

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
BUDGET COMMITTEE
Thursday, March 29, 2018
Municipal Complex, Committee Meeting Room, 3rd Floor
100 Ann Edwards Lane, Mount Pleasant, SC 29464

MINUTES

PRESENT: Mayor Will Haynie, Joe Bustos, Bob Brimmer, Kevin Cunnane, Kathy Landing, Tom O'Rourke, Jim Owens, Gary Santos and Guang Ming Whitley

STAFF PRESENT: Eric DeMoura, Town Administrator; Marcy Cotov, Chief Financial Officer

Mayor Haynie called the Budget Committee meeting to order at 12:02 p.m.

1. Public Comments

[None]

2. Budget Overview FY 2019

Mr. DeMoura stated that he is proud to present the fiscal year 2019 budget for the Town of Mount Pleasant. He said that it is a lean budget that allocates, in an efficient manner, resources necessary to support the mission of the Town. He stated that this is the first Budget Committee meeting and the purpose of this meeting is to provide this Committee with an overview of the budget, in order to prepare this Committee as they enter into the respective department budget reviews that begin next week.

He stated that every budget we undertake uses a strategy that guides us.

BUDGET DEVELOPMENT STRATEGY

- ✓ Consistent with the Town's Strategic Plan and Comprehensive Plan
- ✓ The budget is balanced
- ✓ Budget focus
 - Addressed Citizen's Demand for Services
 - Capital Investment
 - Technology Infrastructure Support and Security
 - Compensation of Employees

Mr. DeMoura stated that the budget does not propose or request a tax or fee increase and in fact, staff does not ask Council to spend funding that staff does not believe is necessary. He said that members will find in this budget that there is approximately \$200,000 in the contingency line item that will sit and can be utilized by Council upon vote, to take care of anything that comes up during the fiscal year. He said that this budget is focused and as he mentioned previously, the Town is experiencing an increase in calls and demands for service that are outpacing the Town's population. He said that the Town is adding positions and other resources in the budget to help with this. He said that Committee members will see five additional Public Services positions which are critical for next year and the years beyond. He said it also includes funding for the School Resource Officers that are a priority. He said that capital investment is not only a budget focus, but one of the primary characteristics of this budget. He said a few years ago with the Town's first strategic plan, leaning towards capital is something the Town has done as an organization and in fact, have shaped ourselves as an organization to invest in capital. He said this budget, more than any other in the past, has a massive commitment towards capital that is not seen or rarely seen in any other community. He stated that the amount of funding going towards capital is almost equal to the Town's entire

General Fund, which is very impressive. He said that staff is proposing an average of a 4% increase for employees based on merit.

PROPOSED BUDGET - ALL FUNDS		
ALL FUNDS	FY 2018 BUDGET	FY 2019 PROPOSED
GENERAL FUND	\$ 86,158,803	\$ 86,617,952
DEBT SERVICE FUND	6,870,106	8,334,219
VICTIMS ADVOCATE	103,066	—
STATE ACCOMMODATIONS TAX FUND	2,383,961	1,896,646
CAPITAL FUND	81,163,859	85,030,419
Less Interfund Transfers	(24,138,725)	(23,276,043)
TOTAL	\$152,541,070	\$158,603,193

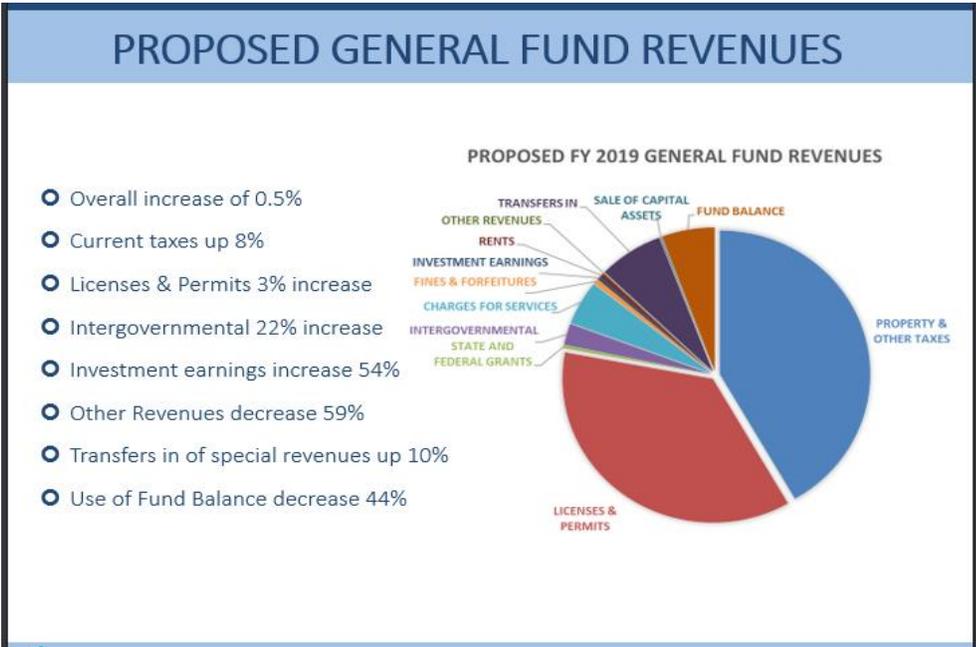
Mr. DeMoura illustrated what the budget looks like, the total and how it is broken up. He stated that the total proposed amount for FY 2019 is \$158,603,193 and it is a 4% increase over the current year. He said the increase is not in the General Fund, which is utilized to operate the Town. He said the growth proposed in this budget for next year is one half of one percent of where it is today as far as the Town's operations. He said the growth in the proposed budget is in Capital and in the Debt Service Funds as well. He said the increase in the Debt Service Fund reflects the payment for a portion of the GO (General Obligation) bond, which is a \$30 million-dollar Public Services Operations Center and the \$5 million for Fire Station 4. He said what Committee members are seeing is the increase in next year's proposed budget, predominately capital related.

Ms. Cotov reviewed the proposed General Fund revenues. She said the General Fund portion of the budget is \$86,617,952 which is a half of a percent or \$460,000 more than the current budget. She stated that if you review the illustration, you will notice that the two largest sources of funding are Property and Other Taxes and Licenses and Permits.

PROPOSED GENERAL FUND REVENUES

GENERAL FUND	FY 2018 BUDGET	FY 2019 PROPOSED
PROPERTY & OTHER TAXES	\$33,423,094	\$36,086,616
LICENSES & PERMITS	30,490,737	31,423,934
STATE AND FEDERAL GRANTS	906,647	310,000
INTERGOVERNMENTAL	1,708,797	2,076,192
CHARGES FOR SERVICES	4,102,139	4,298,517
FINES & FORFEITURES	490,000	520,080
INVESTMENT EARNINGS	186,543	286,543
RENTS & ROYALTIES	220,000	430,000
OTHER REVENUES	294,012	95,500
TRANSFERS IN	5,476,434	6,049,611
SALE OF ASSETS	100,000	100,000
FUND BALANCE	8,760,400	4,940,959
TOTAL	\$86,158,803	\$86,617,952

She stated that the property and other taxes is 42% of the budget and the licenses and permits is 36%. She stated that under property and other taxes is the Town’s property tax which is increasing 6% with local sales tax increasing by 3%.



She stated under licenses and permits, the 3% is comprised of business license permits, which the Town is projecting at 2.4% higher than FY

2017 actual. She said it also includes insurance licenses, which the Town is projecting 4% over the current year's actual. She said they receive the funding in July and already know what it is, so they are projecting the 4% increase. She said that the 22% in intergovernmental is the anticipation of a State Grant for police body cameras. She said recognizing that they will likely get this grant, staff has already programmed this into the budget. She stated that the investment earnings increase of 54%, as staff has really made an effort this year to maintain higher balances in the local government investment pool and it is bringing in 144 basis points. She said the Other Revenues decreased 59%. She said that this year, an Insurance Management Internal Services Fund was established so the insurance claim reimbursements are going directly to this fund, so it no longer goes into the General Fund. She said the transfer of special revenues is up 10% due to a three-year federal grant that funded two police officers ending and will be picked-up with special revenues.

She stated that the use of fund balance decreased 44% because at mid-year, based on the Town's Fund Balance Policy, additional funding was added for transportation and stormwater projects. She stated that staff does not project that full amount and stays conservative and if there is more than what is in the budget, staff will true it up at mid-year.

PROPOSED GENERAL FUND EXPENDITURES		
DEPARTMENT	FY 2018 BUDGET	FY 2019 PROPOSED
GENERAL GOVERNMENT	\$7,298,349	\$7,067,178
MUNICIPAL COURT	1,037,920	1,037,938
LEGAL	1,170,316	1,224,275
PLANNING & DEVELOPMENT	3,536,715	3,221,940
NONDEPARTMENTAL	8,692,052	8,459,446
POLICE	15,838,034	16,807,359
FIRE	11,257,312	11,762,522
PUBLIC SERVICES	13,089,793	13,607,668
TRANSPORTATION	1,275,772	1,358,054
RECREATION	7,405,086	7,346,275
TRANSFERS OUT	15,557,454	14,725,297
TOTAL	\$86,158,803	\$86,617,952

Mr. DeMoura stated that the proposed General Government budget shows a decrease. He said the security contract for the security at the

entrance to Town Hall is currently in the General Government budget and staff is proposing to move this to the Police Department. He said there was also some repair work to facilities that was in the General Government budget last year and it needs to be in capital, which contributes to the decrease.

He stated that the large decrease in Planning and Development is due to the large expenditure in the current year to support the Comprehensive Plan, which will not be required next year. He stated that Non-Departmental shows a decrease, less grant money that the Town plans to spend next year. He said that this is the line item that Council decides upon Community Investment Program and the contributions that are made to outside agencies. He stated that some of the funding has been utilized this year in order to support the School Resource Officers, which was a greater priority. He stated that the Police Department has increased approximately \$1 million dollars for officers. He stated that what is also shown in the line items in the proposed budget is the 1% retirement contribution mandated by the State of South Carolina. He said what this means to the Town is \$320,000 in taxpayer's money, which could be used to fund other positions and needs within the Town is being mandated by the State. He stated the increase shown in Public Services is due to the five additional positions. He stated that Transportation has a slight increase, with Recreation down slightly. He stated that Transfers Out is where the General Fund is transferring money out to support capital work. He said that this is funding that is being transferred out to the Debt Service Fund to support a borrowing. He said that this also includes money that was saved from the prior year, it gets transferred out of the General Fund to the Capital Fund as part of Council policy and is significant.

Mr. DeMoura reviewed additional proposed expenditure highlights with Committee members. He stated as the Town Administrator, he is proud of the Town's employees. He stated that the Town has employees that any organization would be happy to have. He said they are passionate and committed and believe in the mission. He stated that \$1.3 million

dollars is programmed in the budget for the average compensation of 4% for employees that perform.

PROPOSED EXPENDITURE HIGHLIGHTS	
Addresses Citizen's Demand for Services	
➤ Staffing to meet service demands	
➤ School Resource Officers	
➤ Operations Center	
➤ Fire Station 4	
➤ Equipment for growth	
➤ Radios	
Capital Investment	
➤ Capital Improvements Plan	
Technology Infrastructure Security and Support	
➤ Staffing for systems and asset management software	
➤ Network Management Security System	
Compensation of Employees	
➤ Pay for Performance	
➤ Pension mandates	

Mr. DeMoura stated that the Capital Fund of \$85 million dollars is significant and there is no community in South Carolina that contributes as much of its taxpayer's dollars towards capital repair.

PROPOSED CAPITAL FUND		
DEPARTMENT	FY 2018 BUDGET	FY 2019 PROPOSED
CAPITAL IMPROVEMENTS PLAN (CIP)	\$51,115,224	\$57,229,892
COMPREHENSIVE MAINTENANCE PLAN (CMP)	12,861,445	9,301,140
ASSET REPLACEMENT PLAN	6,507,376	9,784,344
RESERVES & TRANSFERS OUT	10,679,814	8,715,043
TOTAL	\$81,163,859	\$85,030,419

Mr. DeMoura stated that at the first Strategic Plan, the Town made a decision not to wait any longer on the State or the Federal government

to support the Town's capital needs. He said over the last few years, the Town has been reshaped with a strong capital plan to meet the needs of the Town. He said the CIP (Capital Improvement Plan) represents the major roads and expansions. He stated that the CMP (Comprehensive Maintenance Plan) represents the Town's current assets that need to be maintained. He added that Asset Replacement is predominately vehicles and heavy equipment, and Reserves & Transfers Out are to meet debt and other needs.

PROPOSED CAPITAL FUND	
Capital Improvements Plan (CIP)	
➤ Transportation projects	\$10.4 million
➤ Public Services & Stormwater	\$30.3 million
Comprehensive Maintenance Plan (CMP)	
➤ Transportation projects	\$2.6 million
➤ Public Services & Stormwater	\$3.8 million
➤ Facilities and Vehicle maintenance	\$2.7 million
Asset Replacement Plan	
➤ Radios	
➤ Technology	
➤ Rollout carts	
➤ Vehicles and Equipment	
Reserves & Transfers Out	
➤	\$1.1 million in special revenue and capital reserves
➤	\$7.6 million in special revenue transfers to the debt and general funds

He reviewed the highlights of the Proposed Capital Fund. He stated that the CIP includes additional funding for Transportation projects of \$10.4 million dollars to support the Long Point Road Extension, the final phase of Billy Swails Boulevard, as well as All American Boulevard. It also includes \$30.3 million for Public Services and Stormwater, with the \$30 million going towards the Operations Center and the \$300,000 is water quality at Shem Creek.

Mr. DeMoura stated that the CMP includes Transportation in the amount of \$2.6 million dollars and Public Services & Stormwater in the amount of \$3.8 million dollars and each have allocated \$1.5 million in repairs. He said the \$1.5 million of the \$2.6 million dollars is for pavement preservation to maintain the road surfaces around the Town.

He said there is another \$500,000 in sidewalks that has become a rising priority. He said Stormwater has \$1.5 million for pipe repair around the Town that need to be maintained and improved upon. He stated that facilities and vehicle maintenance in the amount of \$2.7 million is to keep up the Town's buildings as well as the Town's fleet. He reviewed the Asset Replacement Plan and stated that under Vehicles and Equipment, the Police Department will be replacing 37 vehicles next year. He reviewed the Reserves & Transfers Out.

PROPOSED FUNDING – CIP YEAR 1

Proposed Change Since January Capital Improvements Plan (CIP)

- Removed Whipple Tennis Clay Court Addition
- Deferred Stormwater Improvement Program

FY 2019 CAPITAL IMPROVEMENTS PLAN
\$57,229,892

Ms. Cotov stated that at the January Council Retreat, a CIP was provided. She stated that these are the changes to the CIP since January. She stated that the Whipple Tennis Clay Court Addition has been removed from this upcoming proposed budget and will be taken to Bids & Purchases at the April 2nd Committee meetings and hopes to have it awarded this year. She said the second item was a deferment of the Town's Stormwater Improvement Program, so the CIP is not contingent on any increase in fees on stormwater fees. She said that program will allow for the repayment of the Snee Farm SRF (State Revolving Fund) only at this time. She said that it is just being deferred. She said the overall CIP portion of the Capital Fund is \$57,229,892 and this compares to last year's adopted one of \$26.5 million.

Ms. Cotov stated that other than the General Fund and the Capital Fund, there are two other funds; the Debt Service Fund and the State Accommodations Tax Fund. She said that the Debt Service Fund includes the repayment of the \$35 million proposed general obligation borrowing for the Public Services Operations Center and Fire Station. She said it also includes two proposed lease purchases; one is for Public Services' large equipment which is for replacement and growth that is greater than \$100,000. She said there are also radios, and this would be sufficient to replace all of Public Safety's (Fire and Police) radios at one opportunity. She said it also recognizes that the Town is completing three different lease purchases. She stated that the State Accommodations Tax Fund represents the 2% tax on accommodations to support tourism related expenditures. She said twice a year contributions are recommended, which is what is shown here and also \$700,000 of those funds to support the Memorial Waterfront Park, Phase II.

Mr. DeMoura stated that the next steps are as follows.

NEXT STEPS
Committee Reviews of Proposed Budget April 2 nd
Public Hearing at April 10 th Council Meeting
First Reading of Budget Ordinance April 10 th
2 nd Budget Committee Review of Proposed Budget in late April
Final Reading of Budget Ordinance May 8 th

He stated that during Committee meetings on April 2nd and 3rd, each of the individual budgets will be addressed, then a public hearing is

scheduled for April 10th at the Town Council meeting and at that meeting, staff is requesting Council to have first reading of the budget. He said any edits or amendments to the budget cannot be accomplished until second reading. He stated that staff would like to request a second full Budget Committee meeting to discuss any changes or adjustments to the budget and any recommendations out of the department budget meetings, as well. He stated that staff is hoping to have final reading on May 8, 2018. He stated that the budget is a tremendous undertaking and on an annual basis, the most important document that is produced. He stated that Ms. Cotov and her team deserve a great deal of credit, as well as all the Department Managers.

Mr. Brimmer stated that there was one item under the Fire Department that had a half a million dollar change from last year to this year and does not recall what this change is about.

Mr. DeMoura stated that there is the 1% mandated retirement contribution, additional funding for training in order to have paramedic capability for three firefighters, \$120,000 in the budget to either fully replace or almost fully replace the cardiac monitors.

Chief Mixon stated that salaries and the average 4% increase are also included in this amount.

Mr. Santos stated that Recreation was 4% less than the past year and asked why, because the Town is growing in Recreation.

Mr. DeMoura stated that most of this came out of contractual services.

Mr. Gergick stated that the decrease is due to contractual services, as well as salary decreases and maintenance projects.

Mr. DeMoura stated that there were some salary adjustments downward due to the transition in leadership at several different levels.

Mr. Santos stated that there are requests for more pickle ball and tennis courts. He said also, the third phase of Carolina Park, he was also hoping this would be completed in order to free up other fields. He stated that

Recreation is growing and was hoping more could be put towards infrastructure.

Mr. DeMoura stated on the operations side, the dollar amount has decreased; however, on the capital side, it is up. He said Carolina Park, Phase III is included in the capital side of the budget.

Mr. Santos asked about the Mugsy Kerr as there was discussion of expanding this for tennis courts and pickle ball.

Mr. DeMoura stated that this is being done in the current year.

Mr. Gergick stated that Mugsy Kerr will be expanded once Carolina Park is completed. He said Carolina Park needs to be completed in order to have additional ball fields to expand at Mugsy Kerr because they use the ball fields there currently.

Mr. Santos asked if Phase III of Carolina Park will begin once the budget is approved.

Mr. DeMoura responded in the affirmative.

Mr. O'Rourke stated that there was a good Planning Committee meeting previously and what was discussed was something that the public seems to be very concerned about which is infrastructure and more importantly, keeping up with infrastructure. He said this is all related to funding. He said that this budget will be approved very soon, and he thinks Council needs to find a way to keep this topic going throughout the course of the year. He said ten years from now, the Town is going to need more roads and Town employees and funding sources are going to be needed to support this. He said Council will need to find the funding to meet the needs of this community so that the Town can build the infrastructure before we are behind. He said we need to know what is ahead by ten or fifteen years. He said he is concerned looking twenty-five years in the future, that additional funding sources are going to be necessary. He said if Council explains it to the public, he thinks they will understand. He said there is a great deal of work for Council to do and with the assistance of Mr. DeMoura and Ms. Cotov it is something, as a Finance Committee, that should be done year-round to keep up with

this. He applauds this Council for recognizing the fact that infrastructure has to be built to meet the growth that we have here in the Town.

Mr. Brimmer said he would be remiss in his duties as a Councilman to let a budget season pass without asking about Park West Boulevard. He asked if this includes funding for this project to move forward this year.

Mr. DeMoura stated that it does and also how it connects with All American Boulevard. He said it will be discussed in the Transportation Committee meeting on April 2nd and believes the total for Park West Boulevard with this proposed budget is up to \$8.5 million dollars. He said the Town is continuing every year to add funding, just as they have done with Long Point Road Extension and other projects, so that when it is time to bid, they will likely have the funding.

3. Adjourn

There being no further business, meeting adjourned at 12:33 p.m.

Respectfully submitted,
Barbara Ashe
March 29, 2018