



**SURFSIDE BEACH TOWN COUNCIL FY2017-2018 BUDGET WORKSHOP
TOWN COUNCIL CHAMBERS
115 US HIGHWAY 17 NORTH, SURFSIDE BEACH, SC
APRIL 27, 2017 AT 9:00 A.M.**

CALL TO ORDER. Mayor Childs called the workshop to order at 9:00 a.m. Mayor Childs, Mayor Pro Tempore Ott, and Councilmembers Courtney, Johnson, Pellegrino, and Samples were in attendance. Councilmember Stevens arrived at 11:18 a.m. Councilmember Johnson left at 3:30 p.m. Mayor Childs and Councilmember Stevens left at 4:00 p.m. Mayor Pro Tempore Ott took over as moderator at 4:00 p.m. A quorum was present at all times during the meeting. Others present: Administrator Fellner; Town Clerk Herrmann; Finance Director King; Fire Chief Otte; Planning, Building & Zoning Director Morris; Interim Police Chief Hofmann; Public Works Director Adair, and Events Supervisor Ellis.

Ms. Fellner presented a PowerPoint, a copy of which is on file.

Pages 1-6 Budget Overview

- Concerns are funding for beach renourishment and large stormwater projects
- Legislative Initiatives
 - A. Focus on the big picture
 - B. Budgetary responsibility is at the fund level
 - C. Council decisions
 1. Design overlay
 2. Declining rates for business licenses
 3. Annexation along the commercial corridor
 4. Huckabee Property
 5. Pier
 - a) Pay for enlarged footprint design and buildout
 - b) Pay to demo and reconstruct buildings
 - c) Tax increase or special purpose district
 - d) Possibly first year emergency money from renourishment (?)
 - e) General Obligation Bond or private loan

Pages 7-8 Challenges

- Unfunded state and federal mandates
- The state threatened to cut our business license revenue by more than 30-percent over the next five years
- The Governor signed a Bill calling for an escalating percentage of the employer's share of all pension and retirement benefits
- Increasing utility costs, health care benefits, and various insurance coverages
- Although staff continues to take steps to minimize outflow, the majority of factors are beyond the control of the town

Pages 9-18 General Fund

- The proposed budget does not include a tax increase, but that of course, is dependent upon how Town Council decides to fund pier reconstruction. One mil is approximately \$65,150; the millage rate is 46.2 for which collections are made on real property, personal property and vehicles
- Town Council must decide whether to offer declining business license rates beginning FY18-19 with a goal of keeping the town's largest businesses within the town limits

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- 52 • Staff applied for \$2.15 million in grants during FY16-17; just over \$1.74 million was either
53 received in kind or approved by various federal and state agencies for funding
- 54 • This budget is a conservative approach to the forecasting of revenue
- 55 • The majority of general fund revenue is derived from taxes on real estate, personal property, and
56 vehicles; other revenue is derived from business licenses, and franchise fees, along with transfers
57 from other funds

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59 Pages 19-20 Debt

- 60 • Debt is an exception to the millage bank limitations, which do not affect millage adopted to pay
61 bond indebtedness like a General Obligation Bond
- 62 • The Town is debt free, except for the lease on the aerial platform fire truck. The final payment is
63 due in Fiscal Year 2020-2021, the current balance outstanding as of June 30, 2018 will be
64 \$230,660, which includes interest

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67 Page 21-23 Services and Property Taxes

- 68 • The proposed budget maintains the current level of service for residents, non-residential property
69 owners, and visitors
- 70 • A typical \$200,000 owner occupied resident with two \$30,000 vehicles, and one Moby cart pays
71 approximately \$480 in annual taxes to the town (\$370 house, \$55 per vehicle, and \$225
72 sanitation fees), i.e. less than \$60 per household per month for all the services the residents
73 enjoy: 24-hour police and fire protection; street cleaning and maintenance; drainage
74 maintenance; beach cleaning; parks and facilities cleaning; town planning and zoning; local
75 elections; municipal court; spectator pier passes; half price fishing passes; free parking (residents
76 receive a decal for each vehicle registered with an in-town address (unlimited decals) and second
77 home owners get two free decals and may purchase additional decals at \$40 each)
- 78 • The town's tax rate is the lowest in the area for full time residents, except for North Myrtle
79 Beach, but North Myrtle Beach has multiple user fees like impact and stormwater fees that
80 actually are taxes.

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83 Page 24-26 Salaries and Benefits

- 84 • No additions to the staffing level are proposed for FY17-18.
- 85 • A 3-percent Cost of Living Allowance (\$98,275) is proposed for all employees including sanitation,
86 except the administrator whose income is contractual, and associated retirement benefits
87 (\$97,500) that increased when the Governor signed the retirement bill.

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90 Page 27-38 General Fund

- 91 • The general fund is to account for the town's financial resources used in general operations:
92 administration; all departmental functions (except sanitation and pier); elections; emergency
93 management; town management and legal services
- 94 • Proposed capital items expenditures this year include a pickup truck with a dump bed (\$40,000);
95 Gator (\$10,000), and HVAC (\$10,000)
- 96 • Transfers of \$790,425 from other funds are anticipated to the General Fund to offset the cost
97 services eligible for reimbursement; for instance, sanitation workers are paid from the general
98 fund and it is reimbursed by the sanitation fund; transfers are projected slightly lower than last
99 year
- 100 • Anticipated franchise fee revenue is \$634,140; franchise fees are authorized by South Carolina
101 Code of Laws Section 5-7-30
- 102 • Aid to Subdivisions is derived from seven tax sources (banks, beer, wine, gasoline, motor
103 transport, alcohol, and income taxes) and is a per capita distribution based on the town's full
104

105 time population count from the latest census. Funds are administered by the State Legislature;
106 proposed revenue for FY2017-2018 is \$84,000
107 • Parking funds are reflected in the general fund, except for the pier parking lot revenue that goes
108 into the pier fund. Total proposed revenue for FY2017-2018 is \$308,600 in the general fund and
109 \$166,200 in the pier Fund.
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111 Pages 39-42 Lanier Parking Solutions & Land and Parking Reserve

- 112 • The Lanier Contract expires after this parking season. An increase in parking fees is not being
113 proposed for FY2017-2018
- 114 • The Land and Parking Reserve balance as of June 30, 2018 is estimated to be \$556,910. It is
115 anticipated that pay stations and/or parts may need to be purchased during FY2017-2018 due to
116 proprietary vendor hardware changes and discontinuation of parts and service for older models
117 such as those currently owned by the town. Lanier staff cleans and restores existing machines at
118 the end of every season and machines are cannibalized to use as parts when they are no longer
119 serviceable.
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122 Page 43 Vehicle and Capital Item Replacement Reserve.

- 123 • The capital project fund receives 3 mills directly from the general fund annually for the
124 replacement of vehicles and other capital items.
- 125 • Estimated total to be transferred in FY2017-2018 is \$195,450, and the ending balance is
126 anticipated to be \$755,535 at the close of FY2017-2018.
- 127 • This reserves ensures availability of funds to purchase the next fire truck in FY2018-2019 at a
128 cost of about \$610,000, and to catch up with delayed purchases of about \$145,000.
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131 Pages 45 - 48 Hospitality Funds.

- 132 • A 1-percent hospitality tax was authorized in town on May 28, 1996. Revenue is kept in a
133 separate fund and used as authorized by Town Council. Projected balance for FY107-2018 is
134 \$814,000
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136
137 Ms. Fellner proposed an amendment to the fund balance ordinance to have an automatic annual
138 transfer to capital projects for beach renourishment of \$75,000 from the accommodation tax fund,
139 \$75,000 from the hospitality fund, and \$50,000 from the pier fund, once its debt is retired, so moving
140 forward there will be no problem funding beach renourishment.
141

142 Pages 49 – 51 Local Accommodations Tax Fund.

- 143 • The local accommodations tax fee is 0.5-percent, and was adopted on July 1, 1997. Revenue is
144 kept in a separate fund and is used for tourism related purposes. The proposed total for FY2017-
145 2018 if \$170,100.
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148 Pages 52 - 54 State Accommodations Tax Fund.

- 149 • This is a 2-percent tax on transient rental property imposed by the state and credited to the
150 town. Distribution of these funds is explained on page 52. Projected revenue for FY2017-2018 is
151 \$600,200, and may be used for tourist related expenditures that bring in tourists from more than
152 100 miles away, and some other purposes cited in the state code.
- 153 • The Town is participating in the Accommodations Tax Fund Proviso for the bike weeks in the
154 amount of \$50,000, which is revenue the state holds and then public safety and public works
155 expenses related to the bike weeks are reimbursed to the town, without having to pay 30-
156 percent to the Chamber of Commerce
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Page 56 – Enterprise Funds.

These funds are used to account for operations that are financed and operated in a manner similar to private industry. The intent is to charge fees that will be recouped primarily through user fees. The town has two enterprise funds: the sanitation fund, and the pier fund.

Pages 57 – 60 Sanitation Fund.

- Sanitation service fees are collected through Grand Strand Water and Sewer Authority (GSWSA) and the town is charged \$1.25 per account for that service. This has proven to be a great service to the town as it alleviates the need for the town to be involved in the billing/collection process. The downfall is that without our own utility, we have no way of tracking who moves in and out of town. GSWSA allows to the town to utilize its records to track new owners for sanitation service billing purposes and also for business license follow up.
- The net position of the sanitation fund as of June 30, 2016 was \$1,615,429.
- A minimum of 50-percent of the net position in the sanitation fund is earmarked for capital equipment
- Estimated revenue in FY2017-2018 is \$1,406,800; expenses are estimated at \$1,369,375.
- This budget proposes that sanitation fund transfer \$82,000 to the general fund to cover rent, and salaries for support services paid by the general fund.
- At the direction of Town Council, the town does not pay for sanitation services as would be consistent in standard accounting practices for an enterprise fund; therefore, a flat fee of \$50,000 is credited annually, which represents the approximate value of those services
- Due to the increase in tipping fees because of the retirement of the landfill by the Solid Waste Authority, an increase in sanitation rates may be necessary in FY2017-2018
- An increase in rates will still be less than what private haulers charge

Pages 61 – 70 Pier Fund and Pier Restoration.

- The pier fund was established in 2008 when the pier was purchased by the town.
- Funds are collected from spectator admissions, fishing licenses, rent from businesses located on the pier, and parking fees in the pier lot
- Residents receive a pass for free access to the pier, and are entitled to a 50-percent discount on fishing license fees
- The net position for the pier fund includes \$2.1 million in real property value, as it is calculated as an asset in an enterprise fund; once the new value is determined (post Hurricane Matthew) the net position will be adjusted
- The pier fund currently has sufficient monies to meet all its financial obligations
- After the pier debt service is retired on October 1, 2018, it is recommended that the pier fund contribute \$50,000 per year to the capital projects fund for beach renourishment
- Funding pier reconstruction will require either a sizeable tax increase; a municipal bond, or a TDF (Tourism Development Fee, which requires a super-majority to adopt or Town Council may send it to referendum), a local bank, or a combination of these could work
- Two meetings on pier reconstruction have been held; overwhelmingly the public wants the pier rebuilt, including hazard mitigation enhancements, and a third meeting is scheduled May 13th
- Many speakers want a 'bigger and better' pier, but that might change when cost is presented
- Hagerty Consulting was hired to help with the FEMA process for reconstruction of the pier, as they understand and know every nuance of working with FEMA
- Many of Hagerty employees formerly worked for FEMA, and have been very successful getting funds for other towns, including New York City
- We are close to an agreement on a dollar amount for the proposed scope of work
- Bids for the pier reconstruction will be let, hopefully in June or July

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- 211 • The town only has liability insurance on the pier; full coverage was researched and the premium
- 212 was over \$106,000 a year
- 213 • The pier must bear the cost of restoration, and it would be prudent to increase the number of
- 214 businesses on the pier so over time it could self-insure
- 215 • Following the correct process is critical so that the town does not experience a clawing back of
- 216 funds once oversight reaches the federal level, which might cause the town to become
- 217 responsible for all costs
- 218 • At present the 'facility' is defined as the entire pier, with the exception of the two buildings, and
- 219 the destroyed portion is determined to be 55-percent, so the facility is eligible for replacement
- 220 • FY2017-2018 proposed pier revenue is down significantly, because there are no fishing and
- 221 spectator fees
- 222 • Beginning in FY1018-2019 the pier fund should make payments towards the financing method
- 223 used for reconstruction
- 224 • FY2017-2018 includes a significant increase in expenditures due to anticipated expenses of
- 225 \$200,000 for design, engineering, and construction oversight, payment of Hagerty Consulting,
- 226 and a bond attorney
- 227 • No construction funds are budgeted until there is a better understanding of the scope of the
- 228 restoration
- 229 • In FY2019-2020 it is proposed that the pier fund will begin an annual transfer \$50,000 to the
- 230 capital projects fund for beach renourishment
- 231 • When the agreement is structured, it is important to know what Town Council wants to do
- 232 insofar as the buildout for the other businesses so funding can be structured with no penalty for
- 233 early payoff since additional businesses would provide more revenue with which to pay the debt
- 234

235 Pages 70 – 73 Capital Projects - Stormwater

- 236 • Various projects with estimated balances at June 30, 2018 were reviewed
- 237 • Stormwater funding cannot keep pace with needed expenditures
- 238 • Any coastal municipality will always have stormwater issues and project costs are almost always huge
- 239 • A 2 mil dedicated funding source is clearly not enough to keep pace with projects
- 240 • There are five priority stormwater projects that will be done in FY2017-2018 that will cost over \$2.5
- 241 million
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- 244 1. Myrtle Swash Culvert Bridge Replacement and Alignment Project (RIA Grant Awarded \$500,000)
- 245 2. Phase II of the Northside Drainage Project
- 246 3. Replacement of the Dogwood Swash Ocean Boulevard Bridge
- 247 4. Floral Swash Northern Bulkhead Replacement
- 248 5. Elimination of Stormwater Discharge into Garden City on Melody Lane
- 249
- 250 • Another Rural Infrastructure Authority Grant (RIA) cannot be requested until the current grant is
- 251 fully funded, the project completed, and RIA has closed the grant
- 252 • Moving forward, Town Council may wish to consider
- 253
- 254 1. A special tax district was discussed as a possible funding source for the flood prone areas of
- 255 town
- 256 2. A stormwater utility fee was discussed; if adopted, the utility fee would be paid by every
- 257 owner; would generate approximately \$235,000 the first year, and closer to \$425,000 per year
- 258 after first year adjustments were made for commercial properties
- 259
- 260 • Ultimately, a new revenue source is necessary to fund the ongoing stormwater projects. Either
- 261 method would be an equitable way to allocate responsibility for the stormwater burden. Council
- 262 may also wish to consider annexation along the commercial corridor, which would increase tax
- 263 revenue

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Pages 74 – 75 Capital Projects – Beach Renourishment

- In order to fund beach renourishment going forward, amend Fund Balance Ordinance to require annual transfers of \$75,000 from both the accommodation tax fund (recommended by accommodations tax committee) and the hospitality fund to capital projects for beach renourishment
- Also require \$50,000 annually transferred from the pier enterprise fund to capital projects for beach renourishment beginning in FY2019-2020
- Recommend that beach renourishment funds be used only for this purpose to ensure funds are on hand when renourishment occurs (approximately every 10 years)
- Based on said transfers, beach renourishment approximate balance should be \$2,307,913 in 2027

Pages 76-79 Closing Remarks

- A conservative approach was used to develop this coming fiscal year's balanced budget
- Alternate funding sources, including grants, fees, and expansion of the businesses in the commercial district were considered
- The budget is not sustainable unless additional revenue is identified
- Compliance with the town's new Fund Balance Ordinance
- Maintaining sufficient operational reserves
- There will always be a fine line between building up capital reserves and advancement of necessary projects, and the town's ability to capitalize on financial opportunities
- The general fund will be unsustainable without additional revenue

Page 80 – Who Really Pays What

- Total taxes received \$2,792,366
- 4-percent residents pay \$477,206
- All others pay the balance of \$2,315,160, with commercial properties paying only \$390,610 of the \$2,315,160

Mayor Childs called recess at 10:15 a.m. The workshop reconvened at 10:25 a.m.

Page 81 Engineering Cost

The cost difference between DDC Engineers, the town's current engineer, and Thomas & Hutton to whom council awarded the engineering RFQ is about 21.2-percent or \$65,000 based on best estimates.

Page 82 Recyclables – E-Waste Program

- DHEC requires the vendor to have R2 or 3-Steward certification
- SC Code 48-60-140 requires that electronics collected through local governments must be received in a manner that complies with all applicable federal, state and local requirements
- S&S Salvage has neither certification
- Should S&S Salvage become certified, they should contact the public works director
- The town is required to prove it has complied with laws regarding recycling or it will not be eligible for DHEC grants

Pages 83 - 86 Overlay

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- The overlay ordinance is being reviewed by the planning commission and recommendations will be presented to council in the next few months
- Promote community pride; protects property values; encourages economic development
- Promotes quality over quantity
- Landscapes play an important role in supporting tourism; it's proven that people will go to a business with landscaping instead of a business without landscaping
- An inadequate overlay adversely affects property values, promotes deterioration of older buildings, and destroys a proper relationship between taxable value of property and cost of municipal services

Town Council **CONCURRED** to ask the planning commission to consider applying the Horry County overlay for this area to the town.

Town Council **CONCURRED** to implement declining business license rates, because that went hand in hand with an overlay.

Page 87 Police

- Organization table adjusted to eliminate mid-level management
- Case flow is being disposed appropriately with current staffing levels
- Compared to Horry County and the City of Myrtle Beach, the town's crime is extremely low
- Police fleet reviewed, and explanation of 'resting' vehicles extends life of motor
- All staff is required to work during storm events and bike rallies
- No additional personnel requested for FY2017-2018

Chief Hofmann will check into using the Horry County's CAD system, which is provided free, and is used by several county municipalities.

Note: Mr. Stevens arrived at 11:18 a.m.

Coast Rapid Transit Authority (RTA) General Manager & CEO Brian Piascik distributed the routes and schedule information for the authority. Plans are to designate bus stops by signs beginning as early as this summer. He asked council for a \$2.50 per capita contribution to fund the authority. RTA has had level funding since 2010, yet also has all the mandated increases as the town. He anticipates a referendum in the future to authorize a tax to fund the RTA.

Mayor Childs recessed for lunch at 12:16 p.m. The workshop was reconvened at 1:06 p.m.

Pages 89-90 Fire and Safer Grant

- Safer Grant allows fire department to hire additional staff to meet manning requirements
- Program application period varies every year
- Grant period is for 3 years with federal funding
- New rule: after the third year, the new hire does not have to be retained on staff
- Federal portion is 75-percent the first year; 75-percent the second year, and 35-percent the third year

Chief Otte is to bring a recommendation to increase volunteers pay with a budget cut to fund the increase. Ms. King said that one increase to the fire department budget was because in 2015 the departments started being charged for insurance. Chief Otte said third party testing is required by ISO for ladders and pumps, which cost about \$15,000 annually. Also, the 1-percent money can be used to pay for volunteers training.

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371 Pages 4 and 91 Legislative Initiatives

- 372
373 • Focus on the big picture
374 • Budgetary responsibility is at the fund level
375 • Council decisions
376 6. Design overlay
377 7. Declining rates for business licenses
378 8. Annexation along the commercial corridor
379 9. Huckabee Property
380 10. Pier
381 f) Pay for enlarged footprint design and buildout
382 g) Pay to demo and reconstruct buildings
383 h) Tax increase or special purpose district
384 i) Possibly first year emergency money from renourishment (?)
385 j) General Obligation Bond or private loan
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387 A suggestion was made to have a hiring freeze during Fiscal Year 2017-2018. After each director
388 and the administrator discussed how that would impact the departments, the suggestion was defeated.
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390 *Note: Mr. Johnson left at 3:30 p.m.*
391

392 The administrator noted that the upcoming budget includes six month's salary to bring a deputy
393 administrator on board in January 2018 who would step into the administrator's position when she
394 retires. This would enable her to introduce the incoming administrator to town staff, area officials, and
395 get the new administrator through the visioning and budgeting process. As soon as the new
396 administrator is comfortable assuming duties then the administrator's retirement might be earlier than
397 June 2018.
398

399 A discussion was held about possibly annexing commercial businesses along the Highway 17
400 Corridor north of town. Ms. Fellner said council needed to concur to consider the annexation prior to
401 bringing additional information forward. After discussion, annexation was defeated.
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403 *Note: Mayor Childs and Mr. Stevens left at 4:00 p.m. Mayor Pro Tempore Otte assumed the*
404 *chair at 4:00 p.m.*
405

406 Huckabee Complex. Ms. Fellner contacted both Steve Gosnell and Justin Powell, the Horry County
407 assistant administrator. The county's recreation budget is a deficit by \$100 to \$200 thousand. There is a
408 possibility of some land adjacent to the Scipio Lane property that could be exchanged in kind. The county
409 will need much more discussion before anything else is done. All that could be done now is a partial
410 conversion if council wanted to do that. The community spoke loud and clear [about the sports
411 programs], so it would be nice if the county would take responsibility over, which would keep the fields in
412 the area and town wouldn't be burdened with that expense going forward. There are many options, but
413 we have to wait for Horry County. There are many possibilities including a land swap to unencumber the
414 property; the county taking over the sports leagues because 90-percent of the participants are county
415 residents, and others. Ms. Fellner asked for concurrence that council wanted to move forward with a
416 solution, or to stop work on this. Members specifically stated there was no interest in selling Huckabee,
417 but no concurrence was made.
418

419 Surfside Pier. Ms. Fellner said the pier was discussed during the introduction this morning and
420 asked councilmembers for their comments. Ms. Samples said council needs to focus on the pier.
421 Feedback from the public is that everybody wants the pier rebuilt; the sooner the better. Mr. Courtney
422 asked whether the existing structure can be repaired. Ms. Fellner said no; it is 55-percent destroyed.

423 Replacement is only for the pier, which begins at the up ramp in the parking lot and extends to the end
424 of the pier. The buildings are not included, and should council decide to raze the entire facility and
425 rebuild that would be another discussion once the numbers are received FEMA. Mr. Pellegrino said a
426 decision needed to be made for the budget whether the town will borrow money or fund the
427 reconstruction another way. Mr. Courtney was concerned about materials being used for reconstruction,
428 and floating a bond. Ms. Fellner said a TDF (tourist destination fee) is another possibility. Both Mr.
429 Pellegrino and Mr. Courtney were opposed to a TDF. Ms. Samples did not want to go into debt. Mr.
430 Pellegrino asked what would happen if FEMA did not reimburse the town. Ms. Fellner said we're looking
431 at replacement and suppose FEMA's final number is \$6 million then the town has to pay 25-percent of
432 that amount. The budget could handle \$400 to \$500 thousand, but we can't pull \$2 million from the
433 budget. Without using a bond or TDF, there is no way to fund the pier rebuild without putting cash flow
434 in jeopardy. In my opinion, for replacement you're talking about part of the construction, engineering,
435 and oversight will be in that year. If the town receives that amount of money, then this is the time to
436 improve the entire pier entirely, including the buildings. With substantial improvements, everything has to
437 be brought up to code. Much of the pier facility is not up to code.
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439 Ms. Morris explained that the 50-percent rule is in International Building Code and that cannot be
440 changed. According to our consultants, the pier is damaged over 50-percent of the value, so upgrading to
441 current code is necessary. The town has always considered the pier as one building that includes the two
442 stores and the pier itself, and the appraisal is a value of all those components. The existing structure
443 does not FEMA's or the town's flood ordinances. If more than 48-percent [sic] of the value is destroyed,
444 which FEMA calculated to be 55-percent, the entire structure will have to be razed and reconstructed to
445 be compliant.
446

447 Ms. Fellner believed the number from FEMA will be sizeable, but did not want to speak publicly at
448 this time, because nothing is approved. Ms. Samples said as soon as the FEMA amount is decided, council
449 will have to be prepared to make a decision quickly as to whether the town will float a bond or increase
450 taxes, implement a TDF, or have a public/private partnership. Ms. Fellner said absolutely. Ms. Fellner said
451 they are almost to the point of discussing hazard mitigation, and she hopes to hear an answer in the next
452 few weeks.
453

454 Mr. Courtney asked for an update on beach renourishment. Ms. Fellner said it should start in the
455 fall. There were 18 pre-solicitation offers on the Army Corps website. Now that Reach 1 was added there
456 should be a successful bid. The opening is May 19. She anticipates around \$200 to \$300. Mr. Adair said if
457 the bid is awarded, the companies that do the beach renourishment also use their dredges in the winter
458 to clear shipping channels. So the work will probably be done in the spring or fall. The town is in Reach 3,
459 and the work could be done jointly with another Reach in the spring or be left until fall. Ms. Fellner said
460 this is when councilmembers could intervene by contacting our county representatives to ensure the
461 town is on the front end of the project, especially since the town was the first to be approved.
462

463 **Actions to which Town Council CONCURRED:**

- 464
- 465 • **APPROVE** ask the planning commission to consider applying the Horry County overlay for this
- 466 area to the town
- 467 • **APPROVE** business license declining rates, goes hand in hand with overlay
- 468 • **DENY** Coast RTA funding request
- 469 • **DENY** \$120,000 Passive Park restrooms
- 470 • **APPROVE** \$45,000 for Passive Park bathrooms; if bids are not acceptable, deny project
- 471 • **APPROVE** bid letting for 1st Avenue parking; fund from parking, if bid accepted
- 472 • **APPROVE** amendments to fund beach renourishment fund balance ordinance
- 473 • **APPROVE** challenging staff to cut budget 5-percent in each department
- 474 • **APPROVE** 3-percent cost of living increase for all employees
- 475 • **DENY** hiring freeze during FY2017-2018

- 476 • **APPROVE** hiring deputy administrator in January 2018 that will assume administrator role when
477 current administrator retires
- 478 • **DENY** annexation of commercial businesses along Highway 17 North of town

479
480 **Public Comments.**

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482 Ms. Holly Watson, Oak Drive North: Look on page 8, historical salaries and benefits. From 2012
483 to 2013 \$4,481,667, to 2016-2017 adopted budget is \$5,418,475. This was the year before we did the
484 police increase. What you have here is five years of increases, of course. Salaries go up every year. When
485 you break it down, it's 17-percent per year. A total of \$936,808 increase from 2013 to 2017. So that's an
486 average increase of 17-percent per year. Then if you look down in your salaries and benefits, you'll see
487 that \$1,606,765 represents 41-percent of your salaries. So when you pass the 3-percent COLA, you
488 actually passed 4.23-percent in your cost of salaries and benefits. Does everybody understand that? Your
489 3-percent was your COLA increase, but when you add your benefits on to it, you know have a 4.23-
490 percent. Ms. Samples said what is your question from that? Ms. Watson: I just wanted to remind you
491 that you went up 17-percent every year for that five year period. So, at the end of this year, are we
492 going to be expected to see a 4.23-percent or are we gonna see another 17-percent increase? Okay. I
493 would like for someone, either finance or our administrator to tell me where our engineering costs are on
494 our financial statements, because I see the road paving for \$600,000, or \$615,000 on capital, but there's
495 still no engineering costs. So where are our engineering costs going? Where are they being; are they in
496 the professional services; are they in contractual services; which department are they in? Ms. King said I
497 believe that they are all part of the project and are included in that one lump sum for every project. They
498 are not separated. Ms. Watson: I'm sorry, then that 615,000 number is incorrect? It does not include
499 DDC's advertisement for bid, their oversight, their contract? Ms. Samples asked Ms. Watson if she was
500 looking at the proposed or at the actual. Ms. Watson: Let's go to capital; page number 66. Road
501 Improvement Projects. You guys approved a contractor's price of \$614 thousand something or other for
502 road paving; for the road paving job you just approved a couple of council meetings ago, or may this one
503 before the last one. So we have \$615,000 here for the project for road paving under expenditures, but
504 there is no engineering cost there. So where are our engineering contracts? Where are they being shown
505 on the financials? My question is are they under, and the same way with the promenade, perhaps? Mr.
506 Ott said if he remembered from the paving paper that I looked at, they were included at \$5,000 in there,
507 and that included three of the streets. I could be wrong on that, but I'm going by my memory. Ms.
508 Watson: Now the contractor themselves are getting a contract for \$614,000 [sic], Carolina Pavers or
509 whoever that was. Mr. Ott said Coastal Asphalt. Ms. Watson: Coastal, okay. They quoted, Coastal Asphalt
510 \$614,000. That did not include the advertisement for the bid, the bid preparation, the drawings or any of
511 the engineering costs. So where are our engineering costs? Ms. Samples said the way it was explained to
512 her today when I asked a similar question was as it relates to the promenade that those costs were part
513 of the total price. Mr. Adair said yes, and that's projected for next year. Ms. Watson is correct that the
514 \$614,000 or \$615,000 just represents the contractor cost. The DDC bill for this is somewhere else, I just
515 don't know where it is. Ms. Watson: How much is that? Do you remember? Mr. Adair said it was under
516 \$10,000. Ms. Watson: For them to prepare the bid and advertise it? Mr. Adair said somewhere between
517 \$6 and \$8 thousand seems to ring a bell; in that range. Ms. Watson: And then is there more for oversight
518 or whatever on top of that? Mr. Adair said no, it's included in that. Ms. Watson: So you think it's a lump
519 sum. Mr. Adair said yes, but it's minimal. I don't remember exactly where it is. I'll have to look up the
520 actual number. Ms. Watson: Okay, so you're telling me that it's included in the price, but this particular
521 \$615 doesn't have the engineering in it? Mr. Adair said no, it does not. Ms. Watson: So, we're in error
522 there on the projected. Okay. Now didn't you Tuesday night sign a resolution of balance, a budget
523 resolution that had fire hydrants included in that resolution? Ms. King said yes. Ms. Watson: And how
524 much was the fire hydrant portion of that resolution? Ms. King said \$34,000. Ms. Watson: Okay, is that
525 money we already spent? Ms. King said no, it's money we're transferring to capital projects to do it next
526 year. Ms. Watson: To do next year? Ms. King said yes. Ms. Watson: Then on another page it's got
527 \$34,000 for each year, 2017 projected and 2018, so I was confused on that. Ms. King said that is correct,
528 because next year we're going to spend \$68,000 on the fire hydrants. Ms. Watson: Okay, your budget

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529 amendment was for 2017 not 2018, right? Ms. King said that's correct. Ms. Watson: So you're
530 appropriating \$34,000 as in 2017, but there not purchased in 2017. Ms. King said correct, the funds will
531 be reserved and we're going to spend it next year. Ms. Watson: Reserved, okay. Ms. King said it was in
532 the projected line for the promenade and the hydrants on page 64. Ms. Watson: Okay, well I was just
533 confused, because it was projected expenses for 2017 \$34,000. So, I figured that was a dead cost that
534 we had to pay for in 2017. Projected cost to me means you're gonna spend it. Ms. King said we are
535 spending it. We're sending it to capital projects in the general fund, so it is a 'spend.' The spend is on the
536 general fund side. Ms. Watson: So you're gonna transfer it over and you're gonna hold it. Ms. King said
537 correct. Ms. Watson: And then you're gonna pay all 68 out the next year. Ms. King said correct. Ms.
538 Watson: Okay. The same way with the \$100,000 coming in as a grant for the promenade. You're gonna
539 hold that and then you're gonna spend it out in the following year, right? Ms. King said right. Ms.
540 Watson: Now, the Myrtle Swash culvert bridge, I show a figure of \$658,127 [sic] paid out for that in year
541 2015. That's not right, is it? Page 63, and if you'll look at the Myrtle swash culvert bridge, it says we paid
542 \$656,000 [sic] for that in 2015. Is that right? Ms. Samples said I had the same question. Ms. King
543 apologized saying that the title applies to 2018, not the prior years. That was probably for drainage in the
544 previous year. Ms. Watson: Okay, then there's the \$9,990 for 2017 that we think we're gonna spend. Is
545 that for permits on the culvert bridge, or what is that for? Ms. King said yes, it is. Ms. Watson: So that's
546 for the permits. Okay, (**) swash and bridge projected for 2018 now is \$625,000. In February 2016 this
547 bridge was supposed to cost \$200,000. Then we went to January 2017 at the vision workshop and it was
548 550. Then you all approved 19,000 for permitting and 30,000 if we got the grant for engineering [sic.]
549 Now we got the 625,000, so how did we get from 200,000 in a year and two months, anybody? Mr. Ott
550 said I think it was going to be a repair where now we're gonna replace the whole thing. Ms. Watson:
551 Okay, does the 625 include the engineering, the permitting, and the engineering? Ms. Fellner said yes.
552 Ms. Watson: Turnkey? Mr. Ott: This is where we get the oversights now, because the bid might come in
553 different. This is a projection. Mr. Adair said the \$200,000 figure was from the original list of projects that
554 were upcoming. That was a placeholder when we were discussing a utility fee. Ms. Samples agreed and
555 said that number just came out of visioning. Mr. Adair said that wasn't based on any real estimate. Ms.
556 Watson: Oh, so we were expected to pay a utility fee based on some kind of estimate; anyway, we're not
557 gonna go through all that. Ms. Samples said that utility fee was a recommendation; it was never gonna
558 go. Mr. Pellegrino said we voted that down. Ms. Watson: Let's look at page 67. I've only got a couple of
559 more. At the top there, underground utility projects. Engineering at 85-percent reimbursement for 2016,
560 \$1,059,887. Did we pay our engineers \$1 million? Did we pay them \$300,000 for 2017 projected? Ms.
561 King said that's the reimbursement; that's the money coming back. The bottom one is what we paid.
562 That's just the total cost that was spent on it. The top is what we got back from Santee Cooper and all of
563 the other partners. The bottom is what we spent. Ms. Watson: At an 85-percent reimbursement rate for
564 engineering, we got back \$1,059,887. Ms. King said that's not just engineering; it's the whole project. It's
565 labelled wrong, but it is the whole project. The note is just to tell you what the reimbursement rate is.
566 Ms. Watson: Okay, well, how about the construction? How much; there's no, they're lumped together,
567 right? Ms. King and Ms. Fellner said yes. Ms. Watson: Okay, the 300,000 2017 for engineering that's
568 separate than the 60,000 for construction, so is that figure correct? Ms. Samples asked \$360,000
569 projected 2017? Ms. Watson: Yes, 300,000 projected fiscal year engineering (**) Ms. King said that looks
570 like a typo. Ms. Samples said that is a typo. Ms. King said it isn't on the front page, that's just on that
571 subpage. If you go to the front summary page, it's 30 where it actually summarized. Ms. Watson: Um
572 huh. So then the construction it says was 60,000. Ms. King said that's what we'll pay to finish the project
573 this year. Ms. Watson: So it was 30,000 for engineering and 60,000 for construction, right? Is that what
574 you're saying? Ms. King said that's what I'm saying. Ms. Watson: Okay. Ms. King said that is the budget
575 that we have out there. Ms. Watson: So we think it's gonna end up costing, right, okay. (**) Ms. Samples
576 said we don't know. Ms. King said it's the same as we thought at the beginning of the year. I don't think
577 anything has changed. Mr. Adair said this is the balance of a two year project. (**) Ms. Watson: Can you
578 tell me what professional services are under finance for 50,000 2017 page 35. Ms. King said it's the audit
579 and we need an additional audit this year because of all the FEMA funds we received. So it will cost more.
580 We have to have a single audit because of the grants we got this year. Ms. Watson: Okay, can you tell
581 me what professional services are for \$71,900 for 2017 under administrative and legislature on page 34?

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582 Ms. King said I believe it's the lawyers. What page is that, I'm sorry? Ms. Watson: Page 34 professional
583 services. Ms. King said probably the lawyer; it's the budget for the lawyers. It's budget. It's not actual.
584 Ms. Watson: Okay, what about contractual services for 15,000? So we put our lawyers under professional
585 services. What would be contractual services? Ms. King said it's the website, the Municipal Code, the
586 Wholly App, it's the cleaning service, it's the consultants, the lobbyist. Ms. Watson: Okay. On the
587 accommodations tax fund page 56 and 60; we are trying to build a pier back. We don't have any money
588 to pay our, to get fire, additional firemen. We're thinking about borrowing money. Have you thought
589 about maybe not giving out 27,000 in grants from accommodations tax and putting that towards the pier,
590 or at least cutting it in half? To me it would behoove us to try and get as much money into the pier fund
591 or to replace the pier as we can. The same way with the \$25,000 sidewalk. I'd rather have a fireman. I'd
592 rather have a pier than I would a sidewalk. So every little bit counts at this point. I mean you can do
593 what you want to, but the pier is gonna eat up a lot of money and we keep talking about we need to cut,
594 we need to cut. So that would be two places that I would suggest that you might be able to cut. The fire
595 department, I heard that you needed to wait to do anything with the fire department until we got an
596 answer from Horry County about the discussion about us going out on their calls. I'm sorry, but I love my
597 home. I love my animals, and I treasure my life. While you're waiting for an answer from Horry County or
598 even if the ultimate goal is for them to take over our fire house, which I don't like at all, because when
599 they're out on calls in the county that leaves all of us unprotected. I would much rather us go for those
600 grants for those firemen. If you, all of you, are so concerned about money that we can't hire firemen, I
601 am here to volunteer to search for every grant come hell or high water all over this country to get you
602 grants. But for that, my time, my printing, and my experts cost me money. I am asking for 10-percent. I
603 will find you grants to help us out of this bind. But, I will not offer my service for free any longer. Getting
604 back to the fire department, you can think about that. I'm really not in any rush to do it. I know that the
605 town needs the money. Getting back to the fire department, and I'm sorry Mr. Johnson left, I'd like to
606 know and Ms. King can ask [sic] this, do we bill for our fire pumpers going to a fire in town? Ms. King
607 said no. Ms. Watson: The reason I ask that is whether or not Horry County is reimbursing us any part of
608 their fees to go to any home for a fire call, an active fire. The reason I'm asking that is because I'm also
609 a licensed insurance agent, and I sell HO3 policies. Your insurance policy on your homeowners policy, if
610 you'll look at your homeowners policy, they allow, I think, for up to \$750, sometimes \$1,500 that you
611 don't have to pay for a claim for a fire claim. So, if my house is on fire and the Town of Surfside Beach
612 comes to my house to put the fire out, you can bill me \$750 or the insurance agency or me personally
613 and I turn it over to my insurance agency and then they pay. Ms. Fellner said that was brought up to
614 council before, and it was shot down. Ms. Watson: Well, that was ambulance. I think that was an
615 ambulance, if somebody's in a car wreck, and you know. Mr. Courtney said that was brought up to
616 council in the past, and it was shot down. It was fire and EMS, with the Motorola's and the billing
617 process, and it was shot down by previous council. Ms. Watson: I don't think council was that fam ... I'm
618 sorry, Councilman Johnson is an insurance agent as well. Perhaps he's not that familiar with the clauses
619 in HO3. But, I can get you all the clauses from an insurance policy, a typical insurance policy and all
620 policies are written by South Carolina State Law. They all say the same thing on HO3 policies. So anyway,
621 that's it. Mr. Courtney said it would look into it and get back with Ms. Watson. Ms. Watson: I can do it. I'll
622 get it. I'll get it for you. It's HO3. Homeowners 3 Policy in South Carolina.

623
624 Ms. Diana Taylor, 7th Avenue North: You guys are great. I appreciate all of you. I know
625 everybody. I have kind of taken a little survey in my neighborhood, but we would certainly like Lieutenant
626 Hofmann to be our new police chief. We've noticed a difference. I'm gonna speak at council about this.
627 I've lived here since 1985, and I've talked to many people in this town in the last week. So, why waste
628 your time? He is the man. Everybody likes him, and he knows our town. So I just wanted you to know
629 my thoughts. Thank you.

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631 **COUNCIL COMMENTS.**

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633 Mr. Courtney thanked all of staff for their hard work. Other members chimed in.
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635 There were no other comments or questions.

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637 **ADJOURNMENT.** Mayor Pro Tempore Ott declared the workshop adjourned at 4:52 p.m.

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Prepared and submitted by,

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Debra E. Herrmann, CMC, Town Clerk

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Approved: May 23, 2017

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Robert F. Childs, Mayor

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Ron Ott, Mayor Pro Tempore

Timothy T. Courtney, Town Council

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Mark L. Johnson, Town Council

David L. Pellegrino, Town Council

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Julie M. Samples, Town Council

Randle M. Stevens, Town Council

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