



**SURFSIDE BEACH TOWN COUNCIL  
FY2016-2017 MUNICIPAL BUDGET WORKSHOP  
NOVEMBER 18, 2016 • 12:00 NOON  
TOWN COUNCIL CHAMBERS**

**CALL TO ORDER.**

Mayor Childs called the workshop to order at 12:00 noon. Mayor Childs, Mayor Pro Tempore Ott, and Councilmembers Courtney, Pellegrino, Samples and Stevens were in attendance. Councilmember Johnson was absent. A quorum was present. Others present: Administrator Fellner, and Town Clerk Herrmann.

Mr. Pellegrino explained that he wanted to have this workshop to discuss the budget, because of the unexpected expenditures for beach renourishment project; the pier destruction from Hurricane Matthew, and the Myrtle swash emergency repair. Town Council needs to make some decisions in January when the vision meeting is scheduled to start preparation for the Fiscal Year 2017-2018 budget. Spending during this current year budget needs to be stopped. Expenses have exceeded revenue for many years, except one. We had reserve funds, but over the decade or so, the reserves have been depleted. Basically, he wanted to hear ideas from Town Council and the public about opportunities in the budget to increase revenue, and cut expenses. If this discussion is held now, then some work can be done before the January 2017 vision meeting.

Mr. Stevens asked Mr. Pellegrino for a copy of the page he displayed. Mr. Pellegrino said it was page 25 in the FY 2016-2017 Adopted Budget. Mr. Stevens said Town Council did not receive any information for this workshop; he had no idea how to prepare. Mr. Ott, Mr. Courtney, and Ms. Samples expressed the same concerns as Mr. Stevens.

Mr. Pellegrino said that was partly his fault, because other than understanding what our expenditures and revenue are, and how to get the budget under control, he did not think any other information was necessary. The Comprehensive Annual Financial Report (CAFR) has not been finished, so any numbers that Ms. Fellner could provide would be estimates. The last time Town Council went through the budget line item by line item and only \$3,000 in cuts were made; we need to make hundreds of thousands dollars worth of cuts.

Ms. Samples understood Mr. Pellegrino's point. She used the previous audit and up to date information that relates to the budget. She said Mr. Pellegrino made it very clear at the council meeting that he wanted a budget workshop to focus on ideas about how we can be prudent in our spending. She also understands that staff did not know what was to be prepared for this workshop. As a new councilmember, she has questions about the budget, and would like for the finance director to be here to answer those questions. She thought it would be advantageous for everyone to share their ideas and comments since they were here. It was not a waste of anyone's time to be here. Mr. Stevens agreed. Mr. Ott said exactly, and asked how loss of revenue would affect the town.

Mr. Courtney asked why it was taking so long to hear the final report for Hurricane Matthew damage. The council needs to see those numbers to see where the town stands.

Ms. Samples said that was why at the last meeting they asked about the audit status. The audit was delivered the first week in November last year; it would have been nice to have it this year. The CAFR will provide a clear idea of where we have been and where we are. After councilmembers and the

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52 public have spoken, we can schedule another workshop to hear responses to specific questions. Mr.  
53 Steven concurred.

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55 Mr. Pellegrino said there are three indicators he refers to in the budget to determine whether it is  
56 healthy. They are the general fund expenses versus revenue; the disaster fund balance should be  
57 growing, and the unassigned fund. The disaster fund has been at \$400,000 for years. The unassigned  
58 fund has a little over \$1 million projected, but that fund had millions of dollars ten years ago. There have  
59 been some tough economic times. There were some bad summers, and town has had some big  
60 expenditures. The unassigned fund has always been the buffer. There are reserves in other funds, but  
61 the use is limited. If the buffer zeroes out, then the options are to borrow money or raise taxes. That  
62 was his main concern. Ms. Watson had given him some information that helped, and he appreciated it.  
63 His suggestions were:

64  
65 1. Huckabee Complex. Staff is working on unencumbering the Huckabee Complex. In his  
66 opinion, the complex does nothing for the town; it is prime land that could be sold for a lot of money, if it  
67 was unencumbered.

68  
69 2. Street Paving. The town's streets are in good shape. Next year \$600,000 is budgeted for  
70 street repaving. It would not hurt to defer street paving for a year. Even though street funds cannot be  
71 expropriated, the monies would still be reserves.

72  
73 3. Salaries and Benefits. Salary and benefits expenses are huge; projected at \$4.9 million. The  
74 top costs are for the police department at \$1.89 million projected and the fire department at \$623,000,  
75 and public works at \$622,000. The operation expenses for the police department are \$373,000. The fire  
76 department operation cost is \$223,000, in addition to the ladder truck lease for \$83,000. We need public  
77 safety, and we have great public safety. The town fields a tremendous number of calls from Horry  
78 County. The town's taxpayers are paying for that. Do we have to borrow money or raise taxes to pay  
79 for Horry County's calls? In his opinion, the town did not need five or six fire engines for two square  
80 miles. Do we need 27 people in the police department; 21 cops? Every year I ask about seasonal help,  
81 and the answer is there is a training issue. Other beach communities use seasonal help. The town has  
82 \$3 million worth of expenses for very good police and fire departments that are used to serve Horry  
83 County. Does the town need to staff it to serve Horry County?

84  
85 Mr. Pellegrino said these are the questions that need to be asked. I am positive there were  
86 many towns of similar size to ours that did not have five fire trucks. I don't know what the right answer  
87 is, but we need to make a decision as citizens and council whether we want to pay for Horry County to  
88 do the work. I keep hearing they are working on a payment structure, but that has been going on for  
89 years. In my opinion, the county will never pay us, because they do not have the money either. The  
90 ideas I have are \$4 or \$5 million that could be adjusted to compensate for the huge expenditures.

91  
92 Mr. Ott agreed with Mr. Pellegrino. Huckabee Complex is years out before it can be turned  
93 around. But, it needs to be pursued. Public Works does a good job, and we want them to keep the town  
94 looking beautiful the way it does. We are a tourist town. I don't know how to chop that budget at all.  
95 Police and fire have an auto assist agreement that sends our police up to Prestwick and all the way up  
96 Long Bay and over into Ocean Lakes. What does the town get out of that? A rescue squad? If we cut  
97 the rescue squad, we don't have enough firemen to man the fire station. We are short people. What  
98 we're doing is not right, actually. I see that and understand that. We need to have extra fire staff.  
99 There is something very wrong here. Do we go to the county residents and ask for assistance? We are  
100 providing services to them and we can't pay to provide it.

101  
102 Mr. Courtney said I recently asked for the contracts to see what the town is responsible for. I  
103 recommend that all councilmembers get copies of each individual contract. Ms. Herrmann asked if the

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104 contracts could be sent via email. Mr. Courtney preferred paper copies. Ms. Herrmann said the copies  
105 would be provided.  
106

107 Ms. Samples agreed with everything that Mr. Pellegrino said. I think we need to look at these  
108 things sooner than later. I keep bringing up automatic aid with our fire department. Horry County needs  
109 to pay the town. If the county will not pay, then we need to make a tough decision. I am the largest  
110 supporter of our police and fire departments. I don't want to see any changes there. She believes the  
111 county's compensation of supplies, training, and rescue squad support is unacceptable and is not  
112 sufficient. There is an Horry County Public Safety meeting on November 28<sup>th</sup> at 9:00 a.m. She  
113 encouraged the councilmembers and the public to attend. Mr. Tyler Servant, the town's county council  
114 representative, is supposed to address the town's agreement at the Public Safety meeting. Ms. Fellner  
115 said Mr. Servant promised that he would address the matter sooner rather than later. Ms. Samples had  
116 many questions about the departments' operating expenditures, and would like to have another  
117 workshop with the department directors to talk about the questions. For instance, the police department  
118 spends almost \$1,000 a day in operation expenses. She would like to know exactly what that is for. Just  
119 in September, the department spent \$25,000 in operating expenses. We need to go through line item by  
120 line item as it relates to operating expense. Some decisions need to be made about the bigger issues  
121 brought up by Mr. Pellegrino. I am ready to do some cutting.  
122

123 Mayor Childs said six or seven years ago, he moved to appoint a committee to meet with the  
124 county regarding the mutual aid agreement. Former Mayor Samples, who is at this meeting today, was  
125 on that committee; a former councilmember, Mr. Joe Martin, is also here and is familiar with that. The  
126 county has never given us a straight answer. At that time, we got into the mutual aid, and then county  
127 built a firehouse on Scipio Lane. I don't understand why the county fire department at Scipio Lane  
128 doesn't respond to more of these local calls. That was the county's answer to the problems, as I  
129 understand it, to build another fire station. Ms. Samples said I agree, and yet, we've gone on over 600  
130 calls this year outside the town.  
131

132 Mr. Doug Samples, Hollywood Drive North, said you used the right terminology. Years ago we  
133 were discussing mutual aid. Mutual aid is required under South Carolina State Law. I believe there is a  
134 'boiler plate' contract written by the state. At some time during his administration, the former fire chief,  
135 Dan Cimini, introduced automatic aid. The contract was never presented to Town Council for  
136 consideration or adoption. For everyone's benefit, it is important to distinguish mutual aid as required  
137 under State Law and auto aid to Horry County. The town's taxpayers are paying for this auto aid to Horry  
138 County, but Town Council never explicitly approved automatic aid. Mayor Childs thanked Mr. Samples  
139 saying he agreed with him and Mr. Pellegrino. We should keep the county's feet to the fire until we get  
140 an answer this time. The matter has a tendency to just roll back and other matters come forward. We  
141 should have Mr. Servant give us some firm answers.  
142

143 Mr. Stevens said I agree with everything Mr. Pellegrino brought up, especially the mutual aid. I  
144 asked the fire chief where the town responds. We go to Surfside Beach Club; basically to the bypass; to  
145 Wal-Mart, and Prestwick. That is way out of our town. In Surfside Beach Club you are closer to the  
146 Scipio Lane fire department than to the town's department. Why we were going so far out is beyond me.  
147 Those fire trucks cost money every time they crank up and are driven. They use a lot of diesel fuel. We  
148 definitely need to do something. It's been talked about before, but it's time to do something and get it  
149 done. Solve the problem. Mayor Childs said I agree with that totally.  
150

151 Mr. Ott said I believe that we all should go to the session on safety that Ms. Samples mentioned.  
152 We should all go in there in unison and hear what they are going to say, and speak there, if we don't get  
153 to do so before. Ms. Samples said the date is November 28<sup>th</sup> at 9:00 a.m. She was unsure of the  
154 location. An unknown speaker said 3<sup>rd</sup> Avenue.  
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156 Mr. Courtney said Resolution #02-023 is a Statewide Mutual Aid agreement listed in the  
157 contracts. The difference in mutual aid is when there is a working fire in a different community,  
158 firefighters will relocate to another fire house or to the actual fire so they can shift firemen around to  
159 cover each house. The unfortunate part is that we're responding so deep into Ocean Lakes and other  
160 areas that we're taking our primary truck out of here. My understanding is that the mutual agreement  
161 we have is that Horry County put two paramedics at our firehouse. National standards for firefighters  
162 require a minimum of four employees at the fire house. You can have all the fire equipment that you  
163 want, but if you don't have the four personnel to roll it or operate it, it becomes an issue. We really need  
164 to define the mutual aid agreement where we're responding and what we are getting back for it. I  
165 understand we also get back training. Most of this training is done on line. The fire service academy  
166 when I went through it, requires you go back for refreshers, but usually that was a state program. I'd  
167 like to find out more about this statewide mutual aid agreement that we have. That is why I think it's  
168 important that we see all the contracts to see what is in them. I think we'll find that a lot of things have  
169 to be cut out of the contracts.

170  
171 Mr. Ott said I have a question that I heard. I have no means to know whether it is true that  
172 North Myrtle Beach was able to get a grant to add some firefighters. Ms. Fellner said yes, it is true, but  
173 the caveat was that the city is responsible for maintaining the position and associated costs for a specific  
174 number of years after the grant period ends.

175  
176 Mr. Courtney said that was the SAFER grant that has been around for quite some times. His New  
177 York department hired four firefighters through the grant that paid for four years; subsequent grants were  
178 for two years. The City of Myrtle Beach hired ten firefighters using the grant process. The grant covers  
179 all training, equipment, and every other need from boots to helmets for two years. Then the town picks  
180 up the tab thereafter. In his opinion, we are going to have firefighters getting ready to retire. Eventually  
181 the town will have to hire firefighters. It made sense to him for the town to take advantage of that  
182 grant. Going back to my earlier comments, when our primary pumper truck respond to Ocean Lakes  
183 what happens is it leaves us without personnel here, and we rely on the volunteers to respond and cover  
184 our jurisdiction. It's a risky kind of thing. In his opinion, sending the truck deep into Ocean Lakes is a  
185 risk for the town. The other side of the coin is we are getting training and the paramedics who are cross  
186 trained as firefighters that brings the house up to the national standard of four on duty. No matter what,  
187 it is going to catch up with us sooner or later. We are going to have to look at all these contracts and  
188 where we are spending to start planning for the future. We need to know what we're facing ten years  
189 from now.

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191 Mr. Ott said a suggestion was made that the council meet quarterly to discuss the budget. That  
192 is where we need to be, so we don't have any shocks. We really need to pursue that.

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194 Mayor Childs said regarding Huckabee Park, I know there's a lot of paperwork involved in this,  
195 and I know the administrator wanted to make sure that she had the total support of council before doing  
196 all the work. Am I correct? Ms. Fellner said yes. She started on the project, but the South Carolina  
197 Parks and Recreation Department (PARC) has turned down the request to use the beach accesses.  
198 There is one piece of property now that would be acceptable. There is a possibility that the county might  
199 be obtaining some land and we could cut a deal with them; it wouldn't have to be anything more than a  
200 passive type of park. If we could negotiate that for a dollar to dollar value, maybe PARC would  
201 unencumber Huckabee. But, it would not be straightforward, because they refuse to allow us to use the  
202 beach accesses, even though they are unencumbered and the town owns them. Apparently, PARC is in a  
203 big lawsuit right now with Charleston regarding this same kind of issue. Mayor Childs asked you do feel  
204 like you have the support of council to continue going through with this. Ms. Fellner said yes, I do.

205  
206 Mr. Ott said if I remember correctly, the council had consensus that we wouldn't try to get rid of  
207 the Huckabee property, but we would look for alternative uses. That would help us financially and  
208 maybe in the future, if we're better off financially we can really do something with that area.

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Mr. Courtney said I think the reason we came here today is to find out where we stand with numbers and we don't know that at this point. Where do we go from here? Do we have any numbers in yet from Hurricane Matthew? Ms. Fellner said we don't have the final number. We don't even have our project specialist. That will probably happen sometime in December when the first sit down can take place. That is out of our control. We do have most of the paperwork together. Mr. Adair is processing it and working on it. We are always one of the first to turn in paperwork, so I think we're doing this in a timely manner. In regard to the meeting today, I had no idea what was to transpire. I had discussed with Mr. Pellegrino that I wouldn't have specific financials. I asked the clerk to find out from him if I needed to bring specific things to this meeting. I was told that there was not anything specific. Having said that, I did prepare chart of the best guess for where we are now and my suggestion for how to fund the pier.

Ms. Samples asked if we are still on track to receive the audit before the year is out. We will be hard pressed to make any specific decisions until the audit is delivered. Ms. Fellner believed we were still on track to receive it before the year is out. I'm really pushing hard for them to get it finished. The problem is there are many people involved, and our priority is not always their priority. I also want those numbers to prepare for the vision meeting. Ms. Samples said for the public's benefit, when we look at last year's audit and the current budget, it is incumbent upon us to make those decisions based on accurate numbers. I know questions that I've asked the finance director have repeatedly been answered with the numbers have changed. It's kind of difficult to make decisions until we get those numbers.

Mr. Pellegrino said the visioning meeting, which our new councilmembers have not attended yet, is where each department presents their specific expenditures and wish lists for the upcoming budget year. Those presentations will include all the details. At this meeting, I basically wanted to talk about contracts, police, and fire to get these ideas out. There will be some pre-work necessary for these to get ready for the vision meeting. Regarding the fire station there are grants like the one that North Myrtle Beach used to man their station. That is an issue for us, because we obviously already have too many people. Mr. Courtney said at this time there are two career firefights on each shift; the town should have a minimum of four. Mr. Pellegrino said because the county places its emergency medical technicians (EMT) at the stations, we were able to obtain ISO1, which is a great achievement. But, it's like an empty investment. We invested in ISO1, but we don't get anything for it. If we used it to increase our revenue from annexation of businesses, or something, it would be good. It is another investment the taxpayers are paying for that we get nothing for.

Ms. Watson said she actually saved \$460 on her home insurance premium because of the ISO1 rating. Every resident in the town is eligible for a discount because of that ISO1 rating. If council wants to make cuts, she encouraged them to go after something other than safety and insurance. Leave fire, police, and garbage pickup as they are. Cut events like the farmers market; ~~create~~ use a-tax\* to rebuild the pier. She was concerned that no barriers were placed around the end of the pier where pylons were under water. In her opinion, the budget is 51-percent higher than the 2011 budget. She thought the money was walking out the door in operation costs. I have stood before council multiple times asking that operations expenses be let for bids. I challenged council to direct the administrator to direct the department directors to cut 10-percent of operations expenses. I believe employees should pay any increase in insurance benefits. Payroll has gone up 28-percent. Ms. Watson proceeded to cite several statistics and reiterated her concern that unnecessary operations expenditures be stopped. **Motion approved to amend to state "use a-tax" (accommodations tax) at 12/13/2016 meeting. D. Herrmann, CMC Town Clerk**

Mr. Stevens thanked Ms. Watson and said speaking from his experience, I did not save any money because of the ISO1 rating, until I changed insurance companies. That goes back to Ms. Watson's comment about taking bids. I recently spoke with the director of the engineering company that does a lot of the town's work and asked why the engineering cost was so high on the 5<sup>th</sup> Avenue North

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262 swash. He evaded the question and then left the meeting quickly. We are paying too much for  
263 contractors. We need to start looking very closely and get bids on everything. In my opinion, the 5<sup>th</sup>  
264 Avenue swash is an example of exorbitant over pricing, which is why I voted no on the increase  
265 presented to council. There are many other things we are spending a lot of money on. I agree 100-  
266 percent that there are a lot of ways we can cut the budget. I tried to do this for four years, but nobody  
267 wanted to go along with him. All it takes is a council all willing to work together to cut this budget. We  
268 can do it. Ms. Watson, you're an inspiration for us, and I think you're hitting us right where we need to  
269 be hit. This is a reality check for this council. Still keep service, but cut extravagant spending. There are  
270 many layers of things where we can cut the budget. I agree with Ms. Watson 100-percent.

271  
272 Ms. Samples said I don't agree 100-percent, but I do like the suggestions about operational  
273 expenses. I think that they are high, and I'm not sure why. I think that is a good recommendation and  
274 certainly something I would take seriously. When we talk about cutting the budget that's great. I agree  
275 that we need to cut the budget. But, we need to be specific. It is up to council to say where. Relating  
276 to bids, the 5<sup>th</sup> Avenue swash was an emergency situation. We responded accordingly. I think staff did a  
277 great job in getting somebody there quickly. I believe we do go out for bids for everything, so I'm  
278 confused by those statements. The best bid is picked; not always the most affordable one, but the best  
279 one based on the best information that we have. Yes, Ms. Watson, as always, I appreciate your input  
280 and hope that you will continue to provide us with your suggestions and I think we would be prudent to  
281 follow them. I think it's important that we get the audit and meet again once it is received so we can  
282 direct staff to start cutting expenses. I was taken aback with the first quarter salaries. September was  
283 high compared to July and August, and would like for the department director to provide an explanation.  
284 Ms. Fellner said she would get an answer for council.

285  
286 Mr. Ott said he looks at the monthly financial reports and the amounts stated at the end of the  
287 year are nowhere near the month to month totals. It looks like monies are being transferred from fund  
288 to fund. Therefore, he doesn't know which departments are good or bad. Everybody looks okay. Ms.  
289 Fellner said accountability is at the fund level; it is permissible to transfer monies between the funds. Mr.  
290 Ott said it was permissible, but it did not help council identify problems to see where fault is for high  
291 spending. Ms. Fellner said all you need to ask for is what you want to see. Mr. Ott said he wanted to  
292 see the real numbers for each department without patches. Let's look at the real numbers and say this is  
293 where we need to make corrections. Ms. Fellner said if that is council's desire, then there would have to  
294 be four votes to take away accounting at the fund level, which would add a tremendous amount of work.

295  
296 Mr. Pellegrino said the council cleaned up some a few years ago. Sometimes the money is  
297 budgeted in the fund, but the expense is shown in the department, and the transfer cleans that up. A  
298 few years ago, several items did not belong in the departments, and should have been in the general  
299 fund. There may still be some that need correcting.

300  
301 Mr. Ott said he understood. If the tomatoes are rotten in the produce aisle, that is where you  
302 need to fix the problem. If you're making the tomatoes look good, you can't fix it.

303  
304 Mr. Courtney asked if his understanding that the budget was over \$281,000 in the police  
305 department is correct. Ms. Fellner did not know at this time.

306  
307 Mr. Joe Martin, 8<sup>th</sup> Avenue South, said that new members might appreciate that when I got the  
308 budget I always looked at people, equipment, operating cost, and events. You can't just look at one  
309 year. You have to look at, say, five years. I appreciate that Ms. Watson referred back to five years ago.  
310 It you take five years ago and look at the number of employees we had, and look at the number of  
311 employees today, it is easy to see where a lot of money goes. Each person that works in town, except  
312 for council, \$50 to \$100 thousand dollars in the budget just like that (*snapping fingers*). If you've added  
313 two people here, two people there, you've added a lot of money to your ongoing budget. How many  
314 vehicles does the town have? We always have a big discussion over vehicles. There's a reason for that.

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315 They're expensive. It isn't just the fire department. The fire department is small compared to the public  
316 works department. They have a huge number of vehicles. Perhaps I'm wrong, but I think there are  
317 more vehicles in the police department now, too, without really a change in public safety. There are a lot  
318 of vehicles and there are a lot of vehicles just sitting around. Operating cost, this is a pet peeve. I'll just  
319 throw it out there. People are still parking their trucks by the side of the road and leaving the engine  
320 running while they are off doing work. That is just pure waste. I know it's a detail, but every time I see  
321 it happen it annoys me. I addressed this years ago, and it still hasn't been changed. Operating expenses  
322 are a minor, minor detail, but something to pay attention to. The way I originally looked at events was  
323 the town helps somebody get started like the turkey run. Then the event brings in enough money and  
324 actually they donate money back to the town as they got going. So that's an example of how it was  
325 done properly. There's another event that I would be happy to discuss with anyone that wants to hear  
326 about that's been going on for a long time. The town still sends it \$5 or \$6 thousand every year. The  
327 person that runs the event donates it to charity. Hmmm, well, that's interesting. To me that's money  
328 laundering and corruption. But that's just me. So, look at each event. Has it been going on for more  
329 than two or three years? Why are they not self-supporting? Why isn't it that popular that it's covered  
330 without the town just sending money every year? That's my input. Good Luck. Thank you for the  
331 research that the councilmembers have been doing. It's clear they're paying attention and getting into  
332 the things that need to be examined.  
333

334 Mr. Ott said to support Ms. Fellner, she couldn't give us numbers, and I knew it would be a  
335 "guesstimate," and even say well, it may not even be close. Because we had a budget coming in, major  
336 things have changed everything. So, how bad did they change them? That's basically what I wanted to  
337 know. Ms. Fellner, you had it (*referring to the handout*), and you didn't tell us. Your suggestions are  
338 good. I like it. Ms. Fellner said what I basically did was take a snapshot of actual numbers where we  
339 were on June 30, 2015, the end of the fiscal year, and proceeded to explain the chart, a copy of which is  
340 attached hereto. My suggestion to fund the town's 25-percent of the pier, assuming the cost is \$2  
341 million, would be to only transfer \$50,000 into beach renourishment fund from hospitality, and placing  
342 \$406,000 into a pier reconstruction line item. Use the left over accommodations tax revenue of about  
343 \$55,000; don't transfer \$30,000 from pier fund, all of which totals \$491,000. I think we can find the  
344 other \$9,000 from a number of places. At the end of all of that, the beach renourishment fund would  
345 have a starting balance of \$32,913. My suggestion when we go to the vision meeting is that I would  
346 really like council to consider is every year \$75,000 hospitality, \$75,000 accommodations tax, and as  
347 soon as the pier has retired the debt to the general fund, which should be in 2018, to put \$75,000 from  
348 the pier fund into beach renourishment. That would mean that beach renourishment would never have  
349 an issue being funded again, as long as there aren't multiple hurricanes season after season. This would  
350 allow it to grow and become a healthy fund. Again, these numbers are not actual. They are my best  
351 conservative estimates until the CAFR can be presented.  
352

353 Mr. Courtney asked if any disaster funds were used for Hurricane Matthew. Ms. Fellner said we  
354 have not. We anticipate getting back 85-percent from FEMA. That is why we were trying to push to get  
355 everything done in the first 30 days. The further out from the event, the less reimbursement we receive.  
356 Much of the expense will actually be covered. Ms. Samples said great; love it. Thank you for this  
357 information.  
358

359 Ms. Judy Kidd, 11<sup>th</sup> Avenue North, said what I'm hearing sounds to me like the proverbial shell  
360 game, and we're moving the money around, but we're still not addressing what I think the original issue  
361 was here today, and that was the fact that the town doesn't have the money that it did have. There's  
362 not any discussion on how to cut the budget. I understand you're waiting on an audit, but if you wait on  
363 the audit till the point in time where the funds are so depleted, and no decision has yet to be made, then  
364 the point of that is what? Corporate entities have had to cut expenses for employees. I mean larger  
365 corporations have ceased to pay for full family benefits a long time ago. Employees are now having to  
366 pay a part of their healthcare. Healthcare has become a burden for everyone. Even states that used to  
367 pay for full employee healthcare no longer do so. We have a town that's two miles wide. I'm beginning

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368 to understand that you're paying for the full healthcare for not only employees, but possibly families. Ms.  
369 Samples said that was not true. Ms. Kidd continued saying there are other areas that need cuts, as well.  
370 Other business entities farm out and contract out payroll so that they decrease the levels in the payroll or  
371 decrease the number of people in the company or the public entity. There are businesses out there that  
372 do that. It would also be a means with which to have checks and balances on what spending actually is,  
373 because in most businesses and in most corporations, the bulk of the money is in employment costs. In  
374 the public school system employee cost is about 51-percent. You can keep moving the shells around or  
375 you can look at ways to save. As a citizen, I want you to find a way to save and decrease costs to each  
376 individual citizen, because ultimately that is what's going on. We can't afford to keep funding at the rate  
377 that is asked to be funded.

378  
379 Ms. Janet Gambino, South Hollywood Drive, said I'd just like to say this. It's easy to spend  
380 somebody else's money. We're watching because we've obviously over spent during the last four to five  
381 years. This summer when I saw guys working, I would take water to them. That is when I realized they  
382 have air conditioned cabs. Excuse me, can we afford that? I think not. How much does that cost? That  
383 was my salt box; an air conditioned cab. It would be nice to have every one of them, but can we afford  
384 it? I know; my dad was a big tobacco farmer. I know without a shadow of doubt that probably cost  
385 about \$300,000. That's my guess. I might be wrong, but I would like to see how much that air  
386 conditioned cab cost. Don't you think that's over kill for our town? We don't have a budget for it, and  
387 we are spending, spending, spending. There may be more employees. Do we need that? (\*\*\*) Food for  
388 thought. You've got a big job ahead of you and you are the ones who will vote on it.

389  
390 Mr. Ott said I agree partly with what was said. Ms. Kidd, we're not ready to cut, because we've  
391 got to find out where we are. We have a budget that was impacted by a major storm and a lot of things  
392 have happened. That's why we're here today; to find out where we are and to have a better idea. When  
393 the new budget is brought for consideration is when we will start trying to trim expenses. But we really  
394 do like our streets cleaned, trash collected on time, to know that as we sit home the police are patrolling,  
395 the fire department is on call, and we have to maintain all these functions. We want to keep those  
396 services and they are expenditures. We are not going to say get rid of everybody. I know that a lot of  
397 the employees have a state plan for benefits. Ms. Fellner said employees have a state retirement plan,  
398 but the state medical is more expensive. Mr. Ott continued saying there's a lot of new people here and  
399 we're learning these things. It will take a little time to actually see what is bad and good. Let's get rid of  
400 the bad part and we'll be alright. I believe that the town will be fine financially. We have to try to  
401 recover from the pier destruction, and hopefully, FEMA will support it. I do want to look at some of the  
402 contracts. Contracts have been in there for a long time. We can continue to look and check to see  
403 where your money is going. But, we're not sleeping on it. We're looking.

404  
405 Ms. Samples said I appreciate everyone's comments. We are a small town with lots of moving  
406 parts. Our services are unmatched by anyone in this area. We do a lot for our residents. We are a town  
407 with zero debt. We should be applauding that. We are able to participate in beach renourishment that's  
408 going to cost \$1.2 million that we are going to be able to pay for without going into debt. So, we are not  
409 in dire straits by any stretch of the imagination. I don't believe we have over spent, but I do think we  
410 need to be prudent in how we move forward, because we just had a hurricane that affected a lot of our  
411 operations. Yes, we will get a percentage of that back, but we do have swashes that have failed, a pier  
412 to rebuild, other things we want to do, and we would love to maintain our level of services and not raise  
413 your taxes. What we need to do, as I said, is be prudent in our spending and look at where we are  
414 going. To even suggest that we're overspending or that we haven't been prudent so far in our spending  
415 is just wrong. Look at the budget; we are in zero debt. That is something to brag about. Hopefully, this  
416 council clearly has shown that we want to plan for the future and do the right thing, and that's what  
417 we're going to do.

418  
419 Mr. Stevens said it was really simple. We're spending money and there's a lot of places we can  
420 find solutions. I recall about a year ago when there was a problem with trash pickup on Ocean



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421 Boulevard, staff failed to offer a solution. So council assigned Mayor Childs and me to work on it with the  
422 Solid Waste Authority and our county representative Tyler Servant. Within 30 days a plan was devised  
423 that cost the town about \$8,000 instead of \$50,000 to have an extra pickup day. We saved the town a  
424 lot of money. We have to do the same thing with every line item in the budget. How can we save  
425 money? We have to look at expenditures to determine whether we have to spend \$100,000 instead of  
426 only \$20,000. Every person on council needs to ask how can I duplicate that savings?  
427

428 Mr. Pellegrino said thank you all for coming. I appreciate you being involved and making good  
429 comments. Whether we like it or not, expenses are higher than revenues for the past so many years.  
430 We do have an opportunity there. Keep in mind that decisions for expenditures came up before council,  
431 like the swash rebuild, beach renourishment, and the pier reconstruction. They were decisions that come  
432 up every year, but usually not so many at one time luckily. In the past year, council ended up taking a  
433 vote on them to spend that extra money. It's not like we're just throwing out money, because at the  
434 time council voted on them, they thought it was justified. We still have a huge opportunity, because we  
435 have to get our expenses well below our revenue so we can build up our reserves. That is the whole  
436 goal. I was actually happy with this meeting. I did call this meeting. I didn't give Ms. Fellner much  
437 direction on what to prepare, so that's on me. I wanted to get people looking at the budget information  
438 we have and get ideas flowing, because if we did this all in January, we wouldn't have gotten anything  
439 done. This ideas would have come up in January, and another meeting wouldn't be held until April, and  
440 we would push the budget out and probably not make any cuts. To me, this gave us a head start on  
441 looking at real cuts. I do appreciate that you all prepared and had suggestions. This gives us a two  
442 month start so we will be ready in January. We'll be prepared in January when the department directors  
443 make their presentations wanting ten new tractors and 25 police cars; oh, that's too little? I'm sorry!  
444 Fifty police cars! *(Laughter)* We will be better prepared. Thank you very much for your input. I  
445 appreciate it. Ms. Watson, I will change my insurance company, because I got the big goose egg for a  
446 decrease in insurance. From what Mr. Stevens said, maybe that's what I need to do; change my  
447 insurance so I get a discount. Thank you.  
448

449 Ms. Samples said Ms. Watson brought up the pier and using a portion of it. What we know as of  
450 now is that none of the pier can be used. Ms. Fellner said that was correct. We have to wait for the RFP  
451 (request for proposals) process to be finished, and then a discussion has to occur with FEMA and their  
452 specialist who will perform an inspection for structural integrity. Perhaps then we can move forward.  
453 Right now, I feel that perhaps 50 feet beyond where it is blocked off is structurally sound. The FEMA rule  
454 is if there is over 50-percent destroyed, a new structure is required. That is probably what FEMA will  
455 determine. These are real issues. Ms. Samples said thank you, and that translates to revenue loss  
456 because we're not going to have money that was expected to be received from the use of the pier;  
457 fishing licenses, access to the pier, and that goes back to having to be very prudent in our spending and  
458 making those changes and corrections for the future. Thank you.  
459

460 Mr. Stevens asked Ms. Fellner is she had a timeline for when FEMA will tell us what can be done  
461 with the pier. Ms. Fellner said the best estimated timeline, hopefully, is that a project specialist will be  
462 assigned in December. We would meet with the specialist in December or January, and by then we  
463 should have awarded the RFP for the specialist for construction in water. The process starts at that  
464 point. Dates are estimates, because FEMA is in control. There are some things that are not negotiable  
465 like debris removal and the over time. It becomes a negotiation process, and I'm anticipating that could  
466 take at least until early summer. I'm hoping it doesn't take any longer. If we can get through that  
467 process by May to July, we could let an RFP for construction after the workshops for public comments.  
468 The project could be bid and construction started in October 2017 to finish no later than Memorial Day  
469 2018. The businesses on the pier have already been contacted with the estimated timeline. We are at  
470 the mercy of FEMA. The consultants for the county said it would be a two year process regardless. We  
471 are doing everything we can to move the project forward.  
472

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473 Mr. Courtney said we talked about contracts and services back in May. We have a large list of  
474 contracts. Who signs the contracts? Ms. Fellner said I sign almost all of them. Mr. Courtney asked do  
475 you check with council before signing them. Ms. Fellner said it depends on the contract. Many of the  
476 contracts we have were inherited. Mr. Courtney said thank you. You'll make sure I get a copy of those  
477 contracts. Ms. Fellner said yes, the clerk has your direction.  
478

479 Mr. Samples said I wanted to make a comment with respect to question that Ms. Kidd asked  
480 about health insurance. The town is generous with the health insurance. I think Mr. Stevens and Mr.  
481 Pellegrino remember the meetings about the health insurance and the percentages that were paid for by  
482 the town on behalf of the employees and their spouse, children, and/or families. The employees do pay  
483 a portion of the insurance premiums. It seems to me that it was 7-percent for the employee; 14-percent  
484 for employee/spouse; and 28-percent for employee/family. It may be set out in the personnel manual.  
485 As we all know, health insurance has gone up markedly over the past two decades. When you talk about  
486 staffing, their pay is just a piece of what the taxpayers fund. The total compensation package is  
487 generous, in my opinion. Mr. Stevens said I remember the meetings on that. Mr. Samples said council  
488 did take action to increase the amount of the employee's contribution. Mr. Stevens said council did. Mr.  
489 Samples said that may be something you want to reconsider. Mr. Ott said thank you for that history.  
490

491 Ms. Watson said we are five months into the budget year already. Out of \$7.9 million in  
492 expenses only \$241,000 represents a 10-percent cut that I suggested, and it doesn't include payroll, or  
493 payroll benefits. You have \$2.5 million in overhead, or your expenses for supplies, IT, and all those kinds  
494 of things. I'm disappointed that today there wasn't really any action except we'll try to do better.  
495 Hopefully, the next meeting you'll nail the brass tacks and really cut something, somewhere, somehow.  
496 That's what we're all looking for here. Now, my suggestion to you, if you're going to have another  
497 budget meeting, and you've got a lot of contracts due in January that you have to look at, that's another  
498 thing, I never hear any follow up. You gave directions back in July to have a hiring freeze. You also  
499 gave directions to the administrator to look at the Lanier Parking and come back with an alternate plan  
500 for the renewal. We haven't heard anything on that direction. There's a few things out there that we  
501 don't have any kind of follow up for as far clamping down on the costs. And, again, my suggestion was if  
502 the pier is destroyed, why do we need to spend \$45,000 for engineering designs to expand the pier  
503 restaurant. If we're going to cut cost, that's something right there that won't serve this town at all.  
504 Their lease is up in January. So you've got a lot of things to look at in one month, because January 1<sup>st</sup> is  
505 coming in a few weeks. You have a parking issue, the renegotiation of the pier leases, and some other  
506 things. Those are all contracts that you've been asking for to look at since July. So, I hope you get them  
507 in time to figure all this out by January 1<sup>st</sup>. As a taxpayer here, I would like to some kind of action from  
508 you. As a matter of fact, I do not see any kind of bids on the website anywhere for engineering for the  
509 town or for IT. I understand the administrator is explicitly in charge of those items, and she mentioned  
510 that she signs those contracts. I've never seen them out for bid, not since 2012. Those are the types of  
511 things I would like to see go out for bid. There are qualified people that can do those things. Again,  
512 that's my objection. I never even got an answer to why the September sanitation labor was \$25,000  
513 higher than the average of the two previous months. My last suggestion to you is to ask the finance  
514 department for an overall town financial statement with all departments combined. You don't want to  
515 see revenues. You don't want to see inter-department transfers. All you want to see is the total town  
516 expenditures by line items compared to the last two years. That will show you three years; how it came  
517 up; how we're spending more over the past two years by line items. Then you can pinpoint where your  
518 money is going and how much of an increase every year for the past three years.  
519

520 Mr. Courtney said I was under the impression that council signed contracts. Am I wrong? The  
521 administrator signs all the contracts. I see a lot of subcontracting going out. I think it needs to be  
522 overlooked by council before it goes out. The contract list is huge. It's got to stop. I think that's where  
523 a lot of our money is going out. It's with the contracts. I think it's council's responsibility to look over  
524 these contracts to make sure that we need them. What might have been good five or ten years ago

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525 might still have a contract on the table, but it may not be good for us anymore. It's definitely something  
526 we need to look at in the future.

527  
528 Mr. Ott said I agree with Mr. Courtney. We need to look at most of these contracts to see where  
529 they are today; why they're being signed, why they're continued year after year after year. Maybe we  
530 need to get vet them out. In fact, we have a room over there that nobody uses. Maybe we should set  
531 up a war room over there and start getting some blackboards in there and let's start running this town.  
532 That's what the people hired us to do. Mr. Stevens said I agree with that comments.

533  
534 **ADJOURNMENT.**

535 Mayor Childs declared the workshop adjourned at 1:39 p.m.

536 Prepared and submitted by,

537  
538 \_\_\_\_\_  
539 Debra E. Herrmann, CMC, Town Clerk

540  
541 Approved: December 13, 2016

542 \_\_\_\_\_  
543 Robert F. Childs, Mayor

544 \_\_\_\_\_  
545 Ron Ott, Mayor Pro Tempore

546 \_\_\_\_\_  
547 Timothy T. Courtney, Town Council

548 \_\_\_\_\_  
549 Mark L. Johnson, Town Council

550 \_\_\_\_\_  
551 David L. Pellegrino, Town Council

552 \_\_\_\_\_  
553 Julie M. Samples, Town Council

554 \_\_\_\_\_  
555 Randle M. Stevens, Town Council

556 Clerk's Note: This document constitutes summary minutes of the meeting that was digitally recorded, and not  
557 intended to be a complete transcript. Appointments to hear recordings may be made with the town clerk; a free  
558 copy of the audio will be given to you provided you bring a flash drive. In accordance with FOIA §30-4-80(A) and  
559 (E), meeting notice and the agenda were distributed to local media and interested parties via the town's email  
560 subscription list. The agenda was posted on the entry door at Town Council Chambers. Meeting notice was also  
561 posted on the town website at [www.surfsidebeach.org](http://www.surfsidebeach.org) and the marquee.