



SURFSIDE BEACH BUDGET WORKSHOP MEETING
CIVIC CENTER
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TOWN COUNCIL BUDGET WORKSHOP AGENDA
Thursday, April 15, 2021, at 10:00, am

- 1. CALL TO ORDER.** Mayor Hellyer called the meeting to order at 10:00 am. Mayor Hellyer, Councilmembers Dietrich, Drake, Holder, Keating, Pellegrino, and Mayor Pro Tempore Scoles were in attendance. Others present were Town Administrator Shanahan, Town Attorney Crosby, and Town Clerk Medina. None were absent.
- 2. BUSINESS – 2021-2022 MUNICIPAL BUDGET**
Mr. Shanahan stated the goal today is to present you with a balanced budget. With this balanced budget, we do not want any tax increase. Mr. Shanahan explained how the budget is broken down into Chapters, then sub-chapters. After reviewing the budget for two weeks, please submit all questions to me then we will decide if we will need another workshop or if we will have the first reading.

There are so many uncertainties going throughout the world as well as the United States. We've worked with our department directors on this budget. It has been a line-by-line process. One of the things that we've learned by doing this is how hard our department heads are working to meet the needs and keep the quality of life.

The big number here is the total operations budget, which is \$16,297,360 with revenue and expenditures. The important thing to remember is that when you're looking at public safety, that combines the Police Department and Fire Department. The real estate taxes were only 18.4% of the revenue. Vehicle tax is 3.8% of revenue. Commercial property taxes are roughly 80% of the property tax revenue.

Councilmember Keating asked are the property taxes for the rental houses and the second homeowner properties that are not full-time residents considered as "nonresidential/commercial properties in this breakdown? Mr. Shanahan stated they are in the commercial tax.

The general fund is not reflecting the cost of the pier.

Now, we're going to go into the department request and proposed budgets. We'll start with personnel requests. You're going to see, there has been a couple requests for new positions. Requests are a firefighter, dual inspector, a police officer, and a Public Information Officer (PIO). We will defer these additional positions until January 2022. At which time we will review it, see if the need is still there and see if we have the funds to do fill the new positions. Mr. Shanahan stated that the requests for personnel are not a guarantee. It's based on what happens over the next six months. If there are increases in the South Carolina retirement, accidental death benefit, public safety employees. We need to be able to look at that.

The court clerk has requested an additional 10 hours a week to catch up on the backlog due to COVID. That is one that I would recommend you approve. Also, we will be looking at some of our firefighters' salaries, they are very low compared to other emergency services. This would be approximately \$7000 a year.

Councilmember Drake asked about what has been included in the budget for the cost recovery for the Fire Department. Mr. Shanahan stated we got two bids for the ESO contract. One bid was incomplete, whereas the other bid had everything. Soon we will get all of those numbers put together and will be bringing them to the Council.

Councilmember Holder questioned if there were enough funds budgeted for fuel cost. Director Adair stated the numbers are based on current year numbers just before the election happened. We added about 25% to our price per gallon based on actual usage.

The Capital expenditures that we're including in the budget are a roof for the Civic Center and a metal detector for Court/Council Chambers rather than the wand. I honestly think the safety of our Court and Council is essential. In today's world, you never know what's going to happen, and it makes it a lot easier for the Chief to keep you safe. We're also working on the availability of some grant money for this safety measure.

Councilmember Holder asked where the new fire hydrant is going to be. Director King indicated it will be located at Poplar and 3rd S.

Councilmember Scoles asked about the mold issue? Mr. Shanahan stated we're working very hard to get good figures. It has been challenging because the goal is not just to clean it up but to resolve it. After all, it has happened in the past and it was just clean up. So I don't have real hard numbers yet. However, as we're going through the buildings we are also finding structural issues. We are anticipating this to be taken from the current budget. We're also looking for grants and other ways to pay it. So, I'm not 100% sure how we're going to do it yet.

Councilmember Scoles asked if there is anything allocated here at this time? Director King indicated that there is nothing allocated in this proposed budget. Mr. Shanahan stated I'm also looking at what all this property is worth; maybe it's worth enough that we can move someplace else. We are considering all alternatives.

Councilmember Keating stated that if we anticipate needing to expense those items into the new fiscal budget we should have something in it, at least as a placeholder. If it comes in less, then we're golden, but at least we should have some value in there because we know that expense is coming. We can ignore it.

Councilmember Pellegrino stated I would hope that before the next budget cycle starts or more, we certainly would be working and have the mold issue resolved. I assume it would be a Budget amendment on the current budget cycle. Do we have \$200K or \$300K that would cover that? Ms. King stated in when March is over, I will have better accounting. All the property taxes should be in. I don't think we're going in the hole this year. But, I don't know if we have any extra. We have funds in the unallocated. There's no way to know what it's going to cost.

Mr. Shanahan presented to sanitation funds budget. The forecast revenue is very close to the forecast expenses. The budget includes the capital purchase of a knuckle boom, and therefore, shows a very low fund balance. We will need to review the revenue and forecasted costs in January to determine if a fee adjustment may be appropriate.

The A Tax committee met in January 2021. I put the numbers together based on the resolution of what was approved. Councilmember Keating questions the source of funds stipulated in the newly revised ordinance that says \$75,000 has to come from Hospitality and A-tax for beach renourishment and the pier fund. Director King confirmed that between the tax transfers, you got your beach renourishment and the pier. There is just no way to know what the state has taken their piece out of it and giving it to the people who don't bring in as much money. We recommend reconsidering in January again. There's just no way to know.

Councilmember Drake asked, since we pay Myrtle Beach Chamber of Commerce \$165,000.00 a year, is there a way Surfside Beach could create its Chamber to keep the money here in Surfside. Director King stated the payment to the chamber is set by state law. Councilmember Drake stated, I know, but can we somehow come up with a way that we can create a Chamber? It would save us money.

Director King stated it would not save us money, state law stipulated that you still have to give a chamber 30%. Councilmember Drake stated instead of sending it away, what can we get more benefit out of it by spending it ourselves? Town Administrator Shanahan said we would get together information and bring it to Council.

Councilmember Holder asked where the new restroom is located. Mr. Adair stated All Children's park at Hollywood and 10th S.

Councilmember Scoles asked if that is the last of the new restrooms. Mr. Adair stated that next year there would be one at Fuller Park.

Councilmember Pellegrino asked if there are any plans to add restrooms at additional beach accesses. Director Adair stated that we can, however, it will be more expensive to add restrooms where there is no current service.

The Local A-Tax fund reflex the revised rate charge. Director King stated there is \$1M in the A-Tax fund currently.

Proposed Capital Projects fund include repaving projects, CTC/Horry County reimbursements and beach renourishment reserves. There is currently \$665,443 in the fund. By the end of 2022, there should be \$817,000 in the beach renourishment reserves.

Councilmember Keating requested confirmation that we should be up for beach renourishment in 2026 2027. Director Adair stated that the timing depends on the level of erosion. However, typically is it about every 10 years, it could be later than that.

For the Sanitation Fund, Mr. Shanahan stated that he would start phase two of the Storm Water Plan. Director Adair reviewed the plan at a recent council meeting. We should have the resevers to cover the planned projects.

In the Pier fund, the forecast revenue is \$5,005,000, and expenses of \$587,200.

Councilmember Keating stated we're going to have considerably more expenses for the pier than that? Where is all that reflected? Director King stated because it's an enterprise fund, you don't expense when you build something. You put it on a balance sheet. When we get closer, we will have to have a note on the total amount you're going to spend, which is not the same as an expense since you're putting it into the structure. So, I have not done this yet. As far as the building cost goes, that's not on here yet, as I'm still working with the stuff we got from Consensus, but it will not show in this format.

Councilmember Keating asked about professional services; would this then include Collins, Haggerty, 3rd party inspections, etc? Director King stated they would come out of the Enterprise fund. The \$500K is from last year, the \$87,200 or 2.7 % is the bond interest.

Councilmember Pellegrino stated, as I've mentioned before, I'm concerned about what the debt the town is going to occur during this project. We have a \$4 million bond. Is there any way to have a running projected debt schedule? We're where we can try to do our best to predict when we're going to occur to how much?

Director King stated I think you're going to hit the bond probably somewhere between January and June of 2022. We anticipate that we will use most of the \$4M of the bond.

Councilmember Pellegrino stated debt is like a cancer, we're already talking about possibly moving town hall. I heard rumors about parking garages and other things. We're probably not going to do many of them. So, we need to focus on keeping it to a minimum.

Mr. Shanahan stated we should receive \$474,000 in the Horry County settlement in 2021. The \$10,000 transfer from A Tax, \$200,000 from Local A-tax, and \$385,000 from Hospitality Tax this year. The available funds for the Pier fund in 2021-2022 are \$3,594,000.

Councilmember Keating stated I think for a project this size; we need to put together some expense schedule. Because so far, whatever we're spending is being reimbursed by FEMA. But at some point in the future, we've got a certain amount of expense that FEMA is not going to reimburse whether there are grant funds available or not, and it would be good to know when we are starting to incur the actual debt. I will call it not just the reserve of \$4 million but having to spend that \$4 million. Because, at the end of the day, once we're done construction, then we're going to know how much of that four million we actually spent. It would be nice to see when those expenses we will incur, not just on an annual basis but quarterly or monthly. So, you know that we can really be reporting to our stakeholders this is how we're doing against our forecast spend profile for the project. I think for something that's \$14M - \$16M, we owe it to them to be

able to show the forecast vs actual spending. Mr. Shanahan agreed to work with Director King to prepare that.

Mayor Hellyer stated that we have unbudgeted costs for the project, such as the insurance. Where is the cost of the Risk insurance reflected?

Director King stated will be in the cost of the building. There will be a budget amendment at the end of the year.

Mayor Hellyer asked if that was going to be paid out of this year's budget, or should it be added. Mr. Shanahan indicated that a change notice will be issued to Consensus. That would be billed as part of the consensus scope.

Again Mr. Shanahan stated that all the information that was questioned would be gathered and brought back to Council. Mr. Shanahan requested that each department head and other staff come and provide an overview of their budget requests.

Debbie Ellis stated that the issuance of parking decal is an issue at the front desk. I am not sure how to streamline it. I don't know if we should keep giving people as many decals as they have cars registered to their house. I'm not getting all the e-mails that people are sending in their form, and some are not completing the forms correctly. Parking starts March 1 and ends in October, and they will steadily come in through October.

Town Administrator Shanahan stated that he would work with Ms Ellis to develop a plan and bring it to Council for considerations.

Councilmember Holder recommended that we change the color of the decals each year. Many people don't remove them each year. This would make it easier for enforcement.

Councilmember Scoles stated that we had talked about limiting the number of decals. Ms Ellis agreed, but stated that the ordinance was not changed as a result of that discussion.

For Events, I would like to get a bunch of things going once we get the pier. It appeared to keep bringing people to the pier, not just only July 4.

Councilmember Keating asked if we are planning all of our events for this year. Ms. Ellis indicated that we are. The children's museum is coming back with the Crafters Cove. We've also considered how to do fireworks for 4th of July - I checked the prices on a barge before \$25,000 just for the barge for fireworks. We put money in the general fund for something for July 4 this year. We wanted to do it down at Martin Field, which is where we first started doing a Fourth of July celebration. When we started, we had a band, cooked hot dogs, and hamburgers. We can't do fireworks there; however, we gave everybody a sparkler when it was over, everything lit up, and then they went and watched fireworks on the beach.

Chief Hofmann stated it's been a tough budget. I know that some things are deferred. I would just remind you that the position that the police department asked me for is not a new position. That's a position that it's been frozen for a couple of years, and I'm just trying to get it unfrozen. I like to get that position open, focus on something very important in law enforcement today, and focus on training. At present, I and the lieutenant are doing training. It's very difficult for me to keep up with all the training. Federal guidelines, and some of the stuff we talked about with the Department of Justice, and other things that have come out with the Executive Order, policing, and police reform, are coming up. So that's really what we're trying to do is get that, that frozen position, back funded.

We furloughed about a third of the police force during the pandemic, and as a result of that, I think there were significant budget savings. I hope you know that I take the budget very seriously and understand the challenges that we face. Also, I see that the COLA is deferred until January; we appreciate the COLA the Council just gave to us. So I hope that before January, maybe we'd be able to consider getting those COLAs back in there. I will always be willing to sacrifice my COLA to give it to staff, to make sure that we take care of those line officers that are out there in the field. I'd be happy to discuss this in detail if someone has more questions.

I appreciate all the support and the continued resources that you give to your police department. I know that we're the biggest part of the budget. I understand that, and I take it seriously and appreciate that this Council has always been supportive and the administration of making sure that we have a healthy police force. The benefits of having a larger police force are that you have a significant number of officers on duty to get to your calls for service, your residents, and your constituents in 3 to 4 minutes, which is well below the national average. We've got a young force, They're learning, and with the hope that you'll continue to, fund the resources that you give us, And I appreciate it.

Councilmember Scoles stated I read some documentation that we have a couple of officers going into FBI academy. Is that grant money, or is that money that we fund? Chief Hofmann responded that we recently sent two officers to the FBI's Command College. It is not paid by grant money; it's out of the training budget.

Councilmember Holder inquired about a 2nd canine being obtained. Chief Hofmann state that I'm very happy to announce that there is funding for a second canine in this budget for the medical and just the regular expenses in this budget if you approve it. The Surfside Beach Canine Association raised enough money in the Canine Development fund to purchase a police dog. So, I hope to add a second one because right now, we only have one. So 25% of the time, there's a canine on duty. I'd like to get that 50% of the time. But I will certainly come to Council for requisition. So the funding is there to take care of another.

Councilmember Holder asked does it take a particular car to handle the canine? Chief Hofmann confirmed that there's a different car for that. If a police car is used as a standard vehicle, we will convert one of our existing pursuit vehicles to a canine car. So you have to purchase an insert and make sure that there's a heat alarm to protect the dog that pops the doors if it gets too hot in the car and that type of thing.

Chief Williams stated my biggest concern is personnel. We only have two personnel on per shift. Again, the biggest issue is that 2-in 2-out there are not enough personnel to comply. Town Administrator Shanahan indicated that this is a safety issue, and the second thing that's happening nationally, is that volunteers are harder to get. It's not that they're not dedicated; it's not that they don't want to do it. The way it is today, it requires more training.

Chief Williams thanked the members that came out and spent the day with us. See what all it took to become a firefighter and all the required training hours and classes. That's probably was a good experience to ride on a fire truck, to a real fire alarm

We want to make the Surfside Beach fire department the best Department on the Coast. As far as training personnel, we are trying to do cross training. Whenever another neighbor department calls us, we know that where they are good, they know that they're getting the best department when they call for Mutual Aid or Medicaid. They know they get into a department that knows what they're doing, training, capable of doing. And that's what I'm pushing forward and make the department the best on the Coast.

Councilmember Pellegrino asked if we still cross-training the EMTs and paramedics. Whoever comes to the station from Horry County has to be cross-trained. And we are getting out, getting a lot of applications for volunteers. We have added more volunteers within the last month or so to the department. But most of the volunteers that we are adding are not trained, so we have to put them in class.

Councilmember Pellegrino asked how many volunteers do you have and what's your target number of volunteers? Chief Williams stated we have 15. I want to get it up to 25, between 25 and 30.

Mitch Combs, we are currently operating under a model where we have one position that does building inspection, zoning enforcement, code enforcement, tree inspections, all of that. Now, realize, this is just a snapshot. In March this year, we performed 47 tree inspections and 86 overall building inspections. That does not include for the complaints that come in daily, other enforcement of signage going around and all of the other accessory activities that this single position does. So, my vision and the request for a dual inspector are the state calls that a combo inspector. It would be a residential and commercial building inspector. I would like to see us separate those two positions have a code enforcement slash zoning inspector and have a building inspector handle both commercial and residential. Historically, we have a problem with retention in code enforcement. It's a lot to do, and it takes a special individual to work in the code enforcement position.

I think we've made tremendous strides in the last six months, but unfortunately, that individual has moved on. We're in the process of trying to work with our citizens instead of being heavy-handed. We were just sending them a certified letter, given X number of days to correct the infringement, and that's all we do. So going out and meeting with the individual, and working through the problem and getting to a point where, again, the department's philosophy of compliance versus condemnation. Sometimes you can't work things out, and you have to go to the citation route. It's just going to be crucial that we split that position and have the two was distinct abilities.

Hopefully, to eventually cross-train the two so that we don't find ourselves in a position again where we don't have an inspector at all. I just ask that you to please take a look at that.

I know the enforcement of the tree ordinance is important to the Council, and those inspections are where it all begins, so 47 of those, in one month, this is pretty extensive that we performed. That doesn't include any of the times we had to go back and meet with people or discuss this or that, and it doesn't include any of the complaints about the actual trees being cut.

We need an improved building permit system. Our system is severely outdated. We have no means of connectivity in the field to the system. We have no means of GPS or any other things that would help fill, and the inspector stays connected to the office. This is not in the current budget.

Councilmember Pellegrino acknowledged that we're been shorthanded in that departed, and asked why there is a 70% increase in salaries? Director King stated that is to add the director position, and fills the current vacant position in code enforcement.

Councilmember Keating asked where is the expense for Carol Coleman's service in this budget? Director King stated under administration.

Councilmember Scoles stated I like the new philosophy. I just want to let you know that I've heard a lot of positive things coming out of planning and zoning, their attitude and explaining things and it's not just no. It's starting to bring people back together once again. Thank you.

Mr. Combs stated I believe in teachable moments. We can teach a contractor something that is our way. This is what the code says; this is the way we want you to do it. Then it should save us time and effort in the future.

Director Adair, I'm pretty happy with the public works budget. I have gotten what we needed in the budget. We're at where we need to be far as capital equipment. I appreciate you adding what I needed that was deferred this current fiscal year.

I like to talk about a year or maybe two years down the road, some of the things that I see coming up. One of them would be sanitation rates. The equipment getting more and more expensive, and the tipping fees at the landfill are going up. The solid waste authority has done a study, and they see that their tipping fees need to be up in the mid-forties per ton. We have \$38 a ton now. They've already gone up from \$32 to \$38 a ton over the last few years. They plan on going up higher. We did a rate increase in 2014, I believe was the last one. As personnel and operational cost increase. The fund balance decreases. So for this coming fiscal year, we'll have to start talking about doing a study for the long term over the next five years. We'll need to play it all out to see what point we're going to have to plug in a rate increase for residential and commercial. We don't want to do one every couple of years. We just want to do one, and hopefully, it'll last for 10 years or something like that.

Another thing that comes to mind, which we've talked about in the past over the last few years, is securing some additional property for the public works. We are running out of room. We can't store equipment at Huckabee Park. We may consider an option may be to build a building at Scipio Lane, possibly build a big shed which is probably less money than buying a parcel. That's something in the future we might be looking at if something comes up.

Councilmember Scoles asked what the acreage at Sandy Lane is? Mr. Adair stated, it's just a couple of acres. It's five small lots, but all with the equipment that needs to be kept under a roof. Everything's computerized now, you don't want to subject everything to the weather.

Another thing I want to talk about a little bit is stormwater projects. As you know, in our Stormwater Utility Fund, we've identified some significant capital needs going out at least five years down the road of what we can spend this capital money on. But even beyond that, I commend the Council for being on board with the Utility Fund, but I would like to start filling in some of these smaller ditches over time. There's absolutely no reason why we need to have ditches on some of these roads. Ocean Boulevard comes to mind. I think we know as we knock out these larger capital projects as time goes on, I would love to be able to attack some of these small things. This also come into personnel, because I'd love to dedicate a crew so we could do it in-house. So that would mean hiring a person or two down the road to just dedicate them to making stormwater improvements.

We are task saturated throughout the year. There's no more off-season anymore, because of our Shoulder Season, we have tourists here until November, December, even. Sometimes we get like a two-month break to do other things rather than six months like it once was. So, there will come the point in time where we might need some people for that.

Councilmember Holder asked about the program that we use to have that should be a cost sharing with the residents. Director Adair acknowledged that the program was the 50/50 program, where we would install pipes in ditches if the homeowner bought it. We don't have time to do that anymore. That could be something that could be done, but we would need more people dedicated to that.

Director King. I don't have much to say about finance. We're a little bit down with people, but we're handling it. One of the things we do want to look at in the future is to get a document manager to get rid of some of the papers that we have to save for the state and everybody else. But, it's probably a next year's proposition. Right now, we have no place to put any new people because it doesn't seem to be any available space. We are kind of limited. I'm hoping business license is going to be OK this year.

I realize a lot of it is on a summary level. I believe that this budget is flat. We haven't put anything extravagant in it. There are just increases for our people and the additional insurance for our police officers, which I feel strongly about considering how many tragedies is the police departments have had.

We will take another look at the budget in December. You're probably going to be better than we planned.

Councilmember Keating asked if we were planning on filling the position in Finance that was vacated a year or so ago. Director King stated that we have no plans to hire that additional finance person we lost, but we have an opening for the finance assistant. The finance assistant should be the person at the front. The problem is the front gets bogged down with the parking stickers, which are just a non-stop proposition. Mr. Shanahan stated that I have checked on that, and I believe that position is not funded.

Councilmember Scoles wants to thank you for all you do and being on the conservative side, that's what's kept this town from having to keep raising taxes and everything else. I have never called you, or that you didn't have time for me to answer a question or explain something to me. I appreciate what you've done for this town.

Sheri Medina. We always talk about public works, fire, police, and their needs. We never hear us talk about administration. In my opinion, I think we're antiquated. I think there's a lot easier ways to work. I believe in working smarter, not harder. I realize that people don't like change, but with resources being down, if we were working a little bit smarter we wouldn't feel that pinch as much as we are. I think there should be a lot more things online. For example, as a business owner, I wouldn't want to leave my business to come down here and take care of my business. I'd want to be able to do it online. I also think that permits there should be a way for the business owners not to have to come down here to pick up their permits. They should be able to pay for their permits online and take care of all that. It would free up Tina to help people who are bringing in permits that need that help, putting it together. So, in many ways, I think the administration office is very antiquated. Yes, it will take money to get these programs, but I think it will bring us further, faster, and be more manageable. It's just taking the initiative to make it happen.

Mr. Shanahan stated, for the next two weeks, I would ask if you have any questions on this Information please send it to me. If it goes to the department head, I may not see it. This way I can make sure we all your answers.

Councilmember Pellegrino thanked Ms. King for her preparation and management of the budgets.

Councilmember Scoles stated Thank you, Bill, for preparing this, it gives us time to go back now and digest and notes that I took on different departments and why they need those specific items. I think that's a great approach to this. Then coming in and deciding here and now, this is what worked on a day.

3. ADJOURNMENT.

Councilmember Scoles made a motion to adjourn at 11:58 am. Councilmember Keating seconded. All voted in favor. Motion carried.

Surfside Beach Town Council

Robert Hellyer, Mayor

David L. Pellegrino

Bruce H. Dietrich, Town Council

Cindy Keating, Town Council

Michael Drake, Town Council

Debbie Scoles, Mayor Pro Tempore

Paul Holder, Town Council

Attest: _____
Sheri L Medina
Town Clerk

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