



**TOWN OF SURFSIDE BEACH ♦ TOWN COUNCIL CHAMBERS**

**June 8, 2010 ♦ 6:00 P.M.**

**TOWN COUNCIL  
PUBLIC HEARING**

**1. CALL TO ORDER**

Mayor Deaton called the public hearing to order at 6:00 p.m. Mayor Deaton and councilmembers Johnson, Blair, Dodge, Smith, Childs and Samples were present. Staff present: Appointed Interim Administrator, Fellner; Clerk Pinnell; Special Events Supervisor, Ellis; Building Director Donevant; Public Safety Director, Christenson; Finance Treasurer, Hursey and Fire Chief Packard. Attorney Mr. Smith was also present.

**2. PUBLIC HEARING**

Ms. Hursey stated that this is a presentation of the fiscal year 2010/2011 budget and the opportunity to hear public comments regarding the budget.

Ms. Hursey went over the summary of funds. Ms. Hursey reported that the tax millage being presented this evening as an ordinance is 44 mills; this is no change from the previous year. It was confirmed that this includes 5 mills for stormwater. Ms. Hursey stated that it also includes 3 mills for capital replacement and 8 mills for debt millage and the debt millage will be over as of March 2013. Ms. Hursey reported that the proposed general fund revenues is \$5,298,691 and proposed expenditures are \$6,111,549. Mr. Samples asked if this was in balance or out of balance. Ms. Hursey stated that this is a decrease in the fund balance of \$812,858 which was attributed to capital expenditures including equipment, paving, sidewalks or anything planned to use either capital replacement funds or street funds which are separate reserve funds in the fund balance. Councilman Smith asked if the town reduced the funds by \$812,000 then how much cash would it have on hand at the end of the year? Ms. Hursey stated that the decrease in the fund balance is not attributable to the cash balance; it is a separate item. Ms. Hursey stated that the proposed undesignated fund balance would be \$2,314,000. Mr. Samples asked for confirmation, if \$1,243,000 is receivable from ourselves. Ms. Hursey confirmed yes and that it was from the pier. It was confirmed that this would be collected for 9 more years.

Mr. Samples: "I guess the question is in an emergency it's not really available to us because it's something; it's a piece paper we hold on ourselves."

Ms. Hursey answered this was correct "but in an emergency all funds for the town would be available even our reserve funds."

Ms. Hursey reported that Capital Projects fund which includes stormwater improvements fund has a proposed revenues of \$320,000 with proposed expenditures of \$401,140 and this would be a decrease in that fund balance of \$81,140. Mr. Samples stated that in the past the town has never budgeted personnel costs in this fund and he noticed that now the town is budgeting some personnel costs in this fund. Mr. Samples asked if this was a new policy adopted. Ms. Hursey stated that the town

53 used to outsource the maintenance of the lakes and this is now being handled in house  
54 with the Grounds Department so a quarter of the supervisors salary and a quarter of  
55 the foreman's' salary has been added. These are the primary people who work on the  
56 lakes. Mr. Samples referred to the saying 'camels nose in the tent' and stated that  
57 "budgeteers tend to begin by getting that first approval; that line in there that says  
58 personnel, for instance, in capital projects, which leads to further and greater  
59 expenditure in the future of whatever the item, in this instance, it's personnel and it  
60 grows and it grows and it grows and we're seeing that happening in accommodations  
61 tax and, of course, really the same situation exists for hospitality tax. I don't think we  
62 budgeted personnel in the past in hospitality tax and we are now, in this budget."

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64 Ms. Hursey stated that this was true with the exception of the meter attendants. Mr.  
65 Samples stated but this was due to the moving of the parking meter money into the  
66 hospitality fund. Mr. Samples stated that now the town is budgeting fulltime staff in  
67 hospitality.

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69 Ms. Hursey reported that hospitality fund proposed revenues are \$750,000 and  
70 proposed expenditures are \$568,839. This fund will see an increase in the fund  
71 balance of \$181,161. Mr. Samples stated that the undesignated funds in hospitality  
72 show a deficit. Ms. Hursey asked Mr. Samples if he was referring to this fiscal years  
73 ending balance. Mr. Samples answered that he was. Ms. Hursey stated that this was  
74 correct. Mayor Deaton asked what created this deficit. Ms. Hursey stated that this  
75 was due to the fire station. Mr. Samples asked how the town can budget a deficit and  
76 asked if the town also paid for the pavers. Ms. Hursey stated that the town already  
77 budgeted for a negative in that fund because the town was spending money reserved  
78 to build the fire station. The town already planned on having a negative undesignated  
79 fund balance. The current operating revenues did not pay for the entire project.

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81 Ms. Hursey reported that the Accommodations tax fund has a proposed revenue of  
82 \$455,000 with proposed expenditures of \$538,600. There is a decrease in fund  
83 balance of \$83,600. Mr. Samples asked if council was being asked to approve a  
84 deficit at the end of the budget. Ms. Hursey stated that this would be the expected  
85 number at this time. Mayor Deaton asked what the reason for this was. Ms. Hursey  
86 answered "if we're using the conservative revenue estimate that we have there would  
87 be a deficit in that fund." Mayor Deaton asked if anything contributed to this. Ms.  
88 Hursey stated that what is proposed would cause a negative. Mr. Samples asked if  
89 the additional staff was the cause. Ms. Hursey stated that this would not cause the  
90 entire \$83,000. Mr. Samples stated that his concern is that Atax is governed by State  
91 law and the town has to submit reports that show how the town spends the money and  
92 that the town is over budgeting for a deficit in a State regulated fund. Mayor Deaton  
93 stated that the transmittal committee is the oversight committee for all Atax funds  
94 from the State back to the town and they govern and determine what is valid and what  
95 is invalid. Mr. Johnson asked if the Atax committee approves the salaries in advance.  
96 Ms. Hursey stated that the Atax committee recommends approving the budget to  
97 council; they are not the final approving body, council is. Mayor Deaton confirmed  
98 that Mr. Johnson was referring to the State transmittal committee and not the town  
99 Atax committee. Ms. Hursey stated that there are guidelines and funds can be used  
100 for salaries when a staff person primarily is connected to tourist related functions.  
101 Mr. Samples asked if Ms. Hursey has spoken to any other municipalities where

102 deficits have been approved. Mr. Samples asked if the State can deny expenditures at  
103 a later date. Ms. Hursey stated that if the committee finds that any of the town  
104 expenditures are not in line to the guidelines they could withhold additional funds.  
105 Mayor Deaton stated that Atax funds cannot be squandered and they cannot be  
106 accumulated; the town was in danger of losing almost a million dollars a couple years  
107 ago and the town had to go to the transmittal committee to present to them the  
108 purchase of the pier. The committee allowed the town to use the accumulated funds  
109 towards the purchase of the pier. The town had accumulated these funds for beach  
110 renourishment and when the state stepped in and paid for beach renourishment it left  
111 the town with a large balance in the Atax funds which was then approved to be used  
112 towards the purchase of the pier. Mayor Deaton stated that the State will take  
113 accumulated funds back if they are not used.

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115 Mr. Samples stated that when the last beach renourishment was done the town  
116 contributed \$195,000 and asked how much the town is currently budgeting for beach  
117 renourishment and how much is currently set aside. Ms. Hursey stated that there is  
118 none currently budgeted or set aside. Ms. Hursey reported that the 4<sup>th</sup> Avenue  
119 crossover project had to be reappropriated and this was also contributable to the  
120 deficit.

121  
122 Ms. Hursey reported that local accommodations proposed revenues and expenditures  
123 are the same adding that the town has chosen to take all of the local accommodations  
124 money and transfer it into the general fund to offset the cost of operations for police.  
125 This would be the total of the governmental activities. Mayor Deaton asked what  
126 percentage of the town budget included the police budget. Ms. Hursey confirmed that  
127 it was over 25 percent of the town budget and fire is approximately 10 percent  
128 totaling approximately 40 percent of the town budget. Ms. Hursey reported that the  
129 first enterprise fund is the sanitation fund with proposed revenues of \$1,170,100 and  
130 proposed expenses are \$1,104,448 with net income to that fund of \$65,652. Mr.  
131 Samples stated that he noticed the town is adding 1.5 full time equivalents. Ms.  
132 Hursey stated that the town is only adding one laborer but have allocated, as done in  
133 the past with part of the public works director salary and now have added part of the  
134 executive assistants salary to sanitation which is the half and the department used to  
135 have a seasonal laborer but are now proposing to hire this person on as a full time  
136 employee. Ms. Hursey reported that the executive assistant spends a lot of her time in  
137 sanitation. Mr. Samples stated that he could not find the cash balance for sanitation  
138 in the exhibit. Ms. Hursey stated that it was currently over \$200,000 but did not have  
139 the exact figure. Mayor Deaton stated that sanitation is an enterprise fund; it is self  
140 sustaining.

141  
142 Ms. Hursey reported that the pier enterprise fund proposed revenues are \$350,000  
143 with proposed expenses of \$154,397 which leaves an income to this fund in the  
144 amount of \$195,603 and out of this the town would make its payment back to the  
145 general fund which is \$163,000. This would leave the fund with available cash of  
146 \$35,000. Mr. Johnson asked if the \$350,000 included the lease funds and the towns'  
147 percentage of the walking fees. Ms. Hursey reported that these are the towns' access  
148 fees and the tenant acts as a collection agent for the town. Ms. Hursey added that the  
149 income generated from the paystations at the pier remain in the pier. Mr. Samples  
150 stated that he noticed that the town is not budgeting to replace the pilings. Ms.

151 Hursey confirmed that this was not in this budget. Mr. Samples asked what the  
152 thought process was regarding the pilings. Ms. Hursey stated that the plan was to  
153 replace the bolts first and it was the engineers' recommendation that the replacement  
154 of the pilings could be delayed for another year. Mr. Samples asked if the town was  
155 currently working on the bolts. Ms. Fellner reported that staff almost has all of the  
156 hardware to begin and it should be done soon after the deck project has been  
157 completed.

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159 **Susan Clark, 616 Juniper Drive:** "I was thinking in light of what's happening in the  
160 Gulf of Mexico it is inevitable that we're eventually going to see the oil here on the  
161 beaches and we have no money for beach renourishment. Is there anything . . . would  
162 that fall under the emergency fund or do we have any plans to clean up the potential  
163 disaster that is heading our way?"

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165 **Mayor Deaton:** "That would be a federal issue and I attended a meeting this week on  
166 that and the County is . . . it is going to go directly to a federal designation; they  
167 would be responsible and it is very unlikely, ma'am, it's only a one in twenty chance  
168 that we'll see anything. The Gulf Stream is 60 miles offshore from here and we're in  
169 Long Bay, if you're familiar with the geography of this area, Georgetown protrudes  
170 this way, Little River protrudes that way, we're in a 30 mile area bay called Long Bay  
171 and then 60 miles offshore is the Gulf Stream so if the oil did make it into the loop  
172 current and then actually moved up the Gulf Stream at some point in time it would be  
173 close to the shores in Florida but it would be up to 60 miles away from us if it did  
174 pass here it would be degraded weather wise so therefore we're in a minimal threat of  
175 any impact from that oil spill whatsoever."

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177 **Ms. Clark:** "Ok, I was wondering since we enter into our hurricane season towards  
178 August into the fall."

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180 **Mayor Deaton:** "And we feel very badly for the Gulf. I would never want to  
181 experience anything like that in our community."

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183 **Ms. Clark:** "I just don't want to depend on the federal government."

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185 **Mayor Deaton:** "We'd have to in this case. I understand what you're saying."

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187 **Sylvia Robinson, 1615 S. Ocean Blvd:** "I've not participated or listened to the  
188 budget before. Is there no way that we can decrease some of our outlays so that we're  
189 living a little bit more close to our income? Somewhere in there, in that \$800,000,  
190 unless I misunderstood?"

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192 **Mayor Deaton:** "Well in the past it's been live within our means; pay as we go and  
193 I'm certain there's some individuals sitting up here that's going to look at that very,  
194 very closely."

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196 **Ms. Robinson:** "I don't envy you your task but we all have to live within our  
197 budget."  
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The Public Hearing was closed at 6:40.

Approved: June 22, 2010

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Sharon Pinnell, Town Clerk

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K. Allen Deaton, Mayor

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Roderick Smith, Town Council

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Vicki W. Blair, Town Council

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Ann Dodge, Town Council

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Douglas F. Samples, Town Council

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Mark L Johnson, Town Council

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Robert F. Childs, III, Town Council

**Clerk's Note:** This document constitutes minutes of the meeting, which was audio taped. This meeting was transcribed by Clerk Pinnell. In accordance with FOIA, meeting notice and the agenda were faxed and/or emailed to local media and interested parties. A complete list is on file in the clerk's office. The agenda was posted on bulletin boards outside Council chambers and in the town hall reception area. Meeting notice was also posted on the town marquee. When \*\*\* is used a section of the transcription is inaudible.