

**TOWN OF SEABROOK ISLAND
TOWN COUNCIL BUDGET WORKSHOP**

August 15, 2019, 9:00 a.m.

Town Administrator Cronin began the Town Council Budget Workshop at 9:00 a.m. Before beginning on the budget figures, he explained that he would like to change the way the Town's fund balances are set up and adopt a Fund Balance Policy.

There are five different types of fund balances – Non-Spendable, Restricted (external restrictions), Committed, Designated/Assigned and Undesignated/Unassigned (General Fund). The Town currently has the following Restricted Fund Balances: State Accommodations Tax, Charleston County Accommodations Tax and Alcohol Tax. The structure of these fund balances would not change. The balance at the end of the year in each of these would roll over to the beginning of the next year. Municipal Court does not have to be considered a Restricted Fund, but the funds are to be kept separate from operating funds and are kept in a separate bank account.

Currently, Advertising & Promotion, Emergency Preparedness, Ordinance Codification, Miscellaneous Capital Reserves and Special Events are shown on the Town's financials as Fund Balances but are only line items that are included in the budget and the Town Administrator recommended these be eliminated under fund balances. The Town Administrator stated that he would like to have four Designated/Assigned Funds – Emergency Fund, Road & Drainage Fund, Facility & Equipment Fund and a Vehicle Replacement Fund.

The Town Administrator added that he would propose a Fund Balance Policy to be adopted by Council that would provide guidance in the appropriate level in a fund (minimum and maximum), how the money is to be used and how the funds are to be replenished. In the case of the General Fund, the policy would also state how excess funds are to be distributed when the year is closed out. At the end of 2019, on paper, the total of the current Designated/Assigned Fund Balances and the accounts that are currently listed as fund balances but are budget line items would be transferred to the General Fund. At the beginning of 2020, funds would be re-apportioned, according to the Fund Balance Policy, to the Emergency Fund, Road & Drainage Fund, Facilities & Equipment and Vehicle Replacement Fund. The State Accommodations Tax, County Accommodations Tax and the Alcohol Fund, which are the Restricted Funds, would carry forward the balances that are remaining at the end of 2019.

Town Administrator Cronin had included in the budget handout a budget summary for each of the Designated/Assigned Funds that would be created and briefly explained each.

From the 2020 General Fund Summary page of the handout, the Town Administrator commented on revenue and expenditure accounts that had dramatic changes from the 2019 budget.

Revenues:

Some of the Revenue budget line items that increased in the 2020 proposed budget substantially from 2019 are: Permit Fees (County), Business License Fees, Interest (Investment Pool) and Planning & Zoning Fees. Most of these adjustments have been made because of year to date figures for 2019. Due to new building codes, there may be changes to services that the County is providing and, when the Town has more clarity on those issues, some line items may change. An account number has been added in the Revenue section for Grant Funding. The Town did not budget in 2019 for the \$125,000

grant funding that was received from the County for roadway/drainage work, but it will show up as revenue for 2019. At this point, there is nothing budgeted for Grant Funding in 2020. Sale of Assets shows a decrease since the Jeep and Tahoe were sold due to the purchase of new vehicles in 2019. Total budgeted revenue for 2020 is up from 2019 by about \$73,000 or about 6%. Town Administrator Cronin also commented that, last year, Use of Fund Balance was shown as Revenue; but, for 2020, it is shown as Other Financing Source (Uses).

Expenditures:

Town Administrator Cronin explained that there are some expenditures that have been budgeted for in 2020 that may be funded from the 2019 budget but that cannot be determined until later in the year. The Town Administrator recapped several expenditure line items in the 2020 budget that changed significantly from the 2019 budget and those will be further detailed in the individual expenditure line item discussion.

The Town Administrator continued to the 2020 General Fund Expenditure Details page and began reviewing the individual lines items:

- 5005 Gross Wages- \$370,754 – The total for this line item is changing primarily due to personnel changes anticipated for the last quarter of 2020 and a 3% cost of living increase for employees. The Administrative Assistant position was budgeted as going full-time in 2019 but has remained part-time. In 2020, this position is again budgeted as full-time and is expected to be made a full-time position at some point in 2020. Code Enforcement is being kept at the same amount as last year so that either the current employee can increase the number of hours worked or another person can be hired to work part-time.
- TBD Salaries-Overtime – This amount is just included in the budget just in case it is needed.
- 5010 FICA - \$28,548 – The percentage of this deduction is mandated by law.
- 5014 Medical Insurance - \$29,153 – A 5% increase has been factored in from the 2019 total but insurance rates for 2020 have not been received yet. The budget for 2020 shows that the Town is paying for 100% of the employee's insurance premiums. This is not a guaranteed benefit but is revisited each year; and, if this percentage is reduced, the figure would change.
- 5015 – Retirement - \$55,335 – Full-time employees are required to be a member of the State's retirement system. The employer share is mandated by the State (16.06% average for 2020).
- 6260 – Advertising - \$25,800 – An increase in the amount for Public Notices has been added for 2020 due to year to date figures for the account. The Town Administrator explained that Paid Social Media Advertising (\$1,800) is money that would be spent in order to drive people to the Town's Facebook page. If people "like" and follow our Facebook page, we can push informational type messages out to more people. The amount of \$8,500 for Social Media Management Contract has been suggested by Councilman Crane so that the Town can pay someone to manage our social media by generating content and pushing it out to the public. We have used this in the past to spread the message about mosquito spraying, advertise a shredding event, etc., as well as using Tidelines and other means. Councilwoman Finke commented that she thinks the Town needs an advertising policy so that we know who is being targeted before increasing the Advertising budget by 132%. Councilman Gregg indicated that he is satisfied with the information that the Town Administrator puts out about events in the community through social media and feels that we don't need a contract with someone else. The Town Administrator also suggested that, when the Administrative Assistant position becomes a full-time position, that person could possibly take over that role. Monthly Seabrooker articles from councilmembers total \$8,700 per year and, for \$12,000 per year, a monthly Mayor's article could be added. Councilman Gregg voted against the Mayor's

article. The consensus of Council was to leave the Seabrooker at \$8,700 and not to engage in a Social Media Management Contract (\$8,500) and that would leave the total for Advertising at \$14,000.

- 6301 Capital Expenditures - \$65,000 – Mayor Ciancio asked if Town Administrator Cronin thought \$25,000 was enough for new Town signs. The Mayor stated that he thinks the main sign is an “image piece” for Seabrook Island and that the Town should invest in a quality sign. The Town Administrator suggested that we could use money from this year’s budget for one sign and possibly apply for a grant from the Municipal Association of SC that can be used for signage. The Town Administrator stated that he would, within the next few weeks, set up a meeting and try to get a cost estimate for the larger Town sign. The other items in Account 6301 are upgrades to Council Chambers that would include replacement of Council’s desk, a new podium, a cabinet in corner of the room, drop down screens (one on either side) for presentations, mounted projection equipment and a new phone for a total of \$40,000.
- 6290 Contingency – This account is mainly to get the budget in balance and can be used for unbudgeted items that come up during the year.
- 6291 Contracted Services – Beach Patrol - \$35,000 – In 2019, the Beach Patrol contract was about \$130,000 and the Town has a one-year remaining option on their existing contract. Mayor Ciancio suggested that Council should consider how much beach patrol needs to be on the beach. Should it be less than in 2019? Should it be more? Town Administrator Cronin suggested, if Council wanted more coverage during the peak period of April through September, that the seven days that were added to March in 2019 could be eliminated and added to September. Mayor Ciancio stated that he thought, at a minimum, the weekend days in March should be switched to September. The Town Administrator volunteered to find out what the cost would be if there was daily coverage in April. The budget figure of \$35,000 assumes the current level of service as in 2019.
- 6292 Contract Services – IT - \$38,000 – This budget line item pertains to the lease of IT equipment and services from VC3.
- 6293 Contracted Services – Landscaping - \$145,000 – Town Administrator Cronin stated that a new contract is almost ready so that landscaping services can be put out for bid sometime this fall. The base contract amount is estimated to be \$120,000 and \$25,000 has been included in the line item for things not included in the base contract.
- 6295 Contracted Services – Other - \$27,450 – These are miscellaneous services that the Town uses – pest control, offsite storage, trash pickup, etc. For 2020, it is assumed that there will be a large increase in charges for Municode (going from \$3,000 to \$10,000) since the rewrite of the Development Standards Ordinance should be completed in 2020.

The Town Administrator stated that the total amount of changes made at today’s meeting was \$11,800, which would include reducing Account 6260 – Advertising by eliminating Social Media Management Contract (\$8,500) and reducing the Seabrooker from \$12,000 to \$8,700 (\$3,300).

Mayor Ciancio stated that Kiawah Partners has a proposal to construct a walk-in medical facility, at the former Lulu’s location, but they have not yet filed a Certificate of Need application. The Mayor also commented that the Town has reached an agreement with Atlantic Partners and Big Rock on the terms and conditions of a Settlement Agreement that will govern the use of the encroachment off Seabrook Island Road to the proposed senior living facility. At the Ways & Means Committee meeting on Tuesday, the Mayor stated that he would brief Council on the terms and conditions of the agreement, and it would be posted on the Town’s website. The Mayor stated that he would like to have first reading on the ordinance adopting the Settlement Agreement and a public hearing in September.

Mayor Ciancio commented that the September Ways & Means Committee meeting may be changed to a Special Town Council meeting so that a public hearing can be held on the same afternoon as first reading of the ordinance. The Mayor also mentioned that, after the August Ways & Means meeting, he would like to be able to write a draft of the dog ordinance, after hearing input from Council and the public, that he could sent to the Town Attorney.

Date: September 24, 2019



Town Clerk