

GTF Meeting Minutes Thursday, July 13 , 2023

Attendees: Ray Seigfried, John Scheflen, Barbara Macklem, Steve Benigni, Kate Threefoot, Bev Clendening, Lynda Kolski (via Zoom)

The meeting called to order at 7:39

Minutes for meeting on June 15 and June 22 were approved.

Outline for Final Report

Ray presented a draft outline for the GTF Final Report. It was suggested that the Review and Recommendations for each section of the Charter and each Ordinances be presented separately rather than “chunking” several together. Each section of the charter and each ordinance will be presented with present text followed by the proposed changes or recommendation for change if any and rationale. The report will be available to residents before being presented at TA meeting. It was agreed that an action plan should be added to the introductory items. It was also agreed that the introductory items, except the action plan be left out of the documents that are shared with residents. The introductory items could be included in an executive summary. The full introductory documents would be added back to the full report. John’s memo on Ordinances and Policies will serve as the Introduction to the Ordinance, policy and procedure portion. Policies should follow ordinances. Policies and procedures can be combined. The task force will be recommending that several policies be written by the appropriate committee. Resolutions section will have a statement about the review process and findings of the sub-task force. The last section should be a summary, not epilogue.

Draft Charter change for Charter Sections 6,7,8

Ray presented the following three documents related to proposed changes to Charter sections 6-8: Background and reasoning for changing the Budget/Assessor process (see Appendix A), Proposed changes to the Charter (Appendix B) and Assessor/Budget Committee Ordinance (Appendix C). Ray has met with members of the Board of Assessors and the Budget Committee to discuss the current time frames relative to the proposed time frame in a changed fiscal year. TF members are not in agreement about this proposal. On the one hand, John noted that he has been on assessor several times and agrees with the proposed changes. Kate has been on both the assessors and the budget committees and agrees with the changes. On the other hand, Lynda was an assessor for 7 years and she thinks the changes will be problematic and chaotic. She views the transition 15-month fiscal year as particularly problematic in terms of residents’ ability to pay land rent and mortgage company’s escrow process. She also thinks that the changes will affect committees in ways that cannot be predicted. Ray will discuss the escrow issue with mortgage companies.

Arguments in favor of the change include the following:

- Land assessment is done a year in advance before any changes to tax payments. A change in Arden's fiscal year to align with State and County would allow a more accurate assessment to be done.
- A March 25 end of the fiscal year makes no sense in terms of school and county tax payments.
- This is an opportunity for the assessor to get a better estimate of the taxes which is the Village's biggest expense.
- This change will reduce the need to use the prudent reserve for this purpose.
- 80% of monies collected in land rent sits in the bank for seven months.
- The change may make some jobs of officers and committees easier and more efficient.

Arguments against the change include:

- The present system works and does not need to be changed.
- Any under-budget can be dealt with by using the prudent reserve.
- The transition 15-month fiscal year may create financial problems for some residents and may cause problems with mortgage company escrow process.

Proposed changes to Charter Sections 6-8

Section 6 Officials and Committees of the Town Assembly

- Section 6 should not include committees. All committees except the Board of Assessors, Budget committee and Registration committee were created by resolution at a TA meeting and this is documented in the webpage and in the Red Book. They should not be described in an Ordinance that is less easy to change.
- The TA has the authority to appoint any officials as are needed. There can be officials who are not officers. Officials may be only temporary, to take care of a specific task. The ordinance needs to define only the officers and not all officials.
- The Charter should not dictate that an ordinance should be created. The GTF can recommend that an ordinance which defines the officers and their responsibilities be created.
- Final decision is to retain Section 6 as is and recommend the creation of an ordinance that deal with the officers.

Section 7 Board of Assessors

- Most of parts of this section of the current Charter (a) are removed and these details will appear in the proposed ordinance.
- Current Charter (b) becomes (d) in the proposed revised Charter.
- Most of (c) will be moved to an ordinance. The first sentence will be (b) in the proposed amendment to the Charter.
- Current Charter (d) will be (c) in the revised Charter.

Section 8 Budget Committee

- Revised Charter will contain only (b). The rest of this section will be placed in the Ordinance.

Assessors/Budget Committee Ordinance

Section II Board of Assessors

In the proposed Ordinance, candidates for the Board of Assessors will be nominated at the March TA meeting and a referendum vote will occur in May. According to the current charter, nomination of assessors take place at the September TA meeting and the referendum is in November.

There was an extended discussion about the timing of the presentation of the assessors' final report, presentation of any alternate assessment report and possible referendum vote. In the present Charter, the Assessors give their final report in June. Any resident may propose an alternate assessment rate at the September TA meeting and if affirmed by 2/3 of voting residents at this TA meeting the final assessment rate is determined by a referendum vote in November.

The proposed Ordinance recommends that a draft of the Assessors' report be presented at the January TA meeting with a final report and any alternate assessments presented at the March TA meeting. If the alternate is affirmed by 2/3 of voting residents at this TA meeting, a referendum vote is held in May. Most members of the TF did not see a need for a draft report. The proposed Ordinance will be changed to have the Assessors' final report in January with the opportunity for residents to propose alternate assessment rates at the March TA meeting. If the alternate report receives an affirmative vote by 2/3 of residents at the meeting, the two proposed assessment rates go out for referendum in April/May. This should give the Trustees plenty of time to send out bills and collect land rent for the start of the July fiscal year. There was a concern about the fact that everyone does not pay their bill on time, However, the state and school tax bills are not due until September which makes this less of a concern.

It was suggested that the Trustees should be consulted before we move forward with this Ordinance. In addition, the Registration committee should be consulted about the need to run elections in March and a referendum in April.

Section III Budget Committee

The proposed new fiscal year will begin on July 1. Budget must be approved by June.

According to the current charter the budget prepared by the Budget Committee is presented at the September TA meeting. If approved by the TA, this budget goes to a referendum vote in November. The Fiscal year begins on March 25.

In the proposed Ordinance, the budget prepared by the committee is presented at the March TA meeting. If approved by the TA, this budget goes to a referendum vote in May and the fiscal year begins on July 1.

The last part of the proposed ordinance deals with handling of additional funds received after the Budget referendum and the transfer of funds between line items in an approved budget. Presently there is no mechanism for handling funds that are not a part of the approved budget. The proposed ordinance states that “the Budget Committee shall prepare a resolution to address the receipt and expenditure of these additional funds, which will be voted upon by the TA.” If the TA votes to do so, the resolution will go to a referendum vote. The proposal does not provide a mechanism for general community input on the use of the funds. The ordinance puts new responsibility on the Budget Committee. A better solution may be for the TA to consider resolutions for the expenditure of these fund submitted by any standing or ad hoc committee or resident. This applies only to funds that are not ear-marked for a particular purpose. There was a suggestion that the GTF should not decide this but to recommend that the TA create a mechanism for the use of the additional funds.

There was general agreement that the task of writing a resolution for the use of the funds should not be the responsibility of the Budget Committee and therefore that a separate ordinance should be written to recommend a decision process for the use of additional funds. Steve was tasked with writing a draft ordinance.

Emergency expenditures. The proposed ordinance includes the following statement:” In case of an emergency, an approved budget can be modified with a majority vote of the Town Assembly.” We have a practice of moving funds from one committee to another when one committee has an unexpected expense, and another committee has a surfeit. It is the opinion of some that this should not happen. Instead, contingency funds should be used with the approval of the TA. It was thought that there is no written policy to deal with this. However, the following policy, can be found in under Financial policies in the Budget Committee link in the Arden Webpage: “Policy - Transferring of Funds between Budget Line-items (October 2009) Funds may be shifted between budget items on the budget referendum by approval of the committee if all budget items are within the committee’s responsibility or with the approval of the representative of all committees involved and a least one village officer. Transfer of funds is only allowed if the source account has sufficient funds available and that no standing vouchers are in place covering the funds.” This mechanism should be included in the new ordinance on budget adjustments.

Meeting adjourned at 9:46.

Appendix A: Background and reasoning for changing Budget/Assessor process

- Tax payments for schools and county government make up 80-85% of total land rent assessment.
- Both school and county budget processes include a review process, possible referendum, and a vote on a final budget immediately before their fiscal year. There is no best guessing.
- Assessors are responsible for two things, 1, establish the community standard of living, and 2, identify the dollar amount for each leaseholder's land rent. The information needed to complete the dollar amount is never fully available because the charter mandates a fiscal year of March 25, and the school Board and county government have a fiscal year of July 1.
- The budget committee has the same issue as the Assessor regarding the Budget.
- Our payment for county services also does not line up because of our FY cycle.
- The current budget process from decision to implementation is 8-5 months old and is based on incomplete information.
- Timetable for Assessors
 - Members nominated by Town Assembly in September and voted on by the Village in a referendum no later than 45 days after nomination [around November]
 - Conduct 2 hearings and provide their report at the June meeting [this process takes around 7-6 months]
 - At the September Town Assembly meeting, an appeal can take place, and if 2/3 agree, both the Assessors report and the appeal report go to referendum. The rate approved by the majority will go into effect.
 - If their report is accepted in June or after the referendum, it does not take effect until March 25. It will be effective 9 months after approval if approved in June without an appeal. Suppose it is appealed then 5 months later. Under both time frames, it is guessing our taxes, which comprise 80-85% of our land rent.
- Timetable for Budget
 - Members elected in March
 - Their budget report is in September, which the Village can modify.
 - The Budget is then sent to the Village in a referendum 45 days after the September meeting [results around November]
 - The Budget is implemented 5 months later, on March 25.
 - Like Assessors, they are guessing our taxes, which comprise 80-85% of our land rent.
- Given this information, I am recommending the following changes

- Take the process work of both Assessors and Budget Committee out of the Charter and place it into an ordinance.
- Change the fiscal year from March 25 to July 1. This can be achieved with a transition 15-month year.
- Shift the timetable of both Assessors and Budget Committee to perform their work between January-June. This can be achieved with a March Assessor and Budget report and a referendum between April- June.

Appendix B: Proposed changes to the Charter

Officials and Committees of the Town Assembly

Section 6

[a] Town Assembly will create appropriate ordinances with a full description including responsibility and authority for every official and committee created.

Board of Assessors

Section 7

- (a) The Board of Assessors shall consist of seven (7) residents nominated by the Town Assembly and elected by the residents of Arden by referendum.
- (b) The duties of the Board of Assessors shall consist of assessing the full rental value or community standard of living of leased lands in the Village.
- (c) The Assessors shall, before assuming office, take an oath of office before any person qualified under the Laws of the State of Delaware, to administer oaths, which oath shall be in the following form: "I..... do solemnly swear (or affirm) that I will faithfully perform and discharge my duties as Assessor of Arden to the best of my ability and that I will as nearly as possible assess the full rental value or community standard of living for Arden lands as required by the Deed of Trust and the Leases of Arden."
- (d) The members of the Board of Assessors shall serve for one year or until their successors are duly elected in accordance with the provisions of this Act.

Budget Committee

Section 8

- (a) The Budget Committee shall prepare a budget governing (1) the expenditure of all Village funds, the use and expenditure of which are not specifically governed by Federal, State or County laws, rules and regulations; and (2) the expenditure of all monies derived from the collection of ground rents, the lawful use and expenditure of which are now and hereafter subject to the approval and consent of the residents of the Village.

Appendix C: Assessor/Budget Committee Ordinance

Section I Purpose

The purpose of this Ordinance is to specify the process of both the Board of Assessor and the Budget Committee. It defines the timing and activities of each to perform their respective function.

Section II Board of Assessor

The Board of Assessors shall consist of seven (7) residents elected in the manner herein provided: Candidates for the Board of Assessors shall be nominated by the Town Assembly at its regular March meeting of each year. No later than 45 days after such nomination, the Registration Committee of the Village shall mail ballots containing the names of all nominees to each resident of the Village. The ballots shall be in such form as the Registration Committee prescribes and include suitable boxes for marking the voters' choices. Each resident shall return their marked ballot to the Registration Committee within 30 days after mailing it. The Registration Committee shall tally the votes cast and report the election results at the first regular meeting of the Town Assembly following the election. The Hare System of Proportional Representation shall govern the election and the result thereof.

The members of the Board of Assessors shall serve for one year or until their successors are duly elected following the provisions of this Act.

The duties of the Board of Assessors shall consist of assessing the total rental value or community standard of leased lands in the Village. The Board shall conduct two hearings during the year, which shall be open to all residents, Trustees, and leaseholders of the Village. Notice of the time, date, and place of each hearing shall be mailed to all residents, leaseholders, and Trustees at least seven (7) days before such hearing. The Board shall fix rules and regulations for the conduct of the hearings, provided that reasonable opportunity shall be afforded to all persons entitled to notice thereof to be heard at such hearings. The Board shall report a draft assessment rate to the Village at the regular meeting of the Town Assembly in January; and a final report in March.

The assessment rate determined by the Board for the assessment of Arden lands shall be final and conclusive, provided that any leaseholder of the Village shall have the right to appeal such determination by submitting a proposed assessment rate to the Town Assembly at its regular March meeting. In the event such proposed rate shall receive the affirmative vote of two-thirds of the residents voting at such meeting, such proposed rate and the rate determined by the Board shall be submitted to a general referendum no later than 45 days from the March meeting to the residents of the Village. The Registration Committee shall conduct the referendum. The rate approved by most residents shall be the rate in effect until redetermined in the manner provided herein.

The Board of Assessors shall determine the applicability of differential factors to applying the assessment rate upon leaseholds in the Village. The Board shall allow leaseholders to be heard upon any question arising thereunder.

It shall be the duty of the Board to keep and maintain a full and accurate record of its deliberations and proceedings, including all information and data considered in its determinations. Such record shall be open to the inspection of any Trustee, resident or leaseholder at any time or times as may be convenient. Upon the expiration of their term in office, the assessors shall deliver the same to their successors.

III Budget Committee

The fiscal year for Arden shall be July 1, through June 30.

The Budget Committee shall consist of five [5] residents of the Village elected by the Town Assembly. Three members of the Committee shall be elected by the Town Assembly at its regular March meeting in each odd-numbered year following the approval of this Act. Two members of the Committee shall be elected by the Town Assembly at its regular March meeting in each even-numbered year following the approval of this Act. Each member, so elected, shall serve in office for two years or until his successor is duly elected.

The budget prepared by the Committee shall be reported to the Town Assembly at its regular March meeting of each year. The Town Assembly may modify or amend all or any portion of the budget. With any amendments thereto, the proposed budget shall be approved by the Town Assembly and submitted to a general referendum of the residents of the Village. The Registration Committee shall conduct the referendum within 45 days after the regular March meeting of the Town Assembly. The Registration Committee shall mail ballots to all residents of the Village. The ballots shall contain suitable boxes for marking the approval or disapproval of the entire proposed budget and each item therein enumerated. No ballot shall be counted unless received by the Registration Committee on or before a date fixed by the Committee, which shall in no event be less than fifteen (15) days from the date the Registration Committee mails the ballots to the residents of the Village.

If the Village receives additional funds (for example, donations, contributions, or bequests) after the Budget referendum, the Budget Committee shall prepare a resolution to address the receipt and expenditure of the additional funds, which shall be voted upon by the Town Assembly.

In case of an emergency, an approved budget can be modified with a majority vote of the Town Assembly.