February 6, 2006 and I have a copy of the minutes here in front of me. I will read specifically what it says. "Annexation Impact Fees. Mr. Willard proposed 65% for sewer; 10% for water; 5% for police; 5% for parks; 10% for Streets and Sidewalks; and, 5% to Town Hall. This is an \$8,000 per acre Annexation Fee that would be split within these areas." Then it was voted on and approved. On October 6, 2006, Lynn Ekelund said, "She was blindsided by the comments about Tidewater at the last meeting. If we were to go the Tidewater route, what affect would that have on the prepaid use system the Town has already collected? What affect would that have on the \$8,000 per acre Annexation Fees we are currently charging?" And Mayor Post responded, "I think it's too premature to know." That was in 2006. Also, I asked at the same time, "Is there documentation of cost expenditure analysis; a study or something to support our town charging \$8,000 per acre and \$8,000 per EDU?" And Mr. Brady responded, "The Town Council asked me to look into that two months ago and that's what I'm working on. I plan to have it for the next meeting, November 6th." We have a copy of his letter from November 6th and there's not one bit of documentation referenced. No study. No cost benefit analysis. Nothing he referenced at all to support an \$8,000 per acre annexation fee; rather, in a nutshell, he says that, if the sewer plant is sold that item would have to be revisited. So the sewer plant has been sold. I think it's time, after all these years, that we change it. What I would like to see is that the new Town Manager use studies the town has already paid for, perhaps; we do have cost benefit analysis done for the sewer and water plant; the town paid for a cost revenue analysis from North Milton and perhaps use those studies, that were already done to save us having to do any new ones and come up with a lower rate. The reason being that perhaps we could get some developments around us to annex in. Right now we're stagnated because there have been no new developments annexing in and I think if we had a reasonable and hopefully, legal,

annexation fee; just my opinion; but I don't think we can charge an annexation fee for a sewer plant we no longer have. So that's why I brought it up and I would like our new Town Manager, whoever, to work on that with our Town Engineer and come up with a recommendation for a new annexation fee.

Mayor Newlands: I've spoken with a few developers and what I've expressed to them is that on a new annexation fee, I would like to bring the money in over time; not all at once. It's a very big burden on a developer to pay the entire annexation fee at one time, so I think splitting it over into fifths, over five or maybe ten years, ten years is probably too long; but just split it up somewhat so that they get a little bit of relief in the beginning and both of the developers were very receptive to that. Actually, one developer told me he wouldn't have backed out of a property if he had known we were thinking of doing that. So we need to be able to do two things; help them along a little bit and also get a steadier stream of income; rather than getting it in all at one time and then just blowing it on whatever.

Vice Mayor Betts: I agree.

Mayor Newlands: So we will...

Councilwoman Hudson: Could you direct the new Town Manager to work on that and get back to us and perhaps we could table this until the next meeting? Seth do we need to table this?

Mayor Newlands: Yes I will.

Seth Thompson: You can just have it on the next month's calendar. In terms of the actual fee, your Code allows for; it doesn't provide for a specific number in the annexation agreement chapter and the sewer just seems to indicate that it would be fixed in the town (b) schedule.

Councilwoman Hudson: We don't have a sewer.

Seth Thompson: The sewer impact fee.

Councilwoman Hudson: We don't have a sewer.

Seth Thompson: I understand that, but I'm just saying that the \$8,000 figure is not in there either; that part of the code. So I take it that it is on the Town Fee Schedule.

Vice Mayor Betts: I think the reason it was so high; the 65%, was we were planning on building a new sewer plant; that was the reason it was so high, I believe.

Seth Thompson: We need to make sure we know where that number is, so that we are amending the proper item.

Councilwoman Hudson: Where it is?

Seth Thompson: Where the number is, in terms of where a developer would be on notice. So if it is on the Town Fee Schedule, then that's what needs to be amended.

Councilwoman Hudson: Oh, where it's listed.

Seth Thompson: Exactly.

Mayor Newlands: Robin tells me that it is on the fee schedule.

Seth Thompson: Okay.

Councilwoman Hudson: Yes, but my concern was that it be a reasonable and up-to-date fee.

Mayor Newlands: I agree.

Councilwoman Hudson: Thank you.

- c. Update No Parking Ordinance to include Magnolia Street

Mayor Newlands: This is just a formality for the Ordinance for the vote that we passed last month to have no parking on the additional part of Magnolia Street.

Vice Mayor Betts: Do you need a motion?

Mayor Newlands: Yes, please.

Vice Mayor Betts: I make a motion to update the No Parking Ordinance to include

Magnolia Street.

Councilman West: I'll second that.

Mayor Newlands: We have a motion and a second to update the Ordinances to include No Parking on a section of Magnolia Street.

Ginny Weeks: Mr. Mayor, point of order to the attorney. Mrs. Betts lives on Magnolia Street.

Vice Mayor Betts: Do you want me to recuse myself then?

Ginny Weeks: I think you should.

Seth Thompson: If you're willing to, that's fine.

Vice Mayor Betts: I'm fine with recusing myself. It's not in front of my house or anything.

Ginny Weeks: I agree with the Ordinance, but I think you should do what's proper.

Vice Mayor Betts: That's fine.

Councilman West: Mr. Mayor, I make the motion to change the Ordinance as written.

Councilwoman Hudson: I second it.

Mayor Newlands: We have a motion and a second to change the Ordinance to include no parking on a section of Magnolia Street. All in favor say aye. Opposed.

Vice Mayor Betts: I'll recuse myself.

Mayor Newlands: Motion is carried.

d. Status of Hiring a new Town Manager

Mayor Newlands: For all those who know or don't know, we had a hiring committee; a recommending committee, I should say. The recommending committee came up with two candidates. Both candidates came into the Town Council Meeting last month and were interviewed by the Town Council. The Town Council selected one of the individuals. We went out with a contract and that contract negotiation broke down. So we will further discuss Town Manager hiring in our Executive Session tonight, so we're nowhere right now. That's where it stands.

13. New Business – Discussion and possible vote on the following items:

a. Award Street paving contract provided we get grant money

Mayor Newlands: We had bidding going out to paving and water improvements on six different streets and if you forgive me, I don't have it in front of me. It's Conwell Street, Cedar Street, Bennett Street, Clifton Street and water services on Conwell and Cedar Streets. So we had a bid process that went on earlier this month. We had a number of contractors come in; make proposals to us; and the bid opening was last Thursday and the lowest bid went to Jerry's Paving and it was \$115,125.20. Now, when we do this motion to award this contract, this is a contract provided that we get grant money to do this paving. The water money we have, as part of the Water Department; if we get grant money for that, that would be great; but we only need grant money for the paving part. Scott Hoffman from CABA Associates said that these numbers are only good for 30 days. So we need to find out relatively quick if we're going to get money.

Councilman West: Mr. Mayor, I make a motion that we award the paving contract, provided we get the grant money.

Councilwoman Hudson: Second.

Mayor Newlands: All right. Can you amend that just to say it's Jerry's Paving who we're awarding it to?

Councilman West: Awarded to Jerry's Paving. I make a motion that we award the street paving contract to Jerry's Paving, provided we get the grant money, being he was the lowest bidder.

Seth Thompson: Just a really quick question. Is there a specific amount that you need or is

it a grant to cover the entire amount? I just wanted the motion to be clear.

Mayor Newlands: The grant was only to cover the paving portion, which I think was \$95,000.

Seth Thompson: In essence, the motion should reflect what level of grant money the town would need to receive in order to make the contract applicable.

Mayor Newlands: Allen, do you remember the paving portion, how much that was; \$91,000 or \$95,000?

Allen Atkins: I believe it was around \$85,000 for the street paving; paving and the water services were about \$7,000.

Vice Mayor Betts: I think it was \$91,000.

Mayor Newlands: It was \$91,000 yes.

Vice Mayor Betts: I think it was \$91,000.

Allen Atkins: That's all the paving; that includes the paving for the patches; which is separate from the paving of the streets. It's \$85,000 something for the _____.

Mayor Newlands: Let's make it not to exceed \$91,000.

Vice Mayor Betts: Because you're going to have to do the patching.

Seth Thompson: You're going to need the grant money in excess of \$91,000; in essence, \$91,000 is the floor for the contract to be applicable. Do you know what I mean? In essence, the grant needs to be for at least \$91,000.

Vice Mayor Betts: Yeah, \$91,000.

Councilman West: Okay do you want me to restate that?

Mayor Newlands: Please.

Councilman West: Okay, Mr. Mayor, I say that we should award street paving contract provided to Jerry's Paving if we get the grant money of a minimum of \$91,000.

Councilwoman Hudson: I second that.

Mayor Newlands: We have a motion and a second to award the paving contract to Jerry's Paving. All in favor say aye. Opposed. Motion carried.

Please come to order.

- b. Sell all 101 shares of Prudential Insurance stock for approximately \$6,000

Mary Hudson: Apparently we have 101 shares of Prudential stock. Where did this come from?

Councilman Lester: That's an interesting question.

Mayor Newlands: I know when they went public...

Councilman Lester: Yes, they went public a few years back. There's a couple of things that are interesting, because I don't want people to think I'm beating a dead horse, but this goes back to my questions about internal controls and the lack thereof in this town for many years. Internal controls include safeguarding your assets and we know they didn't safeguard our assets, because we had almost \$1 million that disappeared, that we didn't know. This is a prime example. Here's an asset the town owned and had Prudential not sent out a letter, some months ago; we would never have known that we had these 101 shares. Obviously something transpired probably some years ago and it should have been on the books then. I didn't want to make any phone calls until I knew which way the town wanted to go and also they've been paying \$1.15 a share for awhile. I've never seen any dividend income recorded on the books.

Mayor Newlands: Yes, I haven't either.

Councilman Lester: This is the sort of thing anybody could have cashed this in and walked off with this money.

Councilwoman Hudson: I make a motion that we sell 110 shares of Prudential Insurance stock.

Mayor Newlands: 101.

Councilwoman Hudson: 101 shares of Prudential Insurance stock.

Councilman West: I'll second that, Mr. Mayor.

Mayor Newlands: We have a motion and a second to sell 101 shares of Prudential Insurance Securities. All in favor say aye. Opposed. Motion carried. And just to let you know, the price went up \$5; so it's now \$65 a share.

Councilman Lester: I know it's \$65 over the weekend.

Mayor Newlands: So it's an extra few dollars there.

c. Property Tax Amnesty for interest and penalties

Mayor Newlands: When I wrote this, we were owed \$94,000 in property tax; \$31,000 in interest and penalties; it's now \$74,000. One of the larger developments came in with the money that they had promised us and we're probably around \$25,000 or \$28,000 in interest and penalties. I just put this on the agenda. I didn't give any criteria as far as if we do 30 days, no interest and penalties; and the next 60 days, half the interest and penalties.

Traditionally what we do is if somebody is coming in and they're looking to pay their entire tax bill off, we will do 50% interest and penalties, if they give us the money within 10 days of them promising it. So we do that now, but I would like to collect the rest of this \$74,000; some of it is owed to us since before 2006. Ms. Betts, you had asked if we had records before 2006. What I noticed in the system was whatever monies were owed us when we went to the new accounting system in 2006, those debts were loaded into the system. So there are people who owe us from before 2006.

Councilwoman Hudson: Would it be possible for the next 30 days to have an amnesty where they just pay the property tax that they owe, with no interest and penalties; just pay the property tax; give them 30 days to do it; after that they owe the entire thing and we go after them?

Mayor Newlands: Ms. Jones had recommended that we do that and then do another 30 days at half...

Councilwoman Jones: 60 days they get their balance, plus a percentage rate of interest and if they haven't paid up by then, they get it all. But I think a 30 day window to allow those who want to come forward and pay it 100% up front, you're still going to get your money.

Mayor Newlands: Yes, I would like to do this, not for 30 days; a little more than 30 days; just like until the end of August; since it's almost the middle of July; so make it until the end of August.

Councilman West: August 31st?

Mayor Newlands: That way we know, budget-wise what we're doing.

Councilman Lester: I think when most states go into an amnesty they usually set it at about 90 days.

Councilman West: I have one question though Mr. Mayor. The ones that have already come in and paid their taxes; did they pay the interest too?

Mayor Newlands: They paid half the interest, yes. We don't get that many that do that, so there's only been a handful.

Councilman West: Okay.

Councilman Lester: I think Mr. Mayor you were clear about this; these delinquencies did not happen yesterday; they've been on the books for some time.

Mayor Newlands: Quite a few of them have been on the books for years.

Councilman Lester: So people have known for a long time that these amounts are due.

Mayor Newlands: Now we will send them all bills with the offer in there; so we can easily get an address list and get a bill out to all of these folks with the offer that's in them.

Councilwoman Jones: Immediately.

Mayor Newlands: Immediately, yes.

Councilwoman Jones: You answered my question before I asked it. Thank you.

Mayor Newlands: So which way are we doing it? Are we doing it until the end of August and that's it?

Vice Mayor Betts: Right.

Councilwoman Jones: So you're going to give them 45 days for the first leg?

Mayor Newlands: And I think that will be one offer; and one offer only. You're giving the best offer. No interest and penalty for 45 days, until August 31st and then we're done.

Councilwoman Jones: So after 45 days then you're going to get your interest, plus the rate?

Mayor Newlands: Yes, an exorbitant 48%. Then we'll proceed with liens and whatever else we have to do. No liens have been placed on anybody's home; none whatsoever; we haven't done any of that. So we will be doing that. We've had a few properties change hands and we didn't get the back taxes on it; and we know there have been no liens placed on it; so we actually lost that money.

Councilwoman Jones: Well some of the folks on the list that you provided for me owe things that look like they're leftover \$0.68 and \$0.98 penalties that weren't paid off on balances.

Mayor Newlands: Yes some of those were.

Councilwoman Jones: Aren't they worth a quick phone call? Hi this is so and so from Town Hall, can you take care of this?

Mayor Newlands: I think if it's below \$5, we just wipe them all off. It's easy to do; it's too expensive and too time consuming to go after somebody for \$0.16 and some people do it on purpose just to mess with your head.

Seth Thompson: Just a point of clarification. If a property transferred the taxes should still be owed.

Vice Mayor Betts: I think so too.

Mayor Newlands: Well what happened was some unfortunate woman on Mulberry Street, we turned her water off on her twice; we forgot to note her account. What we do now is we note the account as being owed the money; but we wipe out the debt so that the current owner doesn't get hit with the delinquent tax bill and we don't shut off their water again; which we did to somebody. So we do that in a different way. It's noted on the account that we're owed money.

Seth Thompson: The lien should travel with the property. The settlement attorney should be calling.

Mayor Newlands: We've never put liens on; that's the problem.

Seth Thompson: It's automatic. I understand you're not recording the lien; but it's technically a lien on the property when it's not paid. It's just not a written recorded lien.

Vice Mayor Betts: So we can collect that right?

Seth Thompson: Yes, if they purchased the property subject to liens.

Mayor Newlands: I'm going to have to talk to you about that separately. Some of these are Sheriff Sales also.

Seth Thompson: That's a different story.

Mayor Newlands: Okay. So we'll do it until the end of August; no interest, no penalties.

Councilwoman Jones: Why don't we call it instead of the end of August, 45 days from the day that this is approved?

Councilman Lester: No I think it's clearer with a fixed date.

Councilwoman Jones: Okay.

Councilman Lester: That's what the State does, a fixed date.

Councilwoman Jones: So it begins tomorrow?

Mayor Newlands: It begins tomorrow through August 31st. So can we get a motion.

Councilwoman Jones: I make a motion that we accept the property tax amnesty as follows: if the bill is paid by the end of August, 2011, the bill itself is paid without penalty or interest. After 45 days, then penalty and interest are applied.

Seth Thompson: I think it might be clearer to just set the amnesty period and then if they don't comply with the amnesty, it's just right back to what they owe.

Councilwoman Jones: What are we discussing as an amnesty period past the 45 days? Is that all we're getting 45 days.

Mayor Newlands: Until the end of August, through August 31st.

Councilwoman Jones: So the motion would include an amnesty period to include until the last day of August, 2011.

Councilman West: I'll second that.

Mayor Newlands: We have a motion and a second to have a tax amnesty on interest and penalties through the end of August, 2011. All in favor say aye. Opposed. Motion is carried.

Ginny Weeks: What interest rate?

Mayor Newlands: We keep the same interest rate we had before.

Ginny Weeks: 48% a year.

Mayor Newlands: Yes and we're cheap.

Seth Thompson: That's for the penalty and the interest, though; that's a combination of those two; they're each 2% per month.

Ginny Weeks: [garbled]

Mayor Newlands: It's a disincentive.

- d. Application from Raymond and Catherine Sachs for the rezoning of parcels 2-35-20.08-88.00, 88-01, 88-02, 89-00 and 89.02 from R-2 (residential) to R-3 (residential)

Mayor Newlands: This is just for Council to approve the request to go to Planning & Zoning.

Councilwoman Hudson: I make a motion the application be forwarded to Planning & Zoning.

Councilman West: I'll second that.

Mayor Newlands: We have a motion and a second to approve the Sachs' request to go to Planning & Zoning for a rezoning. All in favor say aye. Opposed. Motion carried.

14. Executive Session: Discuss Personnel Issues, Litigation and Land Acquisition

Mayor Newlands: Can we get a motion to go into Executive Session?

Councilman West: Mr. Mayor, I make a motion we go into Executive Session.

Vice Mayor Betts: Second.

Mayor Newlands: We have a motion and a second to go into Executive Session. All those in favor say aye. Opposed. Motion carried.

Mayor Newlands: Can we have a motion to come out of Executive Session?

Vice Mayor Betts: I make a motion to come out of Executive Session at 8:55 p.m.

Councilman Lester: Second.

Mayor Newlands: We have a motion and a second to come out of Executive Session. All in favor say aye. Opposed. Motion carried.

Mayor Newlands: Can we get a motion on the item we discussed in Executive Session?

Councilwoman Hudson: I make a motion that we vote for Candidate "C" with the salary discussed during the Executive Session.

Councilman West: I second that Mr. Mayor.

Mayor Newlands: We have a motion and a second to make the job offer to Candidate “C” at the salary discussed in Executive Session. All those in favor say aye. Opposed. Motion is carried.

16. Adjournment

Vice Mayor Betts: I make a motion to adjourn at 8:56 p.m.

Councilman Lester: Second.

Mayor Newlands: We have a motion and a second to adjourn. All in favor say aye. Opposed. Motion carried. Thank you all.