

**TOWN OF SEABROOK ISLAND
BUDGET WORKSHOP
October 15, 2020, at 1:00 p.m.**

MINUTES

The October 15, 2020 Budget Workshop was conducted as a video conference using Zoom and was simultaneously made available to the public via YouTube live stream and by conference call, all in keeping with practices adopted to address the ongoing coronavirus pandemic. Mayor Gregg, Councilmembers Crane, Finke, Fox and Goldstein, Town Administrator Cronin and Town Clerk Allbritton participated in the meeting.

Mayor Gregg called the meeting to order and stated that this was the first of three Budget Workshops that have been scheduled. He confirmed with the Town Clerk that notice of the meeting was properly posted, and the requirements of the SC Freedom of Information Act were met.

The Mayor stated that everyone should have received a copy of the 2021 draft budget along with a copy of his memo. He then turned the meeting over to Town Administrator Cronin. The Town Administrator reminded Council that a schedule, like 2019, will be followed. Three Budget Workshop meetings have been scheduled. This meeting will focus on the General Fund Budget. Next week, the meeting will focus on the budget for the Restricted Funds (State and County A-Tax and Alcohol) and the final meeting will focus on the Designated Funds (Emergency Fund, Road & Drainage, Town Facilities and Vehicle Replacement Fund).

Before beginning the review of the General Fund income and expenditures, Town Administrator Cronin reviewed the 2021 Draft Budget Summary of all the Town's Funds – General Fund, the Restricted Funds and the Designated Funds:

For the General Fund, the 2021 budget shows Total Revenues to be \$1,210,000 and Total Expenditures of \$1,378,464 which shows a deficit of \$168,464. The Budget Summary also shows \$335,000 being transferred out of the General Fund into some of the Designated Funds. Between the transfers out and the deficit, the estimated Fund Balance is predicted to decrease by \$503,464. Based on the Fund Balance at the end of 2019, there would be \$1,703,912 in the General Fund at the end 2021.

Expenditures in all the Restricted Funds are greater than Revenues and the net change in those Fund Balances will lower the amount of surplus funds in those account. At the end of 2021, it is estimated that there will be \$38,567 in State A-Tax, \$2,401 in County A-Tax and \$12,200 in Alcohol.

There is no dedicated revenue for any of the Designated Funds but there will be transfers into those Funds from the General Fund. There will be a transfer into the Emergency Fund of \$200,000 making the total Fund Balance approximately \$2,200,000. There will be \$50,000 in expenditures from the Road & Drainage Fund and a transfer in from the General Fund of \$120,000. Considering a beginning balance of \$330,000, the balance at the end of 2021 is estimated to be \$400,000. There will be no activity in the Town Facilities Fund and the balance will remain \$250,000. For the Vehicle Replacement Fund, there will be a transfer of \$15,000 from the General Fund, which combined with the \$15,000 balance in the Fund currently, would leave \$30,000 in the Vehicle Replacement Fund at the end of 2021.

In the draft 2021 budget, Total Revenues for All Funds in 2021 is estimated to be \$1,303,870 and the Total Expenditures for All Funds is \$1,566,964 with Expenditures exceeding Revenues by \$263,094. The Estimated Fund Balance at the Beginning of the Year for All Funds is \$4,900,174 and the Estimated Fund Balance for All Funds at the End of the Year is estimated to be \$4,637,080.

Town Administrator Cronin then reviewed the Revenue Line Items for the General Fund. Most of the Line Items that show a change from the budgeted amount from 2020 to 2021 are listed below:

- Building Permits – County – from \$13,500 to \$15,000
- Business License Fees- from \$375,000 to \$315,000
- Business License Fees – MASC – from \$230,000 to \$235,000
- Franchise Fees – AT&T U-verse – from \$4,850 to \$5,000
- Franchise Fees - Berkeley Electric – from \$155,200 to \$165,000
- Franchise Fees – Comcast – from \$50,450 to \$52,000
- Local Option Sales Tax – from \$200,000 to \$240,000
- Miscellaneous Income – from \$200 to \$275
- Planning & Zoning Fees – from \$24,000 to \$26,000 (Assuming no change to Fee Schedule)
- State A-Tax (First \$25,000 + 5%) – from \$29,000 to \$29,750

The Town Administrator explained that the line item with the most significant change is expected to be Business License Fees. Most classes, except for Class 8 (contractors), pay on the previous year's income; and, with businesses being closed and rentals curtailed during part of 2020 due to the pandemic, the total for that line item is expected to be significantly reduced. Also, if the ordinance to change the Town's Fee Schedule is adopted and those changes take effect in 2021, the amount for Planning & Zoning Fees should go up to about \$40,000 to \$45,000. The Short-Term Rental Ordinance is also pending and there will be a fee put in place for short-term rentals and, if adopted as it is recommended, it will go up more substantially. Currently, the Town has approximately 450 short-term rental business licenses. If the ordinance is adopted there will be additional costs to the Town for staff and enforcement.

With the current draft 2021 budget, the General Fund Revenues are estimated to be \$1,210,000 and the estimated General Fund Expenditures are estimated to be \$1,378,464, which means the Expenditures will exceed Revenues by \$168,464. Town Administrator Cronin explained that several one-time expenditures, which had been removed from the 2020 budget when it was revised, have been put back in the 2021 budget. The total of the one-time expenditures is \$217,500. The Town Administrator added that, if Council wanted a balanced budget, any of those items could be moved to a later date.

Town Administrator stated that the changes in the salary/benefit portion of the 2021 budget deal with the Town Clerk working through the first quarter of 2021, rather than retiring at the end of 2020, and the overlap with the new employee. It is hoped that both the Code Enforcement Officers will be able to work between 15-20 hours per week especially if inspections are needed due to the permits dealing with short-term rentals. A 3% cost of living raise has been included for employees in the 2021 budget. After the draft budget went out, the Town received an announcement from PEBA that medical insurance premiums would not be changing in 2021 so that amount will be reduced by \$2,650. The Town currently pays 100% of the employees' medical insurance premiums but that can be changed at any time. All full-time employees are required to participate in State retirement with portions being paid by the Town and the employee.

- **#6260 Advertising**, Public Hearing Notices and the monthly article in The Seabrooker are included for a total of \$12,200.
- **#6208 Bank Service Charges**, Bank Services Charges and Credit Card Processing Fees are included for a total of \$1,950.
- **#6301 Capital Expenditures** has a total of \$126,100 is included in this Line Item and this is where most of the one-time expenditures fall. Town Hall and Seabrook Island Road Signage, Council Chambers Upgrades and Town Hall Bahama Shutters are included. The Traffic

Monitoring Equipment charge of \$3,600 will be reimbursed by the developer of the Senior Living Facility and this amount is also listed in the Income section of the budget. The Town Administrator added that he had been looking into hurricane shutters since they could be closed from the inside. With the current hurricane panels, the landscape company must rent equipment to install and remove the upstairs panels and the Bahama Shutters would pay for themselves over time. The Town Administrator added that he thought this would be a good time to consider installing the hurricane shutters since painting the exterior of Town Hall has been included in this budget.

- **#6288 Community Promotions**, \$5,000 has been included for the 2021 Budget so that some of the groups that cannot apply for Accommodations Tax would be able to apply for a Community Promotions Grant. Mayor Gregg remarked that he supported having Community Promotions Grants in the budget and identified the Seabrook Island Village, Seabrook Island Birders and Turtle Patrol as possible groups to benefit from these grants. Councilwoman Finke added that the program was pretty much set except for a resolution from the Town recognizing the program.
- **#6290 Contingency** has a budget of \$30,000 and that is used for unplanned and unbudgeted expenditures.
- **#6291 Contracted Services – Beach Patrol** has \$80,000 included in this account. The Town Administrator explained that the Town must enter a new contract for Beach Patrol services in 2021. For the remainder of the projected cost, a portion will come from State Accommodations Tax and a portion from surplus County Accommodations Tax. If the Town continues with the trash cans on the beach, this amount will be included with the total cost of Beach Patrol.
- **#6292 Contracted Services – IT**, \$36,000 is currently budgeted for this account. VC3 currently does IT maintenance and support for desk top computers, Office 365, email and other IT services for the Town. Town Administrator Cronin suggested that the Town might want to consider getting a cell phone for Code Enforcement Officers and/or a Surface Tablet. Mayor Gregg and the Town Administrator seemed to think that perhaps the SNAPmobile App, which was used by Town employees when working from home, could be installed on their personal cell phones, as well as Town employees, and the Town could reimburse them for a portion of the cost of their personal cell phones.
- **#6293 Contracted Services – Landscaping** currently is budgeted at \$125,000 and Town Administrator Cronin suggested that the Town delay the re-bid of that contract until the 2022 budget year. Sunburst Landscaping has been sold and the Town Administrator will meet with the new owners to make sure they will continue with the same rates for their services.
- **#6295 Contracted Services – Other** is budgeted for a total of \$28,800 for 2021 and includes a lot of the smaller contracts for miscellaneous Town services. Municode has a budget of \$10,000, which is higher than usual, because of the Development Standards Ordinance re-write and is a one-time increase. Priority-1 is a little higher than usual because of adding extra trash cans when trash is being picked up on the beach by Beach Patrol. Two shred events have been included at \$600 each. Town Administrator Cronin added that Extra Space Storage has gone up pretty much every year and he will look into getting a storage unit closer and at a better rate since there are so many new storage facilities being built in the area.
- **#6051 Council & Committee Expense** has a budget of \$1,500.
- **#6401 Court Expenses** has a budget of \$4,700 and that includes the Judge's salary and funds for required continuing legal education hours.
- **#6205 Election Expenses** has a budget of \$2,000. These expenses are paid to Charleston County since they handle the Town's elections.
- **#6151 Emergency Communications** has a budget of \$9,500. The quarterly network fees for the 800 MHz radios paid to Charleston County has gone up slightly and \$7,000 has been budgeted for those fees. After a discussion about the Town's satellite phones, it was decided that the Town does

not need the phones and the service can be cancelled. It was also decided to reduce Miscellaneous Communication Supplies & Services under that Line Item from \$700 to \$500.

- **#6220 Emergency Preparedness** has a budget of \$34,000. The cost for the Town's Business Continuity Consultant has gone down slightly, from \$20,000 to \$15,000, due to budgeting for one yearly emergency exercise instead of two. It was also decided to reduce the amount for Disaster Awareness Day from \$5,000 to \$2,000 since Kiawah will be hosting the event in 2021. The remainder of the budget is for insurance on the debris storage site, Mail Chimp, Code Red, printing and postage for flooding booklets, Hurricane Guides and miscellaneous expenses.
- **#6235 Equipment Rentals** has a budget of \$6,000 and includes the copier and postage machine lease.
- **#6101 Furniture & Equipment** has a budget of \$7,500. This amount would include replacement of furniture for the lobby and replacement for any other furniture/equipment that might be needed.
- **#5165 Insurance – Auto** has a budget of \$2,500. This policy includes the two Town vehicles.
- **#5163 Insurance – Equipment** has a budget of \$13,250. This includes the Town Hall building and contents, Business Interruption insurance and Inland Marine.
- **#5162 Insurance – Fidelity Bond** has a budget of \$750.
- **#5161 Insurance – Tort Liability** has a budget of \$10,000.
- **#5164 Insurance – Workers Comp** has a budget of \$1,500.
- **#5305 Maintenance – Beach** shows a budget of \$3,500. The miscellaneous beach maintenance amount would cover signs that need to be repaired, a buoy to be replaced, etc. The amount for Debris & Animal Removal could be lowered from \$1,500 to \$750 since our Code Enforcement Officer will be able to be responsible for removal of animals and debris.
- **#5261 Maintenance – Seabrook Island Road** has a total budget of \$30,000. This account would be used for minor repairs and maintenance to the roadway and pathways, as well as \$10,000 for an annual cleaning of tidal trenches.
- **#5301 Maintenance – Town Hall** has a total budget of \$74,000. Besides regular maintenance and repairs, Town Hall Flooring Replacement (\$35,000) and Town Hall Exterior Painting (\$35,000) has been added. The Town Administrator added that the flooring and painting could be postponed; but, since the roof on the Town Hall will soon need to be replaced, it might be better to get these items done in 2021.
- **#5310 Maintenance – Vehicles** has a budget of \$1,000.
- **#6201 Memberships, Dues & Subscriptions** has a budget of \$19,650. This account is made up things that the Town is a member of or has a subscription to. The AirMedCare rate will remain the same as in 2020. The Arlo Smart Elite Plan is for video recording storage ("cloud" storage) contemplated for the Senior Living Facility construction traffic video monitoring and is also a reimbursable item. Host Compliance (formerly STR Helper) is the short-term rental monitoring software. Organizational dues and memberships are included. The charge for Charleston County Permitting System License (\$2,500) has been deferred until at least 2022.
- **#5361 Office Materials & Supplies** has a budget of \$6,800. Bottled water, miscellaneous office supplies and promotional items are included in this amount.
- **#5365 Planning & Zoning** has a budget of \$750. Fees for recording plats and miscellaneous maps and surveys are included in this item.
- **#5363 Postage** has a budget of \$5,000. Most of our postage is run through the postage meter (\$3,000). An additional \$1,400 has been added for postage for the Development Standards Ordinance mailer and the business license renewal notice mailing is included at \$600.
- **#5020 Pre-Employment Expenses** has a budget of \$100. This is a small amount that could be used if the Town wanted to advertise an open position.
- **#5366 Printing & Scanning Services** has a budget of \$10,200. This item would cover copies that are over our allowance for the copier lease, the maintenance contract on office printers, printing

of the DSO mailer, business license renewal form and decals, new Beach Rules Brochure and miscellaneous printing services.

Discussion of the 2021 Budget will begin with Line Item **#5202 Professional Services – Accounting** at the next Budget Workshop. The meeting was adjourned at 3:15 p.m.

Date: October 27, 2020



Town Clerk