

**TOWN OF SEABROOK ISLAND  
BUDGET WORKSHOP – MINUTES  
November 5, 2020, at 1:00 p.m.**

The November 5, 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 and Fox, Town Administrator Cronin and Town Clerk Allbritton participated in the meeting. Mayor Gregg called the meeting to order and 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.

Mayor Gregg stated that this meeting was being held so that Council could revisit the State Accommodations Tax portion of the 2021 draft budget. Upon receipt of the third quarter State Accommodations Tax check recently, it appeared that the Town would be exceeding the estimated revenue that had been set in the 2021 budget and the Town Administrator thought Council might want to consider making changes to the State Accommodations Tax Income and Expenditure section of the budget.

Town Administrator Cronin stated that, in the 2020 budget, a total of \$175,000 had been projected for State Accommodations Tax; but, with the halt of short-term rentals for a few months and being in the midst of a pandemic, that revenue was reduced to \$105,000 in the amended 2020 budget. The payments received for the first two quarters of 2020 were as expected, but the third quarter check was the largest payment the Town had ever received from State Accommodations Tax. The Town has collected a little over \$209,000 in the first three quarters of 2020, almost double what was budgeted.

In the third quarter of the calendar year, the first \$25,000 of the State Accommodations Tax check goes into the Town's General Fund and, in each of the quarterly checks, 5% goes into the General Fund, 65% is used by the Town for tourism related expenditures and 30% goes to the Charleston Area Convention & Visitor's Bureau for marketing/tourism promotion. The Fund Balance, in the tourism related expenditure account at the end of 2019, was \$133,483 and the Fund Balance will likely be around \$200,000 at the end of 2020. Based on the third quarter check, Town Administrator Cronin recommended that the budgeted Revenue in the 2021 budget be raised from \$120,000 to at least \$180,000.

The Town Administrator also suggested that Revenue from Business Licenses be increased from \$315,000 to \$350,000. If the fee schedule is adopted in December, he suggested that Planning & Zoning Fees should be increased from \$26,000 to \$45,000. If the short-term rental ordinance is adopted and the fee for a short-term rental permit remains the same as when the fee schedule ordinance had first reading, the amount for Planning & Zoning Fees would have to be increased even more although the expense side would probably increase to allow for part-time administrative and enforcement costs.

The Town Administrator also recommended increasing the budgeted expenditures for State Accommodations Tax since the Town must spend any funds received within two years. He noted that the General Fund currently is budgeted to absorb a large portion of Beach Patrol (\$80,000) and a part or all of this amount could be budgeted to come from State Accommodations Tax, as well as replacement of the Seabrook Island gateway sign (\$20,000).

The Town Administrator stated that, since the State Accommodations Tax revenue has been increased, the first \$25,000 and 5% would go into the General Fund and income to the General Fund derived from State Accommodations Tax would increase from \$29,750 to \$32,750. Total Revenue to the General Fund would then be \$1,267,000.

After considerable discussion, Council decided to fund the following expenditures from State Accommodations Tax in 2021:

Billfish Tournament	\$10,000.00
Alan Fleming Tennis Tournament	15,000.00
Turtle Patrol	2,000.00
Beach Patrol	120,000.00
Gateway Sign	20,000.00
Dolphin Education Program	10,000.00
July 4 <sup>th</sup> Celebration	<u>\$11,750.00</u>
TOTAL	\$188,750.00

Funding for Beach Patrol in 2021 would then have \$120,000 coming from State Accommodations Tax, \$20,000 from the General Fund and \$5,000 from the County Accommodations Tax Fund Balance.

Town Administrator Cronin added that he would check with the auditor to determine if the Town could borrow from the General Fund for State Accommodations Tax expenditures, if necessary, until the third quarter State Accommodations Tax check is received. The Town Administrator stated that, with the approved expenditures, the 2021 budget would be using \$87,250 from the State Accommodations Tax Fund Balance and that would leave a Fund Balance of about \$82,000 at the end of 2021.

The Town Administrator stated that, including the one-time expenditures, the 2021 budget now shows a deficit of \$22,314. He added that a few changes might be made to Revenues and Expenditures if the Short-Term Rental Ordinance goes into effect next year and if the Town decided to no longer provide employee cell phones but provide a phone allowance. He also suggested decreasing Vehicle Maintenance from \$1,000 to \$500 total.

Town Administrator Cronin stated that, as far as the Designated Funds, it was decided at an earlier budget meeting that \$100,000 will be transferred from the General Fund into the Emergency Fund, \$220,000 will be transferred into the Road & Drainage Fund and \$15,000 into the Vehicle Replacement Fund for a total of \$335,000. The Town Administrator added that, taking into consideration the deficit of \$21,814, the estimated Fund Balance at the end of 2021 would be about \$1,850,000

There being no further business, the meeting was adjourned at 3:00 p.m.

Date: December 15, 2020



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Town Clerk