

**Town of Milton
Town Council Meeting
Milton Library, 121 Union Street
Monday, August 1, 2011
6:30 p.m.**

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

1. Public Participation

Mayor Newlands: We have six people that are going to talk about rental taxes.

a) Mayor Newlands: Can you come up to the microphone please.

Lester Radke, 14973 Gravel Hill Road: I wanted to hear what the proposal and so on was, before I had to talk.

Mayor Newlands: The public participation session is always first in the Town Council Meeting.

Lester Radke: I understand that, but I did not receive a copy of the bill, the proposal, as it is. I've only received word of the proposal via voice.

Mayor Newlands: It's on the town website and this is the third time it's been before Council. I don't know how you got notified recently. How did you get notified of this?

Lester Radke: Just by word of mouth. Then I'll voice my opinions formed by the word of mouth. Is that all right?

Mayor Newlands: Sure.

Lester Radke: Okay. There are only five towns in the State of Delaware that have this type of tax: Lewes, Rehoboth, Henlopen and Wilmington. Rehoboth, Lewes and Henlopen are 3%; Lewes is 5%; and Wilmington is 1%. In Wilmington, if you rent it, you pay for it; businesses are not exempt and there's no exemptions. There's no public housing or anything. The tax is paid on everything. I hear that our proposal is that the businesses will not be taxed and I don't think that's fair. How are you going to police the collection of these taxes?

Mayor Newlands: We have a method...

Lester Radke: How are you going to collect? How are you going to police these taxes being collected?

Mayor Newlands: As far as what? We have a rental licensing fee that right now that we police and we do a good job of that.

Lester Radke: Well, I have people who are telling me, laughing, that they don't pay the tax and they don't have a license and they're not going to. Are we going to reduce the license fee when and if we get this proposed tax? Is there still going to be a license fee?

Mayor Newlands: There will still be a license fee, because the license fee is for the service that we use in town. It's above our costs.

Lester Radke: In addition to the tax that you collect?

Mayor Newlands: That's correct.

Lester Radke: Well I'm completely opposed to it. I don't think it's fair. I don't think Milton needs it, but that's my opinion.

Mayor Newlands: May I ask where you got the list from of which towns have rental taxes?

Lester Radke: I got it from my realtor.

Mayor Newlands: But I've gone on all the other websites and Georgetown has a fee; Lewes has a fee; Dewey has a fee; Bethany Beach has a fee.

Lester Radke: I meant Lewes, Dewey and Rehoboth.

Mayor Newlands: All right Bethany Beach, South Bethany, Fenwick Island, Millville, Dagsboro...

Lester Radke: Even they're only 3%.

Mayor Newlands: But there are more towns than the ones you've listed and this is just Sussex County. I haven't gone out of the County.

Lester Radke: Okay, well those were the percentages that were given to me.

Mayor Newlands: Okay.

Lester Radke: That's how I feel.

Mayor Newlands: Thank you.

- b) Gail Merz, 108 Federal Street: Mr. Mayor and members of the Town Council. My husband and I live in Lewes. We own the Federal Street Gallery and Espresso Bar at 108 Federal Street. We are very concerned about the proposed residential rental tax. We had a very difficult time renting the apartment above Federal Street two years ago because we were asking more than most people in this area could afford, \$650. The apartment had been empty for 10 months, after our last tenant was finally, legally evicted owing us over \$4,000. A common problem for most tenants. In any case, we lowered the rent for a young girl who works at Wal-Mart and her husband who is a bus monitor. We cannot increase her rent and we pay all utilities except the electricity. We think that imposing this tax on rental property imposes an undue burden on a specific population of the town, just as a higher tax for new homes; as opposed to the homes in the downtown was proposed before you were elected, Mr. Mayor. We believe you opposed that tax. In addition, we believe you are targeting this specific population because about 75% of the landlords are non-residents and therefore, like us, not able to vote in the Town of Milton elections. Our next concern is about who is considered a renter in the Town of Milton. If, according to your Ordinance Number 2011-002, Chapter 166 under Rent, which reads "The consideration received for occupancy valued in money, whether received in money or otherwise; including all receipts, cash, credits and property; or services of any kind or nature." Then two of your Councilmembers may need to recuse themselves from voting on this issue. We cannot say whom or if either party is a landlord or renter in the homes of Deanna Duby and Mary Hudson; but we are sure it is in the town tax records. In addition, Mr. Lester and Mrs. Betts own rentals and also should be recused due to conflict of interest. Although we believe Mrs. Betts falls under the State

of Delaware's lodging tax exemption. Another major concern is who is going to see our rental income tax records? We know that there is a statement of confidentiality, but as far as we have seen in the past in Milton, there is very little that is not public knowledge. Who in the Town Hall will see our tax forms? We know you have to increase revenue to make up for the tremendous amounts spent in the last administration, so we propose that the Town of Milton impose a higher tax assessment on ALL property owners to make it fair. We also think that maybe you could exclude citizens over the age of 62 to make it even better. Thank you for listening and by the way, in your Ordinance, there are several spelling mistakes and you might want to check them.

Mayor Newlands: Okay, thank you.

- c) Richard Cannon, 606 Mulberry: Well good evening Mayor and Council and neighbors and friends. I'd like to say, first of all, I think our town is far too noisy. We have terrible motorcycles running up and down our streets; very loud trucks; and sometimes, loud automobiles, yet the police do nothing. Now, without enforcement we have no laws. If we need sound monitoring equipment, I think we should get it. I think it would be very helpful and make our town a better place in which to live. Secondly, I would like to talk about the proposed rental tax. Right now it's a little hard to raise your rents to cover the proposed tax. A lot of people just can't afford it. That's all I have to say and I thank you for listening.

Mayor Newlands: Thank you, Sir.

- d) Michela Coffaro, 608 Union Street: Hello, I'm Dr. Michela Coffaro and I want to talk about the rental. I think the 6% is actually outrageous. We're not a tourist town. Really you can't collect very much rent. I think that those who are disabled or at the poverty level or are retired and cannot afford, there should be a difference made for them; if we do have this tax, at all. I don't think we should have the license and then the tax on top of it and the biggest think is to collect from those who do not have a license and then lastly, if there's a B&B and it's a vacation rental; that's different then a monthly rental of \$350; so those are the reasons and if you do this disability, I would do a Pro Bono if people gave permission to let people know that they can't afford it and that they are disabled.

Mayor Newlands: Thank you.

- e) Linda Rogers, 8585 Silver Mist Run: Mayor and Council, I'm here to talk about the rental receipt tax, as proposed. This is an unfair tax which is targeting approximately 300 residential units within the Town of Milton. Landmoor property owners have made major investments in this town and provide housing for those who cannot purchase. Property taxes paid on these homes, is the same as an owner-occupied. Water and sewer is paid the same as an owner-occupied. An additional \$100 business license fee, per rental unit, is charged. All the rules and regulations of the town apply to rental occupants, the same as owner-occupied homes. This tax fee will be past on to tenants, which will make rent unaffordable in the Town of Milton. We have trouble renting, as it is. Landlords already have signed

leases, therefore the new charges cannot be included in the rental fee for one year, or more. If the tax is imposed on residential units, then it also should be placed on commercial business rental units, as well. Taxes of this nature, with an extremely high rate of 6%, is normally done in a resort area where the units are used weekly. Extreme activity occurs during these transitions and the vacationers are sometimes overactive, causing additional demands on the services of that resort town. Rental units within Milton are typically annual or longer and cause very little disruption of the daily activities. Several years ago when Wagamon's West was being developed, many of the homeowners there urged that they were paying more taxes, due to the fact that they had new construction and their houses were appraised for more value. This group strongly urged that the town do a townwide appraisal; which was done in order to have an even tax base for all propertyowners. This eventually passed and now all of us pay higher taxes. It is also in the works that Tidewater is proposing to increase their rates; this is also going to be passed along to tenants. It is unfair that landlord and tenants absorb these extra taxes, due to the fact that the homes are not owner-occupied. In these difficult times, when the citizens and businesses are experiencing budget difficulties; it's inappropriate to single out rental units and impose an unfair tax burden. This Council needs to cut its expenses, within the budget as much as possible, and come up with a plan in which all property-owners in the Town of Milton will share the burden of the budget deficit. Thank you.

Mayor Newlands: Thank you.

- f) Roy Fleming, 115 Broad Street: Mayor and Council Members, we received something in the mail for an application for a \$75 rental fee. John and I have been together for 10 years now. What goes on in our house is actually none of your business and I have to say that I resent being singled out. Many things have happened over the years. I am a self-professed gay man. I've been beaten twice; I've had "Fag" painted on my car; I've had all kinds of other things happen; but the last thing I expected was for the Council to come up with something as discriminatory as this and the reason I say that is, since I've received this application in the mail, do you intend for other lesbian and gay people that live together, to have to pay this tax; just because they are not allowed to be married in the State? I'm really disgusted.

Mayor Newlands: I would just like to say that Mr. Boros stood before Council last month and declared that he was renting the room to you. That's why we sent it to him. That was the only reason we did, because he declared you as a renter.

John Boros: You sent it to me as a direct slam, because I stood up and spoke against you at that meeting. You know darn well what the relationship here is. You know Roy and I have been in the same household for years. You know Roy can't live by himself. That was a direct assault on me, because you know it.

Mayor Newlands: You're wrong on that, but let's end it right now.

John Boros: You know I'm not wrong, because you didn't even put a cover letter on it. You shoved it in an envelope and you sent it to me; it's the most unprofessional thing I've ever gotten.

- g) Ginny Weeks, 119 Clifton Street: About the rental tax, I just wanted to say that you know that this is going to be a new ordinance and everything and this town doesn't seem to have a way of doing ordinances. Wherever I've been you've had 1st, 2nd, and 3rd reading; with a Public Hearing at the 2nd reading and I really think you should have an advertised Public Hearing for this. This type of thing is too informal. If you're going to start taxing people with a new ordinance and a new thing, you have to have a formal Public Hearing for it. I also think that you were not prepared well enough; it's a good idea; but you just weren't prepared well enough and I think it's too much, too soon. You can't answer people's questions about who, or how, or what. One of the things you might want to do is contact the census people; they would know who is renting when they asked them questions. The other thing is, that I think it's too high. I think somewhere between 3 and 5%; 6% seems for a new thing, to be really kind of high and I don't think you should do it all, if you're not going to give up the license, because that's double taxation. Now I wanted to talk to you about my FOIA. Just FYI, so you know you will have violated the State Law of Delaware, because you were required after 15 days to send me a written notice saying that you received my FOIA and that it would not be ready for awhile, for whatever reason. That was passed last year by the legislature. Just so you know it. The Budget. Do we know when the budget hearing is going to be; is it the 18th of August?

Mayor Newlands: Actually, we'll probably do the budget hearing next Thursday, if all of Council is available. We'll probably do a budget workshop again next Tuesday and then next...

Ginny Weeks: Well how are you going to have a Public Hearing?

Mayor Newlands: Next Thursday would be the Public Hearing, I'm sorry.

Ginny Weeks: Can you do a Public Hearing; I thought you need 15 days notice.

Mayor Newlands: Not for the budget.

Ginny Weeks: I think that's terrible. I think that's very short and ill-prepared for people. I think you need to give people at least two weeks, because it's the last time for summer vacation; they've got plans with their families; some of them are out of town. I...

Mayor Newlands: I'm following the same schedule we've been doing for the last few years.

Ginny Weeks: I don't care. I think it's awful. If that was the schedule before, then I think that's horrible.

Mayor Newlands: That was the schedule before.

Ginny Weeks: I just think that's a terrible thing.

Mayor Newlands: And your FOIA Request will be finished tomorrow.

Just so the public knows, it was 17 bank accounts that Ms. Weeks' asked for; over a 21 month period of time. We had to go in and masked the bank

accounts out and do a number of things.

Ginny Weeks: That's over and why did I have to do that? Because since you came into office you have not been able to give us an expense and revenue account; or have refused to; although you were able to give us a 6-month State of the Budget; and you were able to give the Council a big packet with all by check number of what you've spent; but for the public, in 16-18 months, you have yet to give them an expense and revenue report. The only way I could find out how much money we have in the bank was to FOIA it. That's why it was done. Now the next thing is the budget. I would ask that two copies of the proposed budget and the big packet with all the expenses that you gave the Council last week at the workshop; that are now public documents, be put in the Library so people can view them and review them. Annexation Fees, which is on the Budget tonight; I know you want to lower them. With all due deference...

Councilwoman Hudson: Well, lower or raise, but I think reasonable and legal.

Ginny Weeks: With all due deference, when I was speaking last month and I was going to ask you to please give to the public the minutes of the meeting, tell them where it is; when the Council voted on how that was to be distributed, you didn't have it. You said that...

Councilwoman Hudson: No I did. I specifically said...

Ginny Weeks: You said Tim Willard proposed.

Councilwoman Hudson: No, first of all I said...

Ginny Weeks: Do you have the minutes where the motion was read?

Councilwoman Hudson: First of all, "As I was saying to Ginny Weeks, February 6th"; I have the minutes from last month right here.

Ginny Weeks: Does it say the Council voted?

Councilwoman Hudson: "February 6, 2006..." is when I quoted you the specific minutes...

Ginny Weeks: That Tim Willard proposed.

Councilwoman Hudson: And also, I have those minutes right here; and at the end of... And it specific...

Ginny Weeks: Alls I want to know, is did the Council pass the motion Mary?

Councilwoman Hudson: Um, yes.

Mayor Newlands: Yes the Council did pass a motion back in February, 2006.

Ginny Weeks: Can we get a copy?

Mayor Newlands: It's on the town's website.

Councilwoman Hudson: If you go to the Town Hall and put in a request for February 6, 2006 minutes...

Ginny Weeks: Well that will take another 30 days.

Councilwoman Hudson: Or on the website, because, first I read to you where Mr. Willard proposed 65% for sewer and right here; and these are the February 6, 2006, it says, "Councilman Post made a motion to impose an annexation impact fee of \$8,000 per acre; seconded by Councilwoman

Betts; Motion passed on.”

Ginny Weeks: Yeah, but he didn't define how it was to be spent. He didn't say 65%...

Mayor Newlands: Actually, in the minutes of the meeting; these are not verbatim minutes; but we have to...

Ginny Weeks: I'll give you a big wide opening. When I was on Planning & Zoning, unless it was specifically said in the minutes; and Linda Rogers can attest to this; it didn't count, because we had developers come back and we would say you were supposed to do that and John Brady said it didn't count, because it wasn't in the minutes and I forget what case it was where it went over to the City Council and you passed it; a final approval and they didn't have to do landscaping and stuff out at Food Lion because you didn't enumerate it. So if it's not enumerated, it doesn't exist; that's what our previous lawyer's have said.

Councilwoman Hudson: I would just...

Ginny Weeks: It was not defined that 65% was for sewer; 5% for this... You can't do that, because needs change. Needs change.

Councilwoman Hudson: And also similar town attorney explained that he was requested to draft an impact fee ordinance and that was, I believe, signed also by Mayor Post.

Ginny Weeks: The ordinance?

Councilwoman Hudson: Yes.

Ginny Weeks: Did he have a public hearing?

Councilwoman Hudson: I didn't know about that, but the point is we don't have a sewer plant anymore and we need to have an updated...

Ginny Weeks: I'm not saying that it should remain at \$8,000.

Councilwoman Hudson: I'm agreeing with you, it shouldn't.

Ginny Weeks: What I'm saying is, using 65% as a sewer plant, that leaves you with a \$3,500 an acre.

Councilwoman Hudson: We're not going to use those numbers.

Ginny Weeks: How can you not, if that's how it's defined by the Town Council?

Councilwoman Hudson: Because this...

Mayor Newlands: Okay, I think we...

Councilwoman Hudson: Just a minute. Just a minute, please. This whole ordinance is obsolete and we're going to basically...

Ginny Weeks: Why is it obsolete?

Councilwoman Hudson: Because we sold our sewer plant; and no matter what the percentage is, whether it's 65% or whether it's 5% or whether it's 1%, we sold our sewer plant and we need to start from scratch and what I asked, specifically, last month; and these are last month's minutes that we will be voting on to approve, is that the new Town Manager and now we have one; last month we didn't.

Ginny Weeks: By the way, hello Mr. Abbott, welcome.

Councilwoman Hudson: Thank you. That the new Town Manager use studies that the town has already paid for; we have a cost benefit analysis

done for the sewer and water plant; and also the town paid for a cost revenue analysis for North Milton; perhaps use these studies that were already done, to save us having to do any new ones and come up with a rate.

Ginny Weeks: That's not my decision, that's your decision.

Councilwoman Hudson: I know. What I'm saying is a rate.

Mayor Newlands: Okay, I think we've gone on far enough on this.

Councilwoman Hudson: What I said, further on

Mayor Newlands: [Gaveled for Councilwoman Hudson's attention.] Miss Hudson.

Councilwoman Hudson: is that it just needed to be; just one more thing; reasonable and an up-to-date fee. That's in the minutes.

Ginny Weeks: I was just asking for where the minutes were, that if you find that 65% of it was sewer.

Mayor Newlands: They're not verbatim minutes. [Gaveled again.] Mary. Miss Hudson. They're not verbatim minutes; we would have to have that translated at a cost, because it's on the recording.

Ginny Weeks: That's okay. If you're going to give developers back hundreds of thousands of dollars, the least you could do is translate.

Mayor Newlands: I'm not giving any...

Councilwoman Hudson: According to the minutes, Ginny, they didn't pay to start with.

Ginny Weeks: I'm talking to the Mayor, I'm sorry, but I'm under a time issue here.

Councilwoman Hudson: All right.

Mayor Newlands: Well you've exceeded that by a lot already. What do you mean give developers back hundreds of thousands of dollars?

Ginny Weeks: Well if you're going to lower the impact fee, those that have already agreed to the \$8,000 are going to get a unilateral benefit.

Mayor Newlands: I think there's only one development that may have two; Dr. White's and...

Ginny Weeks: Dr. White's and Sam Lucas.

Mayor Newlands: Okay and Sam Lucas.

Ginny Weeks: And I'm asking that if you lower it, rather than giving people who have already agreed to \$8,000, that you make a new contract where they one, Sam Lucas gives us the 20 acres they were supposed to give us; and two, they pay it at a more accelerated rate.

Mayor Newlands: Neither one of them are due to pay any of it, right now, until final sub-division plans.

Ginny Weeks: Yeah, but if you're going to change the rate, you can say... You cannot give our money away unilaterally; we have to get something back for it.

Mayor Newlands: Okay, I agree and let me clarify a couple of things with you. We have not provided a statement of finance because the books are almost finished being corrected, that's number one. And number two, we never put the bank balances up on the web.

Ginny Weeks: But you never even gave us an idea of what you're spending, but yet you could do a six-month budget review this year and you weren't able to at any other time and you were able to give the Council 70 pages of expenditures and you couldn't give the people in the town any idea of what our finances were like.

Mayor Newlands: I did give them that in April.

Ginny Weeks: Why were you able to do it in April and no other month?

Mayor Newlands: It was done differently, because it was...

Ginny Weeks: You are in violation of the Town Charter.

Mayor Newlands: I don't think so.

Ginny Weeks: The Charter says that the Treasurer is to provide every month a financial report and an expense and revenues report. Thank you.

Councilwoman Hudson: Thank you, Ginny.

Councilman Lester: If I recall correctly the Charter says that the Town Treasurer has to sign it and make an assertion as to the correctness of the statements.

Ginny Weeks: Are you saying that everything you gave the Town Council was correct in the proposed 2012 budget?

Mayor Newlands: It's proposed. It's a budget.

Councilman Lester: A budget is one thing.

Ginny Weeks: No, is that all correct? All that information you gave them?

Councilman Lester: The budget?

Ginny Weeks: Yeah.

Councilman Lester: The budget is a proposed budget; that's not financial statements. There's a difference. There's a difference between a budget and a financial statement.

Ginny Weeks: It's all finances.

Mayor Newlands: Let's go on.

- h) Georgia Dalzell, Chamber of Commerce: Take a deep breath everybody. I'm here with some good news, I think. First of all, I would like to report that between last month and this month we have fourteen new business members in the Chamber, which I think is very good. Our area serves from Route 9 to Route 16; from Route 1 to Route 30; and we have 130 businesses in this area who are supporting the Town of Milton and it's vital business life and community. I think that's pretty good. I've had two calls today from people inquiring about relocating businesses here to Milton; so please let's make this a welcoming area for these people. I also want to bring to your attention that the Chamber of Commerce is sponsoring Bargains on the Broadkill, believe it or not. It's the last weekend in August, so this is the festival that brings visitors to Milton; so we need to put on a happy face and welcome all of these people that come to our town when we bring these events. Every event that we've done so far this year has brought more people than previous years, so we're on a positive swing; so I think that's really good news. Milton is a town that people are paying attention to. The other thing that I want to talk about, is that we have been asked to sponsor a softball team. You might not know it but Sussex

County hosts every year the World Series of Softball and this takes place in August. Now this is the World Series; it's the playoffs from around the world and we have 11 teams that are going to be here. Five United States' teams and five international teams and one local team, whoever won the Sussex County; which happens this year to be Laurel. So we have been asked to be one of the sponsoring towns, which I think is really nice and what this does is, it's publicity for our town and it's support for the team. So the Mayor has graciously agreed to accept the sponsorship of a team and I'm here to tell you who the team is. The playoffs are going on right now, but we did get a team today and we are going to be supporting the South Bend, Indiana softball team. This is women's softball and they are the winners of the USA Central Division. There are three divisions in the U.S. And this is going to be the team that we are supporting. I hope we can all come together and put a good face forward and welcome these girls. What we're doing is we're giving them welcome bags with material and proclamations; we have a proclamation that the Mayor and the Vice Mayor have signed and the Chamber President has signed and they're going to get this. And they're going to get memorabilia from Milton, telling about the town; we have things from the Historical Society, and the Library, and most of the businesses in town are going to contribute to this effort and we're going to take them down next week. The softball tournament is next week, if anybody would like to go down to Roxana and support our team, South Bend, Indiana, is who we're supporting. So thank you very much. Support the Chamber in it's activities this month and good luck to everybody. Thanks.

Mayor Newlands: Thank you.

2. Call to Order – Mayor Newlands called the meeting to order at 6:59 p.m. and closed the Public Participation.
3. Moment of Silence – Councilwoman Betts
4. Pledge of Allegiance to the Flag
5. Roll Call – Mayor Newlands

Councilman Lester	Present
Councilwoman Jones	Present
Councilwoman DUBY	Present
Councilwoman Hudson	Present
Councilman West	Present
Councilwoman Betts	Present
Mayor Newlands	Present
6. Additions or Corrections to the Agenda

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

Councilwoman Hudson: Yes, I have two. I would like a discussion and vote to

increase the property tax; that's the first one. And the second one, is a discussion and vote to cap the current eleven-man police force at nine officers; whenever two officers leave the force. If those cannot be added on this month's agenda, because they may require a vote or may have a vote, then I would like them added to next month's agenda, please.

Mayor Newlands: They're going to have to be on next month's agenda and we will be having a Council Meeting on the 18th of August; it's a Thursday.

Councilwoman Hudson: August 18th.

Mayor Newlands: So we can put it on the August 18th agenda.

Councilwoman Hudson: Okay, thank you.

Councilwoman DUBY: Can you give us all the dates that you just mentioned in terms of hearings and workshops?

Mayor Newlands: Yes. Okay. Next Tuesday, the 9th we should do a budget workshop.

Councilwoman DUBY: What time?

Mayor Newlands: 6:00 and a Public Hearing should be on Thursday the 11th.

Councilman West: Mr. Mayor, you need to change that, because I have a Water Department meeting that night.

Councilwoman DUBY: Is this the Tuesday or the Thursday?

Mayor Newlands: I looked on the website and I didn't see that.

Councilwoman DUBY: Tuesday the 9th.

Vice Mayor Betts: Is that the one he'll have to change?

Mayor Newlands: Maybe we can do the 11th for the Workshop and then the following Monday, the 15th for the Public Hearing.

Councilwoman DUBY: I can't do the 15th.

Mayor Newlands: The 16th; I know Mrs. Betts can't do the 16th.

Vice Mayor Betts: I can't do the 16th.

Mayor Newlands: That's a Public Hearing; that's when everybody yells at you, you don't want to be at that meeting anyway.

Councilman West: That's August 15th?

Mayor Newlands: I'm asking for availability on the 11th and the 16th and the 18th; we'll need all three dates. 11, 16 and 18.

Councilman Lester: I know I'll be in DC on the 18th.

Mayor Newlands: On the 18th?

Councilman Lester: Yes. In fact part of that week.

Mayor Newlands: Okay. Is everybody else available?

Councilwoman DUBY: So Tuesday the 16th is a hearing.

Mayor Newlands: Right, that would be the hearing.

Councilwoman DUBY: 6:00 or 6:30?

Mayor Newlands: 6:30.

Marion Jones: I have a medical appointment that I don't even know when it will be scheduled yet.

Mayor Newlands: For which date?

Marion Jones: I'll check back; I just said I don't when it is; it's a surgery.

Councilwoman DUBY: So the 18th...

Mayor Newlands: Will be a Town Council Meeting.

Councilwoman DUBY: Okay, so we are doing that even though Councilman Lester can't be there.

Mayor Newlands: Yeah.

Marion Jones: And the 16th is...

Mayor Newlands: The 16th will be the public hearing on the budget.

Councilman West: What's the time?

Mayor Newlands: Let's do them all at 6:30; all of them.

Councilwoman DUBY: So 11, 16 and 18.

Mayor Newlands: Right. Now I do want to move the budget presentation up to the top of the list above 12, a. tonight. So we'll do that and then go right into the Gross Rental Receipt Tax.

7. Agenda Approval

Councilwoman HUDSON: I make a motion that the budget presentation be moved ahead of the Gross Rental Receipt Tax.

Mayor Newlands: Are there any other changes to the agenda.

Councilwoman HUDSON: And the two agenda items I had in for the 18th.

Mayor Newlands: Well that's different; you don't vote on that. Can we get a motion to approve the agenda, as amended.

Councilwoman DUBY: So moved.

Councilman LESTER: Second.

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

8. Presentation and Approval of Minutes – June 6, 2011 and July 11, 2011

Mayor Newlands: We have the minutes from June 6th and July 11th, 2011.

Councilwoman HUDSON: I make a motion to accept the minutes of June 6th and July 11th as presented.

Councilman LESTER: Second.

Mayor Newlands: We have a motion and a second to approve the minutes from June 6, 2011 and July 11, 2011. All in favor say aye. Opposed. Motion is carried.

9. Discussion on Written Committee Reports, and

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

Mayor Newlands: We have the Committee Reports. It looks like the rezoning application for the Sach's was withdrawn. They're seeking a Special Use Permit on a... Housing starts are still down; our permits are still low. I think we've had 7 or 8 housing starts this fiscal year, so. Does anybody have any questions; any of the staff, on the reports? If nobody has any questions on the reports, let's just go into the presentation.

11. Finance Report and Revenue/Expenditures Report

13. **b. Fiscal Year 2012 Budget Presentation**

Mayor Newlands: I handed out two sheets; one with an expense explanation, a revenue explanation and just a little stack bar chart to show where we stand with the budget. We're not going to do a budget walk through, line by line. It's too much. I'm bringing this up on the screen so the public can see it, so we'll go through it all and I'll explain. You all have your budget packages. Councilwoman Duby asked that we put the actuals in, which we did, and it's basically actuals up through last Wednesday, I think. So it's pretty close. That's good. You're going to see quite a bit of savings in some of the line items for this year, only because of the staffing issues we've had and you'll see increases in legal fees and things like that. When Robin gets it up on the screen... So since this is not a workshop, we're not going to go line by line with budget. I'm going to give highlights. If anybody has any questions and you want to refer to something in the budget, that's fine; we can look at a couple of items; but this is not a workshop so I don't want to get bogged down on details. So our salaries in Admin have decreased from \$239,000, down to \$157,000 per year. This is the savings we have with 2 staff members that are no longer with us that we're not replacing. That's the Admin for the HR and the Finance Director. Code salaries remain the same. Parks and Streets were reduced slightly because an individual retired in the Water Department and we share expenses between water, streets and parks. So streets and parks, whenever you see it in our budget, it's a percent of the work that the guys do in Public Works; that they allocate towards those areas. The water salaries remain the same. The police overtime is due to partially because they have a natural amount of overtime and also we've had some staff shortages there, so we have officers covering for staff shortages and they're filling in for the recruits that we have now in the Academy. Under expenses for training and seminars, Admin had Edmunds Software come in and do some staff training. Police expenses we have \$4,400 for meals alone in the Academy. This was for officer Fraley who was in the Academy last year and the three guys that are in there now. Ammunition cost are \$2,323, just for the three guys in the Academy. Printing and Postage you'll see significant reductions in Printing and Postage. We've renegotiated contracts with Xerox; we're doing the printing in-house now, so we're trying to save as much money as possible. With the contract we have from Xerox, we get 7,000 copies a month; included in that fee, so there's significant savings there. We also had Mail Movers in the other day and we're trying to cost down costs on that, as well. Accounting fees and legal fees were much higher this year for obvious reasons. Capitol expenses, we did spend some money and buy a Skids Steer, which is a Bobcat like product. We put a new roof on the well house for \$5,200. We had a recent unexpected cost of \$10,000 to replace a pump on Well No. 4, so we got 24 years out of our previous Bobcat Skids Steer and 17 years out of the pump, so we did pretty good with those. Snow removal, it is what it is and you can't do anything about it, so we budget so much for it and hope that we hit our target. We can't

tell if it's going to be any better or worse over the winter. We do have allocated in the budget; I'm not sure if it is in there now, but I have to get you better figures, because I haven't seen Dustan yet; we wanted to put up a pole barn; we talked about it, so we could both purchase salt for the roads and also cold patch for the roads. And I'm not sure Vice Mayor Betts if we can use the extra \$12,000 that we got in Municipal Street Aid because it was to be used for streets only; I don't know if I can use it for street supplies. I'm going to call and find out.

Vice Mayor Betts: They should be able to...

Mayor Newlands: That should pay for the pole barn.

Vice Mayor Betts: It won't pay for the pole barn.

Mayor Newlands: It will. The \$12,000?

Vice Mayor Betts: It will?

Mayor Newlands: Yes. It's not a big pole barn, it's...

Vice Mayor Betts: But what I'm saying is will they allow that because we got the grant for the streets?

Mayor Newlands: I have to ask them. I'm not sure what's in there. They said it had to be used for streets only.

Vice Mayor Betts: For streets only.

Mayor Newlands: But they didn't say if it was repair or buying cold patch or things like that, and salts, so I have to check with them.

Vice Mayor Betts: Okay.

Mayor Newlands: Trash. We've had bids come in for the trash; we had a bid meeting last Thursday and that's one of the things that we will discuss on August 18th; trash is going to go up a minimum of 20%. When the bids came in, I think they were at \$240,000 for the year and I think we are at \$195,000 now or \$175,000. Don't forget you have two extra trash hauls coming in a month now, with recycling. So they'll be in every Monday for regular trash and then two more days a month for recycle, so their costs go up for manpower and equipment, because they're going to be in town more frequently and you can write to the Governor; that is not something we did. On the revenue side, property tax income is \$660,000. Every new home gets us about \$600 in property tax, so we don't really get much per new home. If you put 10 new homes on and you get \$6,000. It's not a lot of money. Interest income, again, that's low. Our franchise fees, we were only getting Comcast franchise fees, now we're getting some money from Chesapeake Gas. We're getting \$1,100 a quarter from that. I thought there was going to be \$1,100 a year; we found out it was \$1,100 a quarter, so it's a little bit of extra money. Like I said, with new homes, new homes pay for permit fees in the budget, a Tidewater payment; tapping fees; water fees; and, inspection fees. Those are the five areas of revenue that get added to with new homes. We had estimated 25 new homes; we've seen 7 or 8. So we were estimating getting revenue of \$104,000; we received about \$17,000, which is split 50/50 with water and non-water departments. Transfer tax, we're at about \$95,000 right now. That should go up a little bit in the near future, but it's still way off from what we've had in the past.

Then there's the Gross Revenue Receipt Tax that we want to institute. We do have \$1,000,000 in the bank; we do have that much cash on hand; that's down from \$3.5 to \$4 million a couple of years ago. This is a graph, or a bar chart, of where we are. On the left hand side is our expenses for non-proprietary, which is Admin, Streets, Police, the General Department. The General is Parks and then Code, so this is where we are with our expenses and revenue and we have about \$354,000 deficiency again. The Water Department has a surplus, projected surplus, plus we've replaced some of the water meters in a few of the apartments and we're getting more revenue from that, so that helps out with the water. One other little thing I handed out, that's not on there, is Councilman Lester went through all of our insurances and we're going to reallocate the insurance out for some of the departments so that they're in the appropriate places. It doesn't really do much to the non-proprietary; it really only moves about \$10,000 out into the Water Department, so it really doesn't help all that much. We're also looking at moving some of the Admin salaries into the Water Department. We have to get a proper allocation for that, because Admin people do support and supervise the Water Department, so that's something that we're going to look at. Now short of going through the entire budget, which is extensive, I don't know if anybody wants to do that at all. Thank you.

Councilwoman Jones: I have a couple of points on the budget, but I have a comment under the Revenue that was just on this sheet of paper, Gross Revenue Receipt Tax.

Mayor Newlands: Right.

Councilwoman Jones: I cannot for the life of me understand your statement that residents of rentals are eligible voters; they take advantage of our parks, police, etc., and pay nothing to the town. I cannot wrap my mind around that logic; that a renter requires any more service than I do as a homeowner and I just wish you would help me understand that.

Mayor Newlands: If the renter wasn't there and you had the homeowner... You have excess numbers of homes that are being utilized by people who are not owner's of the homes.

Councilwoman Jones: I'm comparing apples to apples here; meaning what a homeowner pays to the town; as opposed to what a renter pays to the town.

Mayor Newlands: It's a source of revenue that we just need to start tapping into.

Councilwoman Jones: That's not what I asked you.

Mayor Newlands: Okay. Okay.

Councilwoman Duby: It's this particular sentence. I have the same problem with it, because the person who owns the house; whether I own my house and live in it, or whether my neighbor owns his house and rents it out to somebody else, we're both paying, as homeowner's; we're both paying property taxes.

Mayor Newlands: But the landlord's paying as a business and the other

people are paying as resident; that's what the rental tax is for.

Councilwoman Duby: But they're paying.

Mayor Newlands: It's a business.

Councilwoman Duby: I don't know how that makes their money any different.

Mayor Newlands: They're different people. The landlord and the renters are different people.

Vice Mayor Betts: Mr. Mayor, what do they get? Okay, maybe I should recuse myself then.

Seth Thompson: I guess if we're moving into that discussion...

Councilwoman Jones: I don't want to leave the budget yet.

Seth Thompson: Right. Okay.

Councilwoman Jones: But I'm taking issue with this comment and I'm trying to understand your rationale in saying, if I rented my home the town would make nothing on my renter, but if I stay in my home, you get the money. I can't... I don't see your rationale.

Mayor Newlands: Renting homes is a business.

Councilwoman Jones: So, actually, if I rented my home, besides paying my tax, you get my rental fee, which is more money.

Mayor Newlands: Right. And fees are different from taxes. You can't raise fees, because fees are only for the cost of the service for town. It's a revenue source that we need to get into. I mean, go back to the...

Councilwoman Jones: It's not the source... I'm going to pass because you're not getting my question.

Councilwoman Hudson: Could you read that statement again, please? Could you read your statement?

Councilwoman Jones: The statement says, "This is a source of income that Milton has not taken advantage of. Residents of rentals are eligible voters. They take advantage of our parks, police, etc. and pay nothing to town."

Mayor Newlands: As individual people they do not pay anything to town, but yet these individuals are utilizing our services in town. It's not the dwelling, it's the people.

Councilwoman Jones: But don't they pay their water and trash bills?

Mayor Newlands: In some cases, yes. But that's a product that they are utilizing; it's different from a tax. It's different. It's not the same.

Councilwoman Jones: I think we're talking a different language, but that's okay.

Mayor Newlands: Okay. The thing that I'm getting to is that you have a \$354,000 deficit that we need to fix. We had one last year, luckily, with a couple of things, we didn't have to spend all that kind of money; but this year, you're going to have \$350,000 you're going to have to spend; to cover it somehow.

Councilwoman Duby: Can we just cut to the chase here? We are not going to pull \$350,000 out of thin air. We're not going to get \$350,000 from the Gross Rental Receipts Tax, if we pass it.

Mayor Newlands: I'm not...

Councilwoman Duby: We are going to have to raise property tax or we're going to have to operate in a deficit and if it were just this year, I would say, you know, let's wing it and see what happens; but the fact that we're going to be totally out of cash a year from now; I don't know what options we have and you have people standing up here tonight, saying why don't you share the burden among everybody and I don't think that's a bad thing to suggest. People aren't going to like it [applause]. Nobody wants to pay more taxes. I don't want to. No one else does, but we might as well not waste a lot of time sitting around, tearing our hair and saying, what are we going to do? We've got a \$350,000 deficit and a year from now we're going to be out of cash. The only thing we can do is raise property tax.

Mayor Newlands: You can do both.

Councilwoman Jones: Right.

Councilwoman Duby: Well, I doubt you have the votes for it, but I won't argue that with you; but I would guess that property tax... Councilwoman Hudson has asked to put it on the agenda for the next time. I think that's what we ought to do and just bite the bullet and deal with it.

Mayor Newlands: I agree with it. I agree. I agree. You're going to have to do both.

Councilwoman Duby: Otherwise we're just angsty about things that nothing is going to happen on. It's kind of like the Congress right now.

Mayor Newlands: Yup. I agree. You had some budget questions, Councilwoman Jones?

Councilwoman Jones: I did. First, when I reviewed the new budget with the actual figures, I noted that the corrections discussed on Tuesday did not make it onto this copy.

Mayor Newlands: Councilwoman Hudson reminded me about that a little while ago and I apologize. I didn't have the chance to get those.

Councilwoman Jones: Okay. I noticed specifically under Police, that Item 5200, Weapons for Officers at \$4,500 did not exist on Tuesday's budget, last week. I did look. I looked carefully.

Mayor Newlands: Hold on. Hold on.

Councilwoman Jones: Account Number 5200 was not listed on my copy last Tuesday.

Mayor Newlands: Hold on.

Councilwoman Jones: It's nearly three quarters down; it's more than three quarters down on Page 2.

Mayor Newlands: That's a typo. I'm sorry. I copied something else and it got that line in there.

Councilwoman Jones: What is that meant to be?

Mayor Newlands: I think it was just the \$499 for this year.

Councilwoman Jones: That's what we've spent?

Mayor Newlands: Yes, there's nothing proposed on that. That was just me making a copy mistake.

Councilwoman Hudson: So the \$4,500 becomes a zero?

Mayor Newlands: Yes, it should be.

Councilwoman Hudson: All right.

Mayor Newlands: We had two line items for Weapons, so I moved that one up. You should have found something that was moved up.

Councilwoman Jones: The other thing still remaining under Police, I would like two things. Still Expenditures, I believe I'm correct in saying that the Chief had indicated when Vice Mayor Betts asked how often the offices were cleaned; and that we were responsible for prisoner meals. I believe the answer was given as once a week.

Vice Mayor Betts: Right.

Councilwoman Jones: And yet the first posting on our sheet that was given to us on Tuesday; the first posting for a prisoner meal was the 18th of July of this year; totalling what is on this sheet, in my math, \$42 some odd, which is now listed at \$71.57; so there's been another entry. But the line item is asking for \$1,000. If we have two months left in this budget year and we have spent no more than \$71.57, out of \$1,000; I'm asking why that line item is padded so heavily with the first cost coming out in July; unless it's in some other category, I can't find.

Mayor Newlands: It's not, but he'll explain it.

Chief Phillips: Part of the problem is, we're short handed officers, and for us to try to go pick up a prisoner, when we don't have someone to watch the prisoner, we don't want to leave him with a secretary; so we have a problem with managing the prisoners. Until we get the full staff, we will not be able to actually go get a prisoner. We did get one the other day, but we had someone that could watch him. We don't want to leave them alone. That's the best I can tell you right now.

Mayor Newlands: So they've been cleaning the place themselves, as opposed to having...

Chief Phillips: We've been doing it ourselves. Scrubbing toilets, emptying trash and mopping floors.

Mayor Newlands: So they haven't incurred the costs, as all, because of the manpower issues.

Councilwoman Duby: And that's going to change?

Mayor Newlands: When the recruits are here, yes. When they graduate. Sure.

Councilwoman Duby: And they start when?

Mayor Newlands: September.

Councilwoman Jones: So the police have been cleaning their own since October of last year?

Chief Phillips: We've been doing that for a few years, to be exact. Yes.

Councilwoman Jones: Okay. Thank you. Under revenue, I'm actually on Page 6 of 10, and this may be something I don't understand, Transfer Tax collected at \$115,000 under Police; is that correct?

Mayor Newlands: It's allowed for public safety. Transfer Tax can be used for public safety.

Councilwoman Jones: And also under revenue, I see under Category 4540 EDIE; with what was budgeted in 2011 and what has been spent so far. I

realize that you may not have these numbers, except Sussex County Grant we already know is \$22,500; SALLIE and Sussex County Grant, are they missing from this and I am not seeing them?

Mayor Newlands: No, they are in the back; they're on the back. Because EDIE is payroll; they actually work EDIE money itself; they work EDIE duty; it's DUI duty they work, so that's why it's up in payroll.

Councilwoman Jones: EDIE is a drug, primarily a drug grant; Office of Highway Safety, DUI. But I didn't see; then now I'm on a new page, thank you, I see SLEEVE, SALLIE, BURN?????.

Councilwoman DUBY: What page are you on?

Councilwoman Jones: I'm on Page 10. Will we add the new EDIE and the County Grant to this, Sussex County Grant, these are from years gone by; I don't see the \$22,500 in the proposed.

Mayor Newlands: I have it at \$20,000. I did this before I found out that it's \$22,500. The last line item on the bottom.

Councilwoman Jones: Thank you, I have it circled, \$22,500.

Mayor Newlands: The others we don't know what they're going to be until we get them.

Councilwoman Jones: Okay and with getting them, will Council have a list provided for what is intended for their use?

Mayor Newlands: We get told what to use them for, we don't have a choice on most of them.

Councilwoman Jones: The municipality itself applies for the grant money and indicates what they will get; it is then either approved or not; I don't believe that's correct in that it dictated; only the boundaries of how you spend it are dictated. That's all I have for now. I'll bring more up at the workshop.

Councilwoman Hudson: I just have one under Revenue. Right now, as Councilwoman Jones said, I'll bring more up at the workshop, but under Fines, Police Fines, 2008 with \$31,000; 2009...

Councilwoman DUBY: What page are you on?

Councilwoman Hudson: I'm sorry. Page 6. Police Fines, it's account number 4800 and historically, without going through every one of the numbers, just as you go through these numbers, you see that the Police have brought in between \$23,000 and \$31,000; and actual so far this year is \$25,000 and that concurs with the monthly police report that we got. So I do not understand why it has been proposed to only be \$15,000. It should, to me, realistically, be closer to \$30,000. When you look back at everything that they've done over these other years, and you just average them up, it would be closer to \$30,000.

Mayor Newlands: It's only been over \$30,000 once. It's been \$28,000, \$23,000 and \$25,000; so I tend to be a little conservative on that number, only because it's a hit or miss. If people start being good, we're not going to get the money.

Councilwoman Hudson: Well, let's...

Mayor Newlands: I don't want to over-budget and give them a target of

ticketing.

Councilwoman Hudson: No, but I think it's realistic to target it at an average and \$15,000 is certainly not the average. If you want to be realistic, then make it the average of these last four years, which would be closer to \$28,000.

Councilwoman Duby: At least \$20,000.

Mayor Newlands: I can do that, sure. I just don't like on revenue, when you don't know how much you're going to bring in, I don't like to over-estimate; because then you fall short of revenue.

Councilwoman Hudson: Right.

Councilwoman Duby: I don't think people are going to stop speeding.

Mayor Newlands: Yes, I know. I know. Last week, Councilwoman Jones you talked about Uniforms. I looked at the Rehoboth budget; it was \$18,000 for Uniforms.

Councilwoman Jones: \$18,000; if you did look at that, you'll notice two line items in there.

Mayor Newlands: Is there something I missed?

Councilwoman Jones: Which are added as for 3 recruits; you're looking at a budget year that Rehoboth was facing possibly the same costs as Milton in both officer uniforms, meals and academy reimbursement. So yes, the \$18,000 would be if we picked up three additional recruits in the City of Rehoboth.

Mayor Newlands: Okay; but we're only \$8,000 here for our guys; that's not including the recruits, but that's just for the 11 guys.

Councilwoman Jones: Would you like... I have Rehoboth Beach's...

Mayor Newlands: I don't want to go through it now, but I just wanted to get that clarified.

Councilwoman Jones: Because I have other interesting data in there.

Mayor Newlands: Does anybody have any other questions about the budget?

Seth Thompson: Mr. Mayor, just to make clear, your Charter gives you 15 days; so tonight is the presentation of the budget; you then have 15 days to hold the Public Hearing.

Mayor Newlands: We have to hold it within 15 days. Correct?

Seth Thompson: That's correct.

Mayor Newlands: Okay.

Seth Thompson: So, there might be some confusion in terms of a Public Hearing for the budget vs. a Public Hearing for any rezoning or land use type of issue, where you need to have 15 days notice in the paper. That's not this type of Public Hearing. You just have to follow FOIA.

Councilwoman Duby: So it's usually the 7 day [notice]?

Seth Thompson: Correct. That's exactly right.

Mayor Newlands: So Planning & Zoning we have to give 15 days' notice; for the budget, we have to do it within 15 days.

Seth Thompson: That's correct.

Mayor Newlands: Okay.

Seth Thompson: And you won't be voting at the Public Hearing; you would vote at the Council Meeting afterwards.

Mayor Newlands: We don't need to vote until September some time for the budget. Okay, are there any other questions on the budget presentation? Thanks, Robin.

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

a. Gross Rental Receipts Tax

Seth Thompson: Mr. Mayor, it was mentioned earlier that some people might be subject to this tax. I would submit that that would require recusal... This is very different then talking about property taxes, where obviously it affects anybody and everybody that owns property in the town. So, you know, when the Council discusses raising property taxes, it applies, uniformly, to everybody; therefore, if you were to go under the notion that it would affect you, it would recuse everybody; so you don't do that with property taxes; but for something that's more specific, the way a Gross Rental Receipts Tax is, and it doesn't apply to everybody; if it would apply to you, you should recuse yourself.

Councilwoman DUBY: Can I make clear just for the record, because it was brought up in public participation, that the person who lives in my house with me, is a co-owner of the house; there is no rental, there never has been.

Seth Thompson: Great.

Councilwoman DUBY: I have no rental property, anywhere.

Councilwoman HUDSON: The person who lives in my house is, I guess, technically you would say fiancee. We plan to have a Civil Union in January and therefore, it is not a renter. [applause]. Thank you.

Councilwoman JONES: Gross Rental Receipts Tax. I would like to make a motion that this be tabled for the following reasons: the agenda of 7/26 is listed with discussion of the Gross Rental Receipts Tax Ordinance. It was not discussed. The figures that were provided by the Mayor of an estimated \$1,000 a month rent, which is how you arrived at the \$200,000 to be received by the end of December, I don't know what numbers you used; from the number of people who called me, the numbers were not realistic. And the third reason is, I spoke in July; I do not believe for such a large issue, that we have given proper notification to the entire town; that captures the 300 which we can identify as having rental licenses and a number of those who may not have licenses and rent anyway and I cannot for the life of me, figure how you're going to enforce this Ordinance. So I'm making a motion that we table that until later; at the Workshop Hearing. I know you don't require a Public Hearing, for the changing of this Ordinance, or amending, or making an Ordinance; I would just like us to do this considering the financial situation this year. I applaud you again for finding revenue. I don't know if this is the way until Milton is willing to do their homework.

Councilman WEST: I second that motion, Mr. Mayor.

Mayor Newlands: We have a motion and a second. Any further discussion?

Councilwoman Duby: Yes, I want to mention one more thing, which sort of reiterates a little bit about what Councilwoman Jones has said. I think it's absolutely clear to me in terms of the mail I have gotten, the people that have called me, the comments that you have heard tonight about this; that we do need to do some homework. I am prepared to discuss this as a possibility, because I think we have to look at all possible sources of revenue; but I think Councilwoman Jones' comment that we haven't done our homework is a very apt one. I'm very, very concerned about the number of rentals that I think are being done in town that we don't know about and that people have not gotten licenses for, or paid the fees; and I think we start there and we can get what information we have about that and talk about what we do about that and then we go from there in terms of some of the other comments that have been made. But I don't think we're anywhere near ready to vote on this because of the lack of information and data that we have on it.

Mayor Newlands: Just a couple of points of interest. Number one, I got a phone call from somebody who is upset about this Gross Rental Receipts Tax. He thought that we were using it to raise money to pay for some of the lawsuits we have. I told him, no, we're not doing it to pay for the lawsuits we have; we're doing it because we have a deficit in our revenue and with that comments, he said thank you very much and it was goodbye. So he was told the wrong thing; he was told that we were raising money to pay for lawsuits. We are not raising money for lawsuits. Okay. We have a legitimate deficit. When you look at our budget, we go through, Councilman Lester and I, a couple of times a month when we sign checks and we're doing 50 or 60 checks. It's Ace Hardware, it's the gas company, it's the fuel for the cars; I mean it's really just... I say this all the time in the paper, it's care and feeding and maintenance of the town employees, the buildings, the vehicles we have. We have no capital expenditures whatsoever in the budget, except for a bathroom for the public works who have no actual bathroom facilities in the maintenance yard and a small pole barn to keep some equipment in. So there are literally no capital expenditures in this budget; it's really just sustaining the town and sustaining the buildings and the cars that we have and the people that we have and their salaries. We did trim three staff members, so we pulled back as far as we can on staff; I am not saying that the Gross Rental Receipts Tax is the only thing we need to do. We need to raise \$350,000 on a tax base of \$660,000, that's a 50% tax increase, if you want to raise that kind of money; so that's where I do my math. It's either a 50% tax increase to make all that up; or we go to a different source. And you have to have multiple sources, you can't just keep one source of tax; you have to have multiple sources of taxes out there. What I did was, I went out to all the different towns; I went to their websites and looked at their budgets and I looked at their revenue and I said, okay, what do you have? You've

got franchise fees; you go to Milford and they have franchise fees from Verizon and AT&T because they have big cell towers out there that they lease to; so there's different things we can and some things we can't do. I gave you all this article that was in the Cape Gazette; this came out after we proposed our Gross Rental Receipts Tax; now Dewey went back and is looking at their tax, so that they get more revenue from the Gross Rental Receipts and they get more revenue to support their town. So, this happened after we came out and did our announcement. And your comment about it not being public, I've done at least 2 or 3 interviews on this proposal in the last 3 months and this is the third time it's been on the agenda and I think with the amount of people and voices we've had here and the phone calls, people know about this. Okay. You can keep very few secrets in this town. I'm telling you.

Councilwoman Jones: When Vice Mayor Betts asked in July if notification of this Gross Rental Receipt proposal could go out in the water bills, she was told no. Three days later my water bill arrived with a notification of an event at a non-profit organization that had the money to send it out or at least, I perceived that the Historic Society has enough to foot the bill for town-wide postage. In my opinion, since this is impacting the taxpayers in his town, that it would have been more appropriate to include this notice in that water bill, then an upcoming event by the Museum.

Mayor Newlands: As I said the last time, this is only affecting 300 people right now; 300 homeowners right now. It would have been inappropriate to send it out to 1,100 homeowners in a water bill; that's the first thing. The second thing, people have to understand, if we went out and got another 300 renters; we are comparing lists of addresses and we are doing that; so we will go after all those who are not renting, but you have to realize that if we double the number of renters, it's \$22,000; that's it.

Councilwoman Jones: It doesn't just affect the 300 landlords; it affects how many renters? Because that is actually where the ball drops and that's where it ends; is the renters. If you can't own, you rent. This is going to impact an awful lot of people, over and above the 300 homeowner's.

Mayor Newlands: I'm fully aware of that and I fully understand that and this is set up, the way Seth wrote this, was that this will only put a percentage of revenue on October, November and December of this year. It will not tax the entire year's revenue. People have to understand that it's only on the Gross Rental Receipts you get; not on a fixed amount of money. If you only rent an apartment for six months, you only pay on the six months. You don't pay on a full year. It's not on your projected income, it's on what you physically get.

Councilwoman Jones: You can up with a figure of \$200,000; can you tell me how you arrived at the \$1,000 average per month, per rent in town?

Mayor Newlands: I looked at some of the ads that are on some of the websites for rentals in Milton.

Councilwoman Jones: Okay, because I can tell you with all honesty, those people who called and contacted me over the weekend, indicated that their

rents were far lower than the \$1,000 and more importantly, they were very disgusted and weren't really certain that they could turn over to you the actual costs that they are renting their units for, because it's subject to tax. I'm just telling you how it is out there.

Mayor Newlands: I don't understand that. Somebody can't do it?

Councilwoman Jones: No, somebody may report to you that they rent their unit, but whether or not they are being forthcoming with the actual value of what they rent their unit for; is going to be kind of a hide and seek game for the town to find. That's part of the enforcement.

Mayor Newlands: Okay, none of what anybody is saying is an excuse for not doing this. I mean, just because the enforcement may be a little difficult or something, is not a reason not to do this. Okay? And my estimates are my estimates. It's only a part of the \$350,000 deficit that we have, that I'm trying to cover. Just a part of it, okay? And if we gain more people and we find more renters, then we'll have more revenue from that.

Councilwoman Jones: If we're discussing Gross Rental Receipts Tax as a means of revenue; and again, you've heard me go on the record saying many times I applaud you. We need it. Everybody in the audience, we need income; there is no argument about it. But I don't hear another revenue generating idea. We're in the middle of the budget times. Are we going to... Councilwoman Hudson has recommended we discuss at another workshop about raising property taxes. Is there anything else in the pipeline for raising money, other than this issue?

Mayor Newlands: Right now I don't see any, because the only franchise taxes we get is Comcast and Chesapeake Gas right now.

Councilwoman Jones: So up until now, we haven't discussed or considered raising property taxes in this next budget year?

Mayor Newlands: I was going to, but no, not yet. No.

Councilwoman Jones: Okay, thank you.

Mayor Newlands: I mean property taxes do have to go up. That's a definite.

Councilwoman Hudson: We've had an agenda to discuss and vote on increasing the property tax on August 18th and I agree that if we postpone the discussion for Gross Rental Receipts Tax until the 18th, then we could have a discussion of the balance of items: Gross Rental Receipts Tax, property taxes and capping the current eleven man police force at nine officers, whenever two officers leave the force, which would reduce our future budget at some time. So I think there has to be a balance of things and we can look at maybe a lower Gross Rental Receipts Tax, at the same time we are talking about increasing property taxes and spreading the hurt around evenly, so I'm in favor of postponing it until when we can talk about all these things on the table at one time and have various formulas. Right now, we're in debt for over \$300,000. I do not see putting \$200,000 of that onto only 300 properties. I think it's unfair, so if we spread the hurt, it's more balanced and I think several things need to be talked about at one time so we can try different formulas for how we're going to get this

money.

Mayor Newlands: And also the 6% is a target; that's all it is. It's a target. You can start it at 3% and increase it. You could see how it goes and see how much we get from it and it can be increased over the years; sure, you can do that.

Councilwoman Jones: I have a question, if you'll allow me to ask one of the people here about information. Ms. Merz indicated that 75% of the landlord's are not living within the Town of Milton.

Gail Merz: That was my understanding that that was the statement made by the Mayor to one of the Council Members.

Councilwoman Jones: So you don't have a figure.

Gail Merz: I do not have a figure.

Councilwoman Jones: Can that be...

Mayor Newlands: I don't remember making that particular statement, but that's fine. I have the list. I do have the number of...

Gail Merz: That would be a _____; we cannot vote. We are the non-residents.

Councilwoman Jones: I didn't know where you'd gotten your numbers. Thank you.

Mayor Newlands: I have the list of numbers. I'll get that for you. Did your motion go to table it to the next meeting; for the 18th?

Councilwoman Jones: May I ask also as a follow up to Councilwoman Hudson's comment; I noticed that August the 18th is a Town Council Meeting; is there not a better place, during either the Budget Workshop or Public Hearing, which I'm going to assume either one of those on the 11th or the 16th, the public may speak more candidly.

Mayor Newlands: The 11th we can talk about anything to do with the budget, as a Budget Workshop; which is property taxes, rental receipts; it's a workshop.

Councilwoman Jones: Is that a better place for it? I'm asking.

Councilwoman Hudson: No we want to vote on it. We can't vote at a workshop.

Mayor Newlands: You need to do both. You need to have both.

Councilwoman Hudson: I think we should place it where we can discuss it and vote; otherwise, it's just more discussion. I think you can discuss it at the workshop, but there needs to be a place where we can vote. We have to have some definitive way of unfortunately earning; or not earning; but this is not to me earning money. This is a tax. Getting some money into our budget; so yes, both. Discuss it at the workshop and have a vote and discuss at the next Town Council Meeting.

Mayor Newlands: That's the way it should work. And include property tax increases as well.

Councilwoman Jones: Everything. Income.

Councilwoman Hudson: Everything.

Mayor Newlands: So your motion was to...

Councilwoman Jones: Do I need to amend that, Mr. Thompson?

Seth Thompson: It would be good. It's been a little while since the motion was made and seconded.

Councilwoman Jones: I would like to make a motion to table the issue of Gross Rental Receipts Tax until we are able to discuss it at the August 11th Budget Workshop and the 18th for discussion and vote.

Councilman West: I'll second that motion.

Mayor Newlands: We have a motion and a second to postpone the Gross Rental Receipts Tax discussion and vote until August 18th: I'll take a roll call:

Councilwoman Hudson	Yes
Councilman West	Yes
Vice Mayor Betts	I recuse myself
Councilman Lester	I abstain
Councilwoman Jones	Yes
Councilwoman Duby	Yes
Mayor Newlands	No

Mayor Newlands: Motion is carried.

b. Annexation Fee Reduction

Councilwoman Hudson: I would like to make a motion that we charge our new Town Manager with, in consultation with the Town Manager and the Town Solicitor, of providing us with a recommendation, grounded in the realities of Milton's expenses, for a new annexation fee to be presented to the Council in the January, 2012 Town Council Meeting. Do you want me to shorten that up? I make a motion that the new Town Manager give us a recommendation for an updated annexation fee at the January, 2012 Town Council Meeting. He doesn't start, I believe, until the end of September, so that would give him all of October, November and December to consult with the Town Solicitor and look at the studies that we have already and see if they can be used and provide us with a new annexation fee recommendation.

Councilwoman Jones: I second that.

Mayor Newlands: We have a long motion and a second to get a report from the new Town Manager by January of 2012 on annexation fees. All in favor say aye. Opposed. Motion is carried.

Councilwoman Duby: I would like to just ask if he's going to look at studies, that they be more recent than December 2005. I think figures that are old are useless, essentially.

Councilwoman Hudson: Well, first of all, the census that the Federal Government uses, covers 10 years; and while this is 5-1/2 years old, it may save us \$10,000-\$30,000 if we could possibly use it; so that's why I say, if he can use it, then it would be great; it would save us a considerable amount of money and time.

Councilwoman Jones: Mr. Mayor, where did the figures on the annexation fee come from?

Mayor Newlands: That came from a document that was a summary of this North Milton proposal.

Councilwoman Hudson: But who did it?

Mayor Newlands: To be honest with you, I don't know, because Robin was out and I...

Councilwoman Hudson: It didn't come me.

Mayor Newlands: No it didn't.

Councilwoman Hudson: And it has several, a couple of inaccuracies in it, so we've already made a motion to have the Town Manager; and pass the motion to have the Town Manager look at it, so this is moot. So.

Mayor Newlands: That's correct.

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

a. Boat Dock Rental Fee

Mayor Newlands: Councilwoman Hudson you asked for this. I provided in my packet what you had asked for, which was the revenue for the last four years. You handed out something tonight.

Councilwoman Hudson: Right. What I gave the Town Council to look at, was that back in 2008 we had one flat fee of \$100 per month, summer and winter. And that year, in 2008, we collected \$4,625, which was 64% of the potential of what we could have gotten, which was \$7,200. Then in 2009, it was increased. The six winter months stayed at \$100 a month; the six summer months went to \$200 a month; and it dropped to \$3,100. Well the potential of what we hoped to earn was \$10,800; we only got \$3,100; down to 29%. In 2010, it dropped to \$2,700 from \$10,800 and now we're down to 25%. Projected for this year, we've collected \$3,700; back up to 34%; but even in our best year, when the rates were lower, we only collected 2/3 of what we hoped to get. What I'm saying is that when we raised the rates, revenue went down. Whether it's the economy, or whether it's non-collection; what I'm asking is, instead of two-tier fee rate, we have, actually, a three-tier fee rate. First of all, the \$100 a month, would be through the six winter months, as it has been all this time; and the \$200 a month for the six summer months be reduced to \$150; and then a third category, if somebody will sign a lease for a whole year, and give us \$1,200 up front, I believe that should be included. The reason I have this picture here is because a number of you have probably been down to the boat dock and way off on the left is a very large boat, that's been there for at least 18 months; and I don't know; I probably could find out, if we're doing a good job of collecting. Again, it was brought up with the rental receipts tax about collections. Here are just six slips and potential for the \$10,800 at the high rates, and the most we can get is \$3,700 and I know for a fact, if you count down, that red boat, second from the right, that man has paid up. He's already put the \$1,200 into the \$3,700; so one man out of five has paid one third of what's there. So, two problems here. I think we've overpriced it to where people aren't renting, as much as they should and so we're not capitalizing on that. The other thing is we're not

collecting from people who owe, deadbeats. We could have this boat towed and sold and get some of our money back and put somebody in that slip who is going to pay. What I would like to make a motion is that we have a three-tier option and historically we have reduced rates; way back on January 8, 2007, Leah Betts made the motion to reduce... Business fees went up from \$50 to \$250 and she made the motion to reduce them down to \$125 and that was passed. So, I think that as we have passed motions in the past to reduce rates, I think... It's just like when a doctor gives you medicine, you need to give him feedback to see if it is being effective. I think the higher rates are not effective. So, two things, I would like to make a motion that we have \$100 for the six month winter; \$150 a month for the six month summer; and, \$100 a month for twelve months if somebody will up front pay for a whole year, and pay for it.

Councilman West: I second that motion.

Mayor Newlands: Before you go on, can I ask you a question? The person who paid up for the whole year. I don't know if you want to tell me who that is, but I don't remember seeing anybody paid up for the entire year.

Councilwoman Hudson: Well not the entire year. He's paid up. He has six summer months, \$1,200. So he is paid up, is what I said. I don't believe... If I said for the whole year, I didn't mean that; but he has put \$1,200 into that \$3,700; so that's one person out of five boats. So in other words, just by that, I know that there are some people here who have not paid.

Mayor Newlands: I just don't know of anybody who's paid up that much in advance, that's all. I don't remember seeing that.

Councilwoman Hudson: No, he's paid up, is what he's paid up.

Councilwoman Duby: Are we monitoring this and getting in touch with people?

Mayor Newlands: Yes, we do.

Councilwoman Duby: That have boats down there and can do we have the authority to hold the boat ransom for the rent or anything like that?

Councilwoman Hudson: Yes. Or to sell it.

Seth Thompson: You need to make sure, is the fee on the town fee schedule; is that where it's currently located?

Mayor Newlands: Yes, it should be.

Seth Thompson: Okay, because that's where you're going to end up amending. You need to make sure that the fee is within proportion to whatever cost it is to administer the program, obviously.

Councilwoman Hudson: I believe it is.

Seth Thompson: Okay, because that would make me worried. I would expect that that kind of response from somebody, if their boat was sold, in essence they could say it's out of proportion.

Councilwoman Duby: No, I'm not talking about selling it; I don't think that's realistic. But, we could get in touch with these people on a regular basis and say your boat is in a slip that we charge rent for; you're not paying the rent.

Mayor Newlands: We do that. We do that. We have one person that we

have an issue with and I can explain it to you in Executive Session.

Councilwoman DUBY: There's only one person?

Mayor Newlands: I mean, there may be one or two people behind a month; but it's a month. That's it. One person is behind a lot more. There are extenuating circumstances.

Councilwoman JONES: In answer to Councilwoman Hudson, the Charter does allow us to take possession of that property and sell it; not that I advocate, but it does allow that.

Councilwoman HUDSON: Thank you.

Mayor Newlands: We have a motion and a second to change our Boat Dock rental fees. We'll do this as a roll call:

Councilwoman Hudson	Yes
Councilman West	Yes

Mayor Newlands: Hold it, hold it. Actually hold on. Robin asked a question of when is this going to start. You need to amend the motion for that. I wouldn't think you would do it before the new budget season would start.

Councilwoman HUDSON: The new budget year, yes, the beginning of the fiscal year, yes.

Seth Thompson: The motion should reflect that, yes.

Mayor Newlands: Can you amend your motion to reflect that?

Councilwoman HUDSON: I ask for the three-tier payment plan for the boat dock rental fees to begin with fiscal year; \$100 per month for the whole year; \$100 per month for the six winter months; and, \$150 per month for the six summer months.

Councilman West: I resecond that motion.

Mayor Newlands: We have a motion and a second to change our Boat Dock rental fees. We'll do this as a roll call:

Councilwoman Hudson	Yes
Councilman West	Yes
Vice Mayor Betts	Yes
Councilman Lester	Yes
Councilwoman Jones	Yes
Councilwoman DUBY	Yes
Mayor Newlands	Yes

Mayor Newlands: Motion is carried.

- c. Approve a new member of the Finance Committee

Mayor Newlands: The next item you have was just in your packets only; we don't have any documentation, is that one member of the Finance Committee resigned and Dr. John Patterson has a desire to come on the Finance Committee. So can we...

Councilman Lester: Actually, Mr. Mayor, two people resigned. Roy Fleming and Roy Turci.

Councilwoman Duby: Who was the second one?

Councilman Lester: Turci. Roy Turci.

Mayor Newlands: So we have Dr. John Patterson looking to join the Committee. Can we get a motion to approve him?

Councilwoman Duby: I move approval.

Councilman West: I'll second that motion.

Mayor Newlands: We have a motion and a second to approve Dr. John Patterson to join the Finance Committee. All in favor say aye. Opposed. Motion is carried.

Seth Thompson: Mr. Mayor, do you have an Ethics Form?

Mayor Newlands: He came in today to pick it up, so I'll make sure I get it from him tomorrow. He knows he needs it.

Vice Mayor Betts: Mr. Mayor, a month ago I asked for a member to be put on the Street Committee and I noticed it's never been put on the agenda.

Mayor Newlands: I apologize. Who is it? I didn't have any official request for that. I'll get it done.

Vice Mayor Betts: What kind of official request?

Mayor Newlands: We had a conversation; I didn't know you spoke to the person.

Vice Mayor Betts: No. I did. I asked you to have it put on the agenda.

Mayor Newlands: We'll do that on the 18th. Okay. I didn't know you spoke to the person. I'm sorry.

Councilwoman Jones: Procedurally, is the Council able to approve your new member of the Finance Committee without that Ethics Form having been completed and reviewed?

Mayor Newlands: He picked it up today. I haven't gotten it back. I know he was in the office today getting it.

Councilwoman Jones: I'm just asking procedurally. That's all.

Councilwoman Hudson: If you amend the motion to say, upon receipt of the Ethics Form.

Seth Thompson: I think that would be better, given the language of your Charter; discussing the fact that they first must complete the Ethics Form.

Councilwoman Jones: Thank you.

Mayor Newlands: Do we need to redo the motion?

Seth Thompson: Correct and just condition the approval upon...

Mayor Newlands: Can you redo the motion Councilman Lester? Oh, who made the motion?

Councilwoman Duby: I made the motion. I move approval of the appointment of Dr. John Patterson to the Finance Committee, pending receipt of his filled out Ethics Form.

Vice Mayor Betts: I'll second the amended motion.

Mayor Newlands: We have an amended motion and a second to approve Dr. John Patterson to join the Finance Committee. All in favor say aye. Opposed. Motion is carried.

- d. Proclamation making an international softball team “honorary” citizens of Milton

Mayor Newlands: “This Proclamation officially names the South Bend, Indiana USA Central Division Champions as “Honorary” citizens of our fair and historic Town of Milton, Delaware, located at the head of the Broadkill River in Sussex County. On behalf of our citizens, we welcome you, this August, 2011 and send our best wishes for your success in the 2011 World Series of Softball.” Can we have a motion to approve this Proclamation?

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

Councilman West: I second that.

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

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

Mayor Newlands: Can we get a motion to go into Executive Session for about 15 minutes starting at 8:00 p.m.?

Councilwoman Duby: I move we go into Executive Session.

Councilwoman Jones: Second.

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

Councilwoman Duby: I make a motion to come out of Executive Session at 8:33 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.

15. Adjournment

Councilwoman Duby: I make a motion to adjourn at 8:33 p.m.

Councilwoman Hudson: Second.

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