

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
FINANCE COMMITTEE
Monday, April 1, 2019
Municipal Complex, Committee Meeting Room, 3rd Floor
100 Ann Edwards Lane
Mount Pleasant, SC 29464

MINUTES

Members Present: Tom O'Rourke, Chair; Gary Santos, Kathy Landing, Joe Bustos

Staff Present: Eric DeMoura, Town Administrator; Marcy Cotov, Chief Financial Officer

Mr. O'Rourke called the meeting to order at 2:50 p.m.

1. Approval of Minutes from the March 4, 2019 meeting

Mr. Santos moved for approval of the minutes; motion seconded by Mr. Bustos. Motion carried unanimously.

2. Public Comments

Melissa Moore, Director of Operations, Housing For All, Mount Pleasant, 1000 Johnnie Dodds Boulevard. Ms. Moore thanked the Town for their consideration for a grant request for Housing For All, Mount Pleasant. She recently read in the paper that Parson Jacks and Kitchen 208 restaurants had to shut their doors because of staffing shortages. The affordable housing issue goes up and down the food chain. It is a livability issue not a charity issue and that makes the way they fundraise differently than traditional charity would fundraise. They are working with the best minds in the region through the Charleston County Task Force on affordable housing. The consensus is that they need a regular, steady permanent stream of funds for this type of work in this region. The grant will help sustain them while they are putting their heads together about where

those funds are going to come from. The problem did not happen overnight. It was decades in the making. It is not going to be fixed tomorrow, but they have some exciting projects in the works, and one is the preservation and the protection of existing housing stock. They are working with underserved communities to identify projects that need repair. That is one of their big focuses this year. They have created an inventory of available public land, as well as rental property inventory to see what can be preserved for affordable housing. That is a strategy they are approaching as well as working with a sociologist at the College of Charleston to create a workforce survey to survey the workforce of Mount Pleasant to find out what their needs are. They are also in the early stages of developing a partnership with a builder and developer that will hopefully yield units at well below market rates. That is a longer-term strategy. They also have their public education campaign that they are rolling out about what affordable housing is and what benefits it could bring to the Town. There are some big city problems that they would like to work with the Town to tackle. Thank you.

Mr. Bustos thanked them for what they are doing. He said the Town has tried to help them find a way. The Town established a task force, they have done a non-profit, and done some other things. He asked if this is really an affordability issue or is it a too low pay issue?

Ms. Moore stated that the two cannot be separated. They go hand in hand. They are exploring strategies to work with employers to create some sort of affordable housing through employers. It may be encouraging them to lease units and lease them out to their employees at a lower rate. They are exploring all possibilities. It is a transportation issue, it is an affordability issue. It is all of that.

Mr. Bustos stated that he does not know if a living wage would fix this, and he was not suggesting the Town get into fixing or setting wages. Mr. Bustos stated that the people who are having a lack of employees because of affordability, are the ones harping on that issue, then they should participate in that more.

Ms. Moore stated that Mr. Bustos made a very good point. She stated both of those jobs were paying pretty good wages. They started at \$12 an hour which is well above minimum wage. They are not the lowest paying jobs, but you must make about \$15 an hour to afford fair market rent in Mount Pleasant.

Catherine Main, 1968 Oak Tree Lane, Executive Director of East Cooper Land Trust, speaking on behalf of their grant application. Ms. Main said the population continues to increase and that puts pressure on the natural resources and beauty that we love in this community. The East Cooper Land Trust is a nationally accredited land trust with the specific mission of permanently conserving land with environmental, cultural, and historical value in the community. She thanked the Town for the funds that were received last year. They would not be able to do what they do without the Town's support. She wanted to highlight a few things they did last year with the funds they received from the Town. It supported their efforts to permanently conserve 11 acres in Mount Pleasant's Somerset Oaks neighborhood. That parcel serves as a scenic buffer in a significant natural habitat for wildlife and plants in Mount Pleasant. They placed permanent protection on a parcel at the entrance of Scanlonville, a settlement community. This was then donated to the East Cooper Civic Club and will forever be a passive park. Their work with the East Cooper Trail continues. They are planning and fundraising for a one-mile segment called the Kenny Mile. It is scheduled to open in 2019 and has been included in the draft Comprehensive Plan as part of the Mount Pleasant WAY (Widening Advancement for Youth). Their organization was originally founded in 2002, under the Town of Mount Pleasant. It has worked to protect properties in and around the Town of Mount Pleasant ever since then. They proactively seek conservation solutions in the community. To date they have protected over 640 acres in Mount Pleasant, and they annually steward them. Their three-person staff is devoted to cultivating and executing land conservation projects that will protect and improve the quality of life for all residents of the Town. She asked that the Town please fund their efforts.

Harry Sewell, Manager of Community Development, East Cooper Meals on Wheels. Meals on Wheels has been in existence since 1985 and they serve an average of 300 meals daily. They have a volunteer group of 450, and seven staff members. He stated that it is a tremendous ministry. Mayor Haynie rode with them last week. Last year they served 158,000 meals. The Town has been a tremendous support of them. He asked that everyone come see it. It would take one doorstep, or one drive and it will melt your heart. There is no age limit. They do not care if the recipient is homebound, or what their income level is; it is based solely on need. Meals on Wheels fills those needs. He asked the Town to look at the possibility of continuing its support. He also stated that if anyone knows of someone who is in need in the community whether it be neighbors, or church members, please go to them and they will take care of them. He thanked the Town for all its support.

Dawn Kahley, Fund Development Director of Pet Helpers. They have been established since 1978. Long term what they will be doing is finding a brick and mortar for and establishing themselves in Mount Pleasant. They feel there is a need because they receive a lot of pets and people going to them through Mount Pleasant. Their strategy in the next three years is to establish a brick and mortar in Mount Pleasant. They hope that the Town will consider funding.

Andrew McGlaughon, 1107 Musket Range who is representing Engaging Creative Minds, an arts integration, educational non-profit in the low country. He thanked everyone for the consideration of continuing support of their programming. He stated that normally there would be two of their principals there, but since it is a school day and they are just back from spring break, they sent a couple things for Mr. McGlaughon to read on their behalf. Ms. Felder at Jennie Moore Elementary said she is honored and greatly appreciates being part of ECM. She said thanks for the generous support from the Town of Mount Pleasant. Because of this funding ECM has been able to expand arts education into other Mount Pleasant schools, giving teachers new skills and strategies to help all

children learn through the arts. Ms. Fountain at James B. Edwards said that the James B. Edwards family would like to thank the Town of Mount Pleasant for supporting the expansion of arts integration in their school this year. Their students have learned so much because of the innovative and creative programs ECM provides. It is their hope that they continue to support ECM and James B. Edwards as well as other schools in Mount Pleasant for the 2019-2020 school year. Mr. McGlaughon thanked everyone and said they are hoping to expand this year. They are currently in four schools, Carolina Park, James B. Edwards, Jennie Moore and Whiteside. They are looking to do a pilot program in the upcoming year in Belle Hall Elementary School, which should put them up over 2,500 students in Mount Pleasant that are effective, which is about 25% of their programming across the low country. He thanked the Town for helping them create a ripple effect to unlock the potential for all the students through arts integration.

Don Squires, Director of Development at Windwood Family Services in Mount Pleasant and Awendaw. They have been around providing help, hope and healings since 1985 in the Charleston area. They operate a residential group home for boys in Awendaw. They also operate a brick and mortar out-patient therapy clinic in Mount Pleasant at 900 Johnnie Dodds Boulevard. They see around 200-300 patients through that program a year, and a lot are continued residents that are from the Farm that have transitioned into forever homes that they continue working with. As part of their grant cycle this year, through the Town of Mount Pleasant they have requested funds to go towards their community-based prevention program which operates out of their office in Mount Pleasant. He stated the program goes into the homes of families that are at risk of losing their children in all three counties. Last year they were in over 500 homes in the tri-county area with 150 of those being in Mount Pleasant alone. A lot of those homes are some of the toughest battles they have because in Mount Pleasant the fight has been custody and working with both sides of a family trying to figure out what is best for the kids and how do they stop the Department of Social Services from coming in and taking

action. Their services range from helping people with basic human needs as food, clothing and shelter to help those families keep their kids through providing those needs. Other times there may be a need to help a 15-year-old learn how to be a parent. Their services are across the board from where they started in 1985 as a home for boys. They are in all three counties now helping with prevention, so the boys never get to that point. They appreciate the Town's support over the years.

Mr. O'Rourke stated that for those who spoke and requested funding, it will be a part of the discussion that Ms. Cotov will be going through.

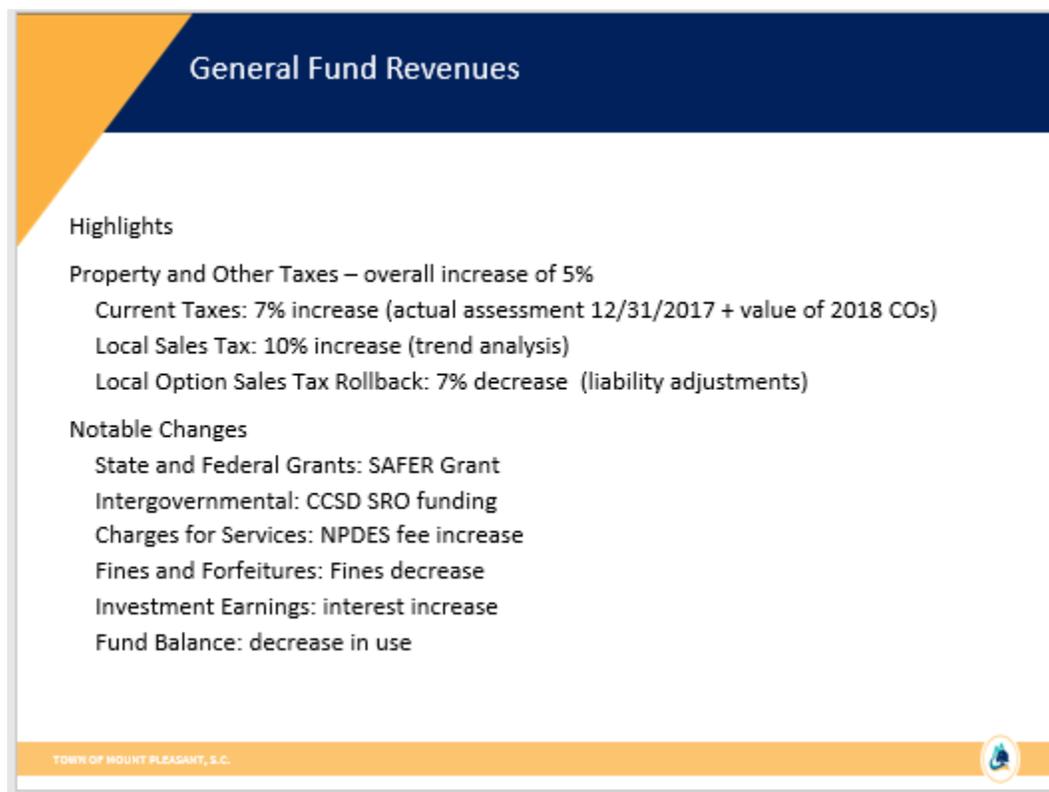
3. Budget Review FY 2020

a. Revenues for all General Fund and Capital Funds

General Fund Revenues				
REVENUES	BUDGET FY 2019	PROPOSED FY 2020	% CHANGE FROM FY 2019	\$ CHANGE FROM 2019
Property & Other Taxes	\$ 36,086,616	\$ 37,820,700	5%	\$ 1,734,084
Licenses & Permits	31,423,934	31,702,717	1%	278,783
State and Federal Grants	428,444	659,289	54%	230,845
Intergovernmental	2,016,688	2,323,457	15%	306,769
Charges for Services	4,298,517	4,476,309	4%	177,792
Fines & Forfeitures	520,080	448,153	-14%	(71,927)
Investment Earnings	394,196	429,350	9%	35,154
Rents & Royalties	430,000	399,525	-7%	(30,475)
Contributions & Donations	90,836	-	-100%	(90,836)
Sale of Capital Assets	100,000	75,000	-25%	(25,000)
Other Revenues	95,500	120,000	26%	24,500
Transfers In	6,079,611	6,269,029	3%	189,418
Fund Balance Usage	16,263,872	4,411,615	-73%	(11,852,257)
Total Revenues	\$ 98,228,294	\$ 89,135,144	-9%	\$(9,093,150)

TOWN OF MOUNT PLEASANT, S.C. 

Ms. Cotov Stated that General Fund revenues begin on page 7 of the budget document. Overall, revenues from FY 2019 to FY 2020 decreased 9%. This was due to the decrease in the one-time use of fund balance FY 2019. Overall General Fund revenues, excluding the use of fund balance, are projected to increase 3%. The detail of the revenue begins on page 8.



The slide titled "General Fund Revenues" features a blue header with an orange triangle on the left. The content is organized into two main sections: "Highlights" and "Notable Changes". The "Highlights" section lists three items: "Property and Other Taxes – overall increase of 5%" (with sub-points for Current Taxes at 7%, Local Sales Tax at 10%, and Local Option Sales Tax Rollback at 7% decrease), "State and Federal Grants: SAFER Grant", "Intergovernmental: CCSD SRO funding", "Charges for Services: NPDES fee increase", "Fines and Forfeitures: Fines decrease", "Investment Earnings: interest increase", and "Fund Balance: decrease in use". The footer contains the text "TOWN OF MOUNT PLEASANT, S.C." and a small circular logo on the right.

General Fund Revenues

Highlights

- Property and Other Taxes – overall increase of 5%
 - Current Taxes: 7% increase (actual assessment 12/31/2017 + value of 2018 COs)
 - Local Sales Tax: 10% increase (trend analysis)
 - Local Option Sales Tax Rollback: 7% decrease (liability adjustments)

Notable Changes

- State and Federal Grants: SAFER Grant
- Intergovernmental: CCSD SRO funding
- Charges for Services: NPDES fee increase
- Fines and Forfeitures: Fines decrease
- Investment Earnings: interest increase
- Fund Balance: decrease in use

TOWN OF MOUNT PLEASANT, S.C.

Ms. Cotov spoke about the highlights for General Fund revenues. She said Property and Other Taxes have an overall increase of 5%. Some large changes within that category are current taxes; local sales tax and local option sales tax rollback. Other notable changes in revenues are:

- 1) the inclusion of the Staffing for Adequate Fire and Emergency Response Grant, or SAFER Grant, even though, if awarded, it will require Town Council's acceptance. This is shown under State and Federal grants;

- 2) the inclusion of the additional funding from the School District for SROs;
- 3) the recently adopted increase in the NPDES (National Pollutant Discharge Elimination System) is included;
- 4) a reduction in fines and forfeitures to reflect the trend of alternative sentencing programs and how indigent individuals pay assessed fines ;
- 5) increase in interest earning, and
- 6) as seen on page 10 a decrease in the use of fund balance.

Mr. Bustos asked if with short-term rentals getting ready to ramp up and the numbers that were projected, how is that going to impact what we have?

Ms. Cotov stated that they have neither included the regulatory side, staffing or any of that piece, nor the funding. Later, in the agenda she will be looking at the Business License Ordinance and she will have numbers to present at that time.

Ms. Landing asked about where the \$900,000 number from SCG&E that is not going to the Town anymore, will go.

Ms. Cotov stated that the Town was expecting a 15% decrease. They monitor that through the Business License Office, and the Business License Official reached out to them, and they gave a number based on last calendar year. While it did decrease it was not the \$900,000 that was originally anticipated. They felt the number the Town was using was stable, so that number was used for the five-year projection. It can be located under Licenses. It is the second line down, Public Utilities licenses, and it has decreased \$337,000 to the overall account, page 8.

Mr. O'Rourke stated that he heard at the Charleston County School District discussions that they also had a goal to have School Resource Officer (SRO) in all the schools. He asked if there are any schools that the Charleston County School District are funding in other places, and if so, would the Town want to talk to them about funding ours?

Mr. DeMoura stated that they do partially fund the Town now.

Ms. Cotov stated they currently pay \$36,601 per SRO that they have. That does not include the East Cooper Montessori nor does it include Oceanside Academy. The funding from the County lasts until about January or February of the school year, and then it uses local funds.

Mr. O'Rourke stated that there is inconsistency. Nobody is getting a better deal than we are.

Capital Asset Fund Revenues

REVENUE SOURCE	BUDGET FY 2019	PROPOSED FY 2020	% CHANGE FROM 19	\$ CHANGE FROM 19
Hospitality and Local Accommodation Taxes	\$ 8,151,125	\$ 8,158,073	0%	\$ 6,948
Intergovernmental Revenue	14,657,060	1,715,125	-88%	(12,941,935)
Charges for Services	2,685,304	4,431,221	65%	1,745,917
Special Assessments	6,426,805	3,875,041	-40%	(2,551,764)
Contributions & Donations	110,000	110,000	0%	-
Other Revenue Sources	51,484,237	21,791,655	-58%	(29,692,582)
Transfers In	15,624,632	11,768,003	-25%	(3,856,629)
Fund Balance	39,819,019	8,976,758	-77%	(30,842,261)
TOTAL REVENUE	\$ 138,958,182	\$ 60,825,876	-56%	\$ (78,132,306)

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Ms. Cotov stated that behind the Capital Asset Fund tab on page 117, is the summary of the Capital Asset Fund revenues. It is hard to compare revenues proposed for FY 2020 to FY 2019, as FY 2019 includes the carryover of existing, non-expended project funds from prior years. Hospitality tax is projected to grow at 3.5% and Accommodations taxes at 5%. Intergovernmental revenue includes the anticipation of an award for a generator grant for the other half of Town Hall, Greenbelt funding for Mt Pleasant Way, Special permit funding, and County

Accommodations Tax. Charges for Services is Stormwater fees and includes the proposed increase in stormwater fees. Special assessments are Impact fees. The other Revenue Sources include the proceeds from the proposed \$20 million borrowing and the proceeds from a lease-purchase for large equipment for Public Services. Transfers In is the transfer in from the General Fund to mostly support the Comprehensive Maintenance Plan and the Asset Replacement Plan. The use of revenue for Fund Balance are special revenues fund balance, not General Fund balance.

b. General Government operating expenditures

General Government Expenditures

Highlights:

Compensation and Staffing

- 4% average pay for performance
- Mandatory 1% pension increase
- Information Technology Technician

Operating

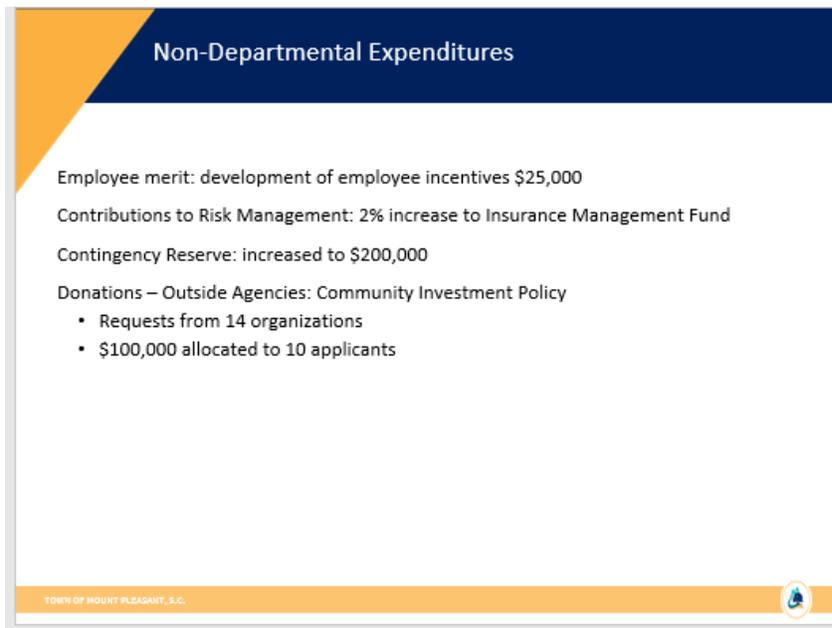
- FY 2020 election funding
- Classification and Compensation Study
- Reallocation of technology expenditures to Capital Asset Fund

TOWN OF MOUNT PLEASANT, S.C. 

Ms. Cotov stated that General Government expenditures begin on page 11. The General Government budget includes an average 4% increase for pay for performance, the mandated 1% increase in employers retirement costs and one additional position. The position is an Information Technology Technician to provide end-user help desk and

support the Town's computer replacement plan. The Town currently has two IT Technicians at a staffing ratio of 250:1. According to national standards for IT, the end user support should be at a ratio of 70:1. The budget also includes funding (\$50k) for the fall elections and funding (\$48k) for the quadrennial Classification and Compensations study. The large decrease in contractual services reflects the reallocation of some technology expenditures to more appropriately be included in the Technology asset replacement plan in the Capital Asset Fund.

c. Non-Departmental expenditures



The slide titled "Non-Departmental Expenditures" lists the following items:

- Employee merit: development of employee incentives \$25,000
- Contributions to Risk Management: 2% increase to Insurance Management Fund
- Contingency Reserve: increased to \$200,000
- Donations – Outside Agencies: Community Investment Policy
 - Requests from 14 organizations
 - \$100,000 allocated to 10 applicants

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Ms. Cotov moved on to the Non-departmental Expenditures tab, which begins on page 40. The non-departmental budget includes a proposed increase of \$25,000 to begin the development of additional employee incentives for Town-valued certifications or licenses. It also includes a 2% increase in insurances, such as property and causality, along with an increase to \$200,000 to the Town's contingency reserve. Following on page 42 is the Summary of the proposed funding of donations based on the Town's Community Investment Policy in the amount of \$100,000.

Non-Departmental Expenditures – Donations

Community Investment Donations to Outside Agencies

AGENCY	BUDGET FY 2019	REQUESTED FY 2020	Total	Proposed Funding **	Cumulative
East Cooper Meals on Wheels	\$ -	\$ 25,000	14	\$ 25,000	\$ 25,000
Lowcountry Food Bank	2,500	5,000	13	2,750	27,750
Windwood Farm Home	5,000	7,500	13	5,500	33,250
3rd Brigade South Carolina State Guard	15,000	23,500	12	16,500	49,750
Charleston Symphony Orchestra	-	10,000	12	2,750	52,500
Dee Norton Lowcountry Children's Center	15,000	25,000	10	16,500	69,000
Pet Helpers	-	10,000	10	10,000	79,000
Charleston Port and Seafarers' Society	7,000	10,000	9	7,700	86,700
Crime Stoppers	-	3,000	9	2,200	88,900
East Cooper Land Trust	20,000	25,000	9	11,100	100,000
East Cooper Faith Network	-	5,000	8	-	
Engaging Creative Minds	15,000	20,000	8	-	
Mount Pleasant Community Arts Center	5,500	20,000	7	-	
Mount Pleasant Housing For All (MPHFA)	50,000	50,000	5	-	
Center For Women	1,000	-			
Bands of Wando HS Boosters	2,500	-			
Charleston Metro Chamber	10,000	-			
Lowcountry Orphan Relief	3,500	-			
	\$ 152,000	\$ 239,000			



Ms. Cotov stated that on the above slide you will see the requesting agency, the amount from the current year, the requested amount for FY 2020, how they were scored, and the total score. The proposed budget of \$100,000 was then allocated based on the scoring. To fund as many as possible, increases were limited to 10% of prior funding for that organization. Shown above is a summary chart.

Mr. O'Rourke stated if there are any discussions, or alterations, now is the time to speak on this.

Ms. Landing stated that there are several agencies that we funded last year that would not be funded at all. They heard from the gentleman from Engaging Creative Minds. Ms. Landing stated that she was confused about Mount Pleasant Housing For All. She thought the Town had recently done something for them.

Mr. O'Rourke stated in the affirmative, that it was a matching grant. That was done and approved for FY 19. Their request is for next year.

Mr. Landing stated that because those organizations scored higher, they are leaving some things completely out.

Mr. O'Rourke stated that was a good assessment. His question was that last year when they decreased the budget substantially, one of the reasons was because in the middle of the budget year there was the call to action on the SRO, and they needed to find a funding source because Council agreed it was an immediate need. That is where the money was taken because there was no where else to get it. That is why the number is almost the same as last year.

Mr. DeMoura stated that a similar thing is happening this year. Not only are we carrying forward the cost of the SRO's, but also adding six firemen that are being carried forward in cost as well as a \$100,000 grant match.

d. Debt Fund revenue and expenditures

Debt Services Fund

GO Bonds paid with debt millage, special revenues, and operating millage

- Continue payments with 2010 and 2014 issues
- First year payment on 2019 issue

Revenue Bonds paid with Stormwater Fees

- State Revolving Fund – Snee Farm, no payment until FY 2021 when project is complete & amortization re-calculated
- FY 2020 – Stormwater Improvement Plan \$20M, first year partial payment
- Proposed in FY 2022 – Stormwater Improvement Plan \$11M

Lease-purchases paid with special revenues and General Fund transfer

- FY 2015 lease completed in FY 2019
- Continue payments on FY 2016, FY 2018, and FY 2019 leases
- FY 2020 - \$1,026,655; 5-year lease for large equipment
- Proposed in FY 2021 – FY 2024 is mix of 5-year for vehicles and 7-year leases for large equipment

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Ms. Cotov stated that next is the Debt Services Fund, which is located behind the Debt Services Fund tab. The Debt Services Fund is where all the Town's principal and interest funding is located. It is used to pay General Obligation Bonds, Revenues Bonds and Lease-purchases. For FY 2020 it includes the first Town payment of the 2019 GO Bond, the proposed first payment of the Stormwater revenue bond for the Stormwater Improvements Program, and a new five (5) year lease-purchase payment for large equipment for Public Services and a transit van for the Police.

Mr. O'Rourke asked for an example of what large equipment consists of.

Ms. Cotov stated that there is a small refuse truck at \$150,000 and \$310,000 each for a fully automated, and we have two of those. The transit van was the lowest at \$66,000.

Mr. O'Rourke asked what the total amount was for all the Lease Purchase items.

Ms. Cotov stated \$1.26 million. The rest are part of the normal replacement plan. They are still funding the Police 24 vehicles and other things. This is just larger equipment that is spaced out over five-years and do not cash purchase.

Mr. O'Rourke stated that the Town philosophy has been to use cash often for things that could be bonded, large capital items. He stated that is not a bad thing, but here we are only talking about \$1 million, but we are going to do a five-year lease for that one. He wanted to know if it would be better to use cash for this, because that changes. We bond 15 years. He stated that pulling a \$1 million for these types of things, within the budget, is a lot easier than using cash for some of the bigger things that are \$4 million, \$5 million, \$6 million that come in. It could be easier bonded and use cash for that. He stated that we are not talking about appropriating monies, he was talking about the how, not the what.

Ms. Cotov stated they try to do a nice mix. They do some cash funding, some borrowing, they typically try not to always use cash on the large equipment. It is monitored and as one lease purchase drops off, we try to pick up another one and you can see there was one lease completed, so using that cash to roll into another lease is where we are balancing that out.

Mr. O'Rourke stated that in this Town we are borrowing money at a couple percent and it is not going to be like that forever. The Town has that rate because of the good work that everyone has done. There are good reserves. The budget wins awards every year. There is interest rate, but we are using cash for that and he stated these are his own person thoughts.

Ms. Cotov stated that for GO Bonds right now, after the borrowing of \$35 million that was recently done, there is a debt capacity of \$8 million

without going to referendum. For lease purchases, these are ones that do not bump up against the debt capacity.

e. State Accommodations Tax fund revenue and expenditures

State Accommodations Tax Fund

Revenues

- Projected 7% revenue growth
- Tourism and Advertising Grant (TAG)

Expenditures

- Allocation to CVB
- TAG match (50/50)
- Funding for Public Safety Training Facility

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Ms. Cotov stated the State Accommodations Tax Fund has two revenues; one is the tax that is projected to increase 7% based on trend analysis and the other is the Tourism and Advertising grant, or TAG, from SC Dept of Parks, Recreation and Tourism. It is a 50/50 match grant. On the expenditures side is the State Code requirement to allocate 30% to be used only for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity managed, in our case, by the Charleston Area Convention and Visitors Bureau. There is also the match of TAG and funding for the Public Safety Training Facility CIP project.

f. An Ordinance to amend Chapter 51, Stormwater Management Utility Program, pertaining to base rate

Proposed Amendment to Chapter 51

Current Base Rate: \$60 per equivalent residential unit

Proposed Base Rate: \$100 for fiscal year 2020; thereafter, an annual increase based on CPI with a cap of \$120 per year

CPI Calculation: Average monthly consumer price indices as provided by the South Carolina Revenue and Fiscal Affairs Office each year. If the average is a negative percentage, then deemed to be zero. The adjustment shall not exceed three (3) percent.

Purpose of Increase: To provide for fiscal stability of the Stormwater Fund to meet revenue to debt ratios on Snee Farm SRF Loan and allow for the borrowing of funds for three (3) major stormwater project improvements including Old Village and Hobcaw Point areas.

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Ms. Cotov stated the proposed Capital Improvement Plan includes a Stormwater Improvement Program. It will require an amendment to Chapter 51. The program is to address flooding issues in different areas of the Town in three phases. The first phase is a study, then design work, and finally construction. The first project was Snee Farm, which is now in the construction phase. Completing the design phase are two drainage basins in the Old Village. In the study phase is Hobcaw Point. The additional funding necessary to fund these projects is through Revenue Bonds and ensures the Town maintains the required revenue to debt ratio requires additional resources. It is proposed that the Stormwater base rate be increased \$40 to \$100 with an escalation factor and a maximum fee of \$120 per ERU per year.

Mr. O'Rourke stated that the Committee will need to discuss this subject and it can wait until the whole presentation is done and then

talk about anything as a whole, or it can be discussed now. At some point the discussion starts at this Committee and then it goes to Council. He thinks it is going to be very difficult. As one Councilmember he does not think there is a choice but to fund this. He stated the best way to do it is a revenue bond to protect everything mentioned. The discussion can begin now if we would like.

Mr. Bustos stated Mr. O'Rourke is right the subject needs to be addressed. He thinks they will have to fix flooding because it puts people's homes in jeopardy. He asked how much each department could cut, without hurting services too badly, what number could we get. He believes that while the answer may be none, the question must be asked. He stated the Committee funds everything that staff is recommending, but he felt it important to ask the question if there is any place in the budget where we can cut. He stated when they needed funding for Hungryneck Boulevard years ago they looked at all the corners and dust bins and everything else and found money it took to build Hungryneck Boulevard. He stated that that the Town need to be able to look at the taxpayer and say yes, this has been increased, and yes, we have looked in all the corners and saw what we could do. The taxpayers expect Council to ask those questions.

Mr. O'Rourke stated that this is a big deal and it is going to take all the other Council member input before they get there. It will go to the full Council. Mr. O'Rourke asked if there would be any unified recommendation from the Finance Committee for that.

Mr. Bustos stated that if the money cannot be found anywhere else, and he believes the Town will come to that point, then yes, they will have to look at taxes and fees. It is preferably the last choice as always, but the question must be asked.

Ms. Landing stated that we know we need to do the Stormwater improvements, and we do not want to delay because there is no funding source. Mr. DeMoura earlier explained that there are only a couple sources. One is to increase the Stormwater fee, another one is

to increase ad valorem taxes. Forty dollars more on a \$60 cost is 66% increase, which most people say \$40 does not mean that much, but any time you raise a flat tax or fee it is regressive. It hits people who have tight budgets much more than people who do not and have plenty of spendable money. Raising in this instance hurts the people in the community who are struggling the most. That was the first problem she had with it. The second concern was how much money are we talking about raising with \$40?

Ms. Cotov stated that currently the \$60 brings in just under \$2.7 million. The town anticipates that increasing it by \$40 would bring in another \$1.8 million.

Ms. Landing stated that \$1.8 million is what we need to come up with one way or another forever. It was also said that this is probably going to do it for a while. It will get us down the road for perhaps a few years. Next year is the property reassessment and it is not an automatic that we bring in more tax money to the Town of Mount Pleasant just because we have a reassessment, even though the cap is 15% every five years, so theoretically if we have grown 15% in property values, we can see a 15% increasing except it has to be normalized back down. Having said that, there may be some number in between. She has asked someone who is a tax hawk what his thoughts were on it. When we have a reassessment if your portfolio value goes up by X you usually expect that you will have a little higher cost if there is a cost associated with managing it. He said only if there is a business reason. She stated that this is a business reason. We know that Stormwater has become a bigger and bigger problem and it will keep becoming one. Here is a business reason where we can justify that maybe if after we get the assessments we take a look and we do not go back to .41. Maybe it would have been normalized down to .36 and we say we need to meet somewhere in the middle and bring it up to .40. We are going to pay less percentage, but our values are higher, but we bring in a lot more revenue to pay for things. We say we are raising taxes, but we are not because the millage is going down. She is not trying to be overly

complicated, but she has looked at this and does not believe that raising this as a flat tax increase to people is the right way to do it.

Mr. O'Rourke stated that we have had this discussion before and he disagrees. When you say the property values have gone up so the taxes should go up, but they do not. The tax assessor is the person who makes the tax neutral. He agreed that if there is a business reason to go up more that is a tax increase. You can call it whatever you want, but the person who is paying is going to know that his taxes have increased. We are going to have to decide for people that have residential units to pay for their drainage issues.

Ms. Landing stated that she should not have stopped where she did. She apologized for that. She said she liked Mr. Bustos' idea the best, where we go back and look at every nook and cranny and we figure out where can we possibly pull from this or pull from that. If it is possible, we come up with that \$1.8 million annually for the next several years from somewhere else, including the fact that we have had a surplus for a few years. Can we count on that every year? No, but we have had one. We are having a lot of economic development, even as we speak a lot of new things are coming to Mount Pleasant now that pay bills better than new houses and apartment buildings. As that continues they are going to pay a lot more. That property tax number may very well be able to grow a lot better than 3%. Maybe there is another way to have a dedicated source. It was said you can raise the millage. If you have more money coming in, you do not necessarily have to raise the millage.

Mr. DeMoura stated that we are projecting \$1.5 million in new money every year in the General Fund. Perhaps we are wrong, and it is \$2 million. One percent of payroll is \$350,000. If we have an interest in trying to pay staff and continue benefits and pay the retirement contribution, we are up to \$2 million fast. We have used many different methods to build the budget with different budgeting systems and plans and how you put it together. There is nothing that escapes the fact that any reduction in other places is going to result in a level of

service deduction. You are seeing through every department that on the operating side, every department is people. The only way to get to the money that we need to support a Stormwater Improvement Program is some kind of decline or freeze or some combination through attrition on the personnel side of the budget. We can do that. It is a \$33 million payroll, say through a freeze or attrition we could get 10%, so we could not get \$3.3 million but say we get 5% or so. Then we are down in the \$1.8 million to \$2 million range. That is a severe impact on the level of service being provided in every department all at the expense of Stormwater. It is correct in saying the fee is being regressive. Mr. Bustos is exactly right about how he feels a duty to make sure the money is not lying around somewhere else, and this is not the first action. It is the last action to raise the fee. For this kind of money, \$30 million, which Council has asked Staff to move forward with the development of a Stormwater Program. For \$30 million, you must raise the revenues. We may get more money in taxation with reassessment, that is likely the case. But most of that money, if not all is spoken for with growth pressures on the General Fund and we cannot start a construction project without the revenue source. If we are having this much discussion about raising Stormwater fee, it is likely we will have the same amount of discussion on whether or not to increase taxes.

Mr. O'Rourke stated that he would like to explain to the public, who is very smart with the facts. Mr. Bustos said it a few times from a Council chair. The average house costs us \$1,300 to provide services. We collect \$500. The deal that the taxpayers are getting in this Town is unbelievable, and the public does not understand it. He met with a property developer last week and put a piece of paper in front of him about all the taxes he would pay, and he said it was not all going to us, it was going to everyone: the School district, the parks, and the County. We get 30% of that number. They do not understand. They think they get a tax bill and we get all the money. It is time to have a public campaign to explain taxation and what a deal they are getting.

Whoever uses a service should pay for a service. Right now, we are not doing that. As we have less growth and the Town gets built out, we are going to have to deal with this sometime. You can look in the corners and find a quarter over here and fifty cents over there, but at the end of the day, we do not know if that is going to be enough. It is not anyone's fault. The problem is that we are not collecting the money that it takes to run a Town of this size.

Mr. Bustos stated that \$1,300-\$1,400 figure is correct about what it cost to service a house in Mount Pleasant. Going back to the impact fees we still subsidize every new house at 80%. It was \$1,500, at 80% the Town is picking up 20% of paying the impact fees on new construction. We have made tremendous progress. It was down around 40% at one time, and we did it in increments, but there is still a lot of money that the Town is providing services to new homes and it throws us behind every year. If we had that money through the years back when impact fees were 48% or 52% we could have done all of this already. As we go through this, that should be on the table too. The Town should stop subsidizing new growth.

Ms. Landing asked what the surplus in the budget was last year that we were able to reallocate?

Ms. Cotov stated that we added to the fund balance \$3.6 million.

Ms. Landing asked if there was a bigger number that went to something else.

Ms. Cotov stated that some of it had been planned to use fund balance to the extent we did not need to use fund balance filled that hole as well.

Ms. Landing asked if there was a surplus the year before?

Ms. Cotov stated that in the three years she has been with the Town the first two years they added about \$6.5 million to fund balance and last year \$3.6, less whatever additional the Town had planned for the use of fund balance.

Ms. Landing stated that this is the time of year where if you overpaid your taxes and you are now going to get a Federal or State tax refund you are happy, you are getting money back and it makes you feel good. In reality, you loaned the government your money interest free all year, but you still feel good because you did not have to write a big check to them. If we are having excess funds every year, that money was from our taxpayers that we got to have and reallocate to other things. Why increase taxes now when we have been running surpluses. Maybe we will not have a surplus this year. Maybe when we do not run a surplus we come right to the number then we say that we must raise taxes. When we are running a \$6 million surplus every year for several years now, that is not the right time to increase.

Mr. O'Rourke stated when you have that amount of money as a surplus, that is good budgeting. If you budget right to the penny and something slips, the penalties paid for going over the budget are big from a bonding standpoint. He is certain Mr. DeMoura submits a budget that is going to make him able to execute this thing. What is good is that he could spend all \$6 million in one second at a department head meeting. But he does not; he watches the money closely. If we say we are not going to address the way we pay for this and live with what an excess is, he is certain that throughout the years there was not a consistent amount.

Mr. Santos stated that the conversation about finding quarters got him thinking. He did some math and earlier there was the Recreation Committee meeting where they talked about the budget. The first two months of this year they made \$44,734 by renting some of the facilities out, staff, lighting, etc. If it stays like that it will come to \$264,000 this year. That is what we have now. We are getting ready to build a stadium that we will be able to lease out at Carolina Park. We are getting five fields back starting July 1 that will be able to rent out when our teams are not using them. We are looking at \$500,000 easily right there. If we can develop the property we already own at Six Mile, put some fields out there and do the same thing with those fields, you are

looking at some substantial revenue coming in, and this is just thinking outside the box. We talk about issuing bonds and using that money to pay them back. We need to investigate doing some of that. We ought to see how they are doing that at Bay Meadows and try to do something like that. He thinks Recreation can help.

Ms. Landing stated that Mr. Santos' ideas are great, and Mr. O'Rourke talks about charging more in Recreation. It makes perfect sense. We are not talking \$30 million, we are not comparing \$25 for a class to \$30 million. We are comparing \$40 which raises \$1.8 million year after year. Maybe the \$1.8 million could be generated through all the different Recreation fees and leasing of stadiums. The other issue is that of course we want to have a surplus because we do not want to go under but maybe only half goes towards capital improvement?

Mr. DeMoura stated that is how we fund an unfunded capital plan.

Ms. Landing stated that under the capital improvement plan is Stormwater. If we are borrowing a lot of it and we get great rates, but we are also putting as much as we can for Stormwater towards that money, then the amount we must borrow is a little less. You take \$2 million of the \$6 million and if you do not have it next year, you do not take it. She said she believes this can be solved without raising taxes.

g. Five Year General Fund Financial Plan

Five-Year General Fund Financial Plan					
FIVE-YEAR GENERAL FUND FINANCIAL PLAN					
	FY 2020 Year 1	FY 2021 Year 2	FY 2022 Year 3	FY 2023 Year 4	FY 2024 Year 5
REVENUES					
Property & Other Taxes	\$ 37,820,700	\$ 42,103,715	\$ 43,344,166	\$ 44,621,777	\$ 45,937,663
Licenses & Permits	31,702,717	32,056,965	32,420,253	32,843,772	33,277,960
State and Federal Grants	659,289	670,251	527,057	393,600	393,600
Intergovernmental	2,323,457	2,329,976	2,334,266	2,373,970	2,375,798
Charges for Services	4,476,309	4,567,525	4,655,066	4,750,339	4,848,478
Fines & Forfeitures	448,153	448,153	448,153	448,153	448,153
Investment Earnings	429,350	508,366	482,439	450,000	400,000
Rents & Royalties	399,525	399,525	399,525	399,525	399,525
Contributions & Donations	-	-	-	-	-
Sale of Capital Assets	75,000	75,000	75,000	75,000	75,000
Other Revenues	120,000	120,000	120,000	120,000	120,000
Transfers In	6,269,029	6,492,170	6,715,952	6,959,129	7,166,426
Fund Balance Usage	4,411,615	4,300,000	4,300,000	4,300,000	4,300,000
Total All Revenues	\$ 89,135,144	\$ 94,071,646	\$ 95,821,877	\$ 97,735,265	\$ 99,742,603
EXPENDITURES					
Compensation	52,699,546	57,306,038	59,271,363	61,373,160	63,002,854
Operating Expenditures	21,243,633	21,373,291	21,546,474	21,494,445	22,114,719
Transfers Out	15,191,965	15,392,317	15,004,040	14,867,660	14,625,030
Total Expenditures	\$ 89,135,144	\$ 94,071,646	\$ 95,821,877	\$ 97,735,265	\$ 99,742,603

TOWN OF MOUNT PLEASANT, S.C.



Ms. Cotov stated that at the Budget Committee meeting on March 22, Mr. DeMoura presented the proposed five-year General Fund financial plan. A resolution has been provided to adopt the plan. The first year of the plan will be updated to reflect the final adopted FY 2020 budget. This plan is to provide the framework for the continuance of service provisions and the proposed necessary resources. Ms. Cotov stated that now the Committee votes on Agenda items a through g, which are all pieces of the budget for their recommendation to the Budget Committee.

Mr. O'Rourke stated that he knows it was important to have a five-year budget instead of a one-year budget. It helps the Committee get nervous. When we can look out and say we have work to do, that helps. He applauded Ms. Cotov and her staff for putting together a five-year budget. It will help the Committee plan and it will help the citizens when you can see the math on that.

Mr. O'Rourke asked for a motion to approve in concept, with further discussion the budget for 2020.

Mr. Santos moved for approval; seconded by Mr. Bustos. Mr. O'Rourke, Mr. Bustos and Mr. Santos were in favor. Ms. Landing was opposed. Motion carried 3-1.

4. Consideration of updates to the Town of Mount Pleasant's Business License Ordinance, Chapter 110

Business License General Information

Requirement to pay an annual license tax and obtain a business license

- A tax
- Self-reported
- Not regulatory

Real Estate Activity

- Owner leasing of residential property – based on gross receipts if 5 or more units

Business License tax estimation – Short-term rentals; 5 or more units

- If gross receipts \$25,000 tax is \$ 77.03
- If gross receipts \$50,000 tax is \$117.28

Current amount in tax year-to-date \$0

Business License tax estimation – Long-term rentals; 5 or more units

- If gross receipts \$24,000 tax is \$138.42
- If gross receipts \$36,000 tax is \$175.74

Current amount in tax year-to-date \$261,224

TOWN OF MOUNT PLEASANT, S.C.


Ms. Cotov stated that she would like to first provide some general information regarding Business Licenses. Business License is a tax based on the self-reported, gross receipts of any business operating within the Town and does not indicate in any way that the business has met any specific conditions or regulatory standards. Currently property rental falls under Real Estate Activity and, for owner-rentals, is only required if 5 or more units are rented. In terms of estimating how much the business license is currently for the short-term rentals of 5 or more units by one owner, you can calculate it based on possible gross receipts. If the owner made \$25,000 in gross receipts for the year, the business

license would be \$77.03 and if they made \$50k, it would be \$117.28. We currently are not collecting any business license for anyone that has five or more short-term rentals. For long-term rentals; if the gross receipts are \$24,000, the business license would be \$138.42 and for \$36,000 it would be \$175.74. Year-to-date, the Town has received \$261,224 in business license tax.

Business License Update, Chapter 110

Short-Term Rentals – 1 or more units, rented less than 30 consecutive days
Long-Term Leasing/Sale – 3 or more units, leased more than 30 consecutive days

Incorporates recent Ordinance changes, including:

- Chapter 53 Environmentally Acceptable Packing and Products
- Chapter 156 Small Wireless Facilities

Appeals process streamlined to allow an administrative appeal to be determined by Town Administrator, which can then be further appealed to the Finance Committee

Full North American Industry Classification System (NAICS) Code referenced in the Ordinance, with an appendices that includes the most frequently used

TOWN OF MOUNT PLEASANT, S.C. 

Ms. Cotov stated that the proposed changes to the Business License Ordinance are the following: First is to delineate between short-term and long-term rentals and when a Business License would be required. One or more units rented less than 30 consecutive days would be considered a short-term rental and require a Business License. More than 30 consecutive days would be considered long-term and having three or more would require a Business License. Three or more rentals gives you a little play if a family member passes and you have their house as well as your own. The next proposed item is the addition of

references to two newer ordinances in reference to when a Business License could be denied, suspended or revoked for delinquent penalties owed or repeat violations. The proposed changes also include streamlining the appeal process to conform with other Town appeal process. The last proposed change is to reference the NAICS Code instead of inserting the current code, which would require updates when the NAICS Code is updated. We would continue to offer an appendix with the most frequently used codes.

Mr. Bustos made a motion to approve Business License Ordinance as presented by staff; Mr. Santos seconded. All present voted in favor.

5. Mount Pleasant Waterworks State Revolving Fund series ordinance authorizing a water and sewer system parity bond evidencing a loan from the Water Quality Revolving Fund Authority to the Town for sewer improvements

Mount Pleasant Waterworks State Revolving Fund

Ordinance authorizing the issuance of a not exceeding \$7,000,000 waterworks and sewer system Revenue Parity Bond, Series 2019A

Purpose: Gravity Collection System Rehab Project

Amount: \$7,000,000

Interest Rate: 2.6%

Town Council approved the loan application at its September 21, 2018, Special Committee meeting.

TOWN OF MOUNT PLEASANT, S.C. 

Ms. Cotov stated that Mount Pleasant Waterworks got approval from Town Council to apply for a loan, and they have been approved not to exceed \$7 million SRF loan.

Mr. Bustos moved for approval as presented by staff for full Town Council review; Ms. Landing seconded. All present were in favor. Motion passed.

6. Adjourn

There being no further business, the meeting was adjourned at 3:53 p.m.

Respectfully submitted by,

Gina Artrip

April 1, 2019