

**TOWN OF SEABROOK ISLAND
BUDGET WORKSHOP – MINUTES
October 29, 2020, at 1:00 p.m.**

The October 29, 2020 Budget Workshop was conducted as a video conference using Zoom and was simultaneously made available to the public via YouTube live stream and by conference call, all in keeping with practices adopted to address the ongoing coronavirus pandemic. Mayor Gregg, Councilmembers Crane, Finke, Fox and Goldstein, Town Administrator Cronin and Town Clerk Allbritton participated in the meeting.

Mayor Gregg called the meeting to order and confirmed with the Town Clerk that notice of the meeting was properly posted, and the requirements of the SC Freedom of Information Act were met.

Town Administrator Cronin continued the review of General Fund Expenditure Accounts from the last meeting.

- **#5202 Professional Services – Accounting** has a total of \$14,000 and includes payments to the accountant, ADP for payroll services and miscellaneous accounting services.
- **#5201 Professional Services – Auditor** has a total of \$15,000. This is paid to Mauldin & Jenkins for the Town’s yearly audit.
- **#5203 Professional Services – Engineering** has a total of \$35,000 and includes charges for Reveer Group (reimbursable charges for Senior Living Facility), pre-construction testing services for the Senior Living Facility (also reimbursable) and miscellaneous engineering services. The reimbursable charges are shown as an expense and as revenue.
- **#5204 Professional Services – Legal** has a total of \$30,000 and is primarily charges for the Town Attorney but could be on-call miscellaneous legal services. This has been lowered from 2018 and 2019, when there was litigation dealing with the Senior Living Facility, and based more on the year to date figure for 2020.
- **#5209 Professional Services – Other** has a total of \$15,000 and is the estimated cost of completing the Development Standards rewrite. Due to the pandemic, the project is taking longer than originally thought. This figure might decrease slightly before the 2021 budget is adopted.
- **#5220 Seabrook Island Turtle Patrol** will not be funded this year since the Patrol applied for State Accommodations Tax or could be eligible for a Community Promotion Grant.
- **#6261 Special Events** has a total of \$8,000 and would include the Town’s annual Christmas party and miscellaneous events.
- **#6302 Special Projects – Roadway** has been moved to Road & Drainage Designated Fund.
- **#6404 State Court Assessment** has a total of \$2,500. For every fine, there are assessments that must be sent to the State.
- **#5405 Telecommunications** currently has a total of \$15,000. This account includes charges for internet service; VC3 for the phone system; Verizon charges for cell phones and data plans for Surface tablets. Charges are also included for backing up the video from traffic cameras that will be installed as a part of the Senior Living Facility project (reimbursable) and LTE backup for the Town network connection, which will take over when the Town Hall does not have internet service, so that phones, computers, etc. will operate. The budgeted expense (\$2,500) is for the data service charge. The hardware for this service will be purchased in 2020. The charge for AT&T for the toll-free number, which is used primarily for emergency purposes, is also included. The amount in this expense account may change if the Town decides to provide an allowance for an employee’s personal cell phone rather than provide them with a work phone.

- **#6285 Travel & Training** has a total of \$10,750 and is budgeted, in anticipation that in-person classes will be held in 2021, for training for Town staff, members of Town Council, Planning Commission and Board of Zoning Appeals.
- **#5380 Uniforms** has a total of \$1,650 and is intended for staff and councilmembers to purchase shirts, jackets, etc. with the Town logo. Council decided to remove the \$750 uniform allowance for Town Council and that would leave \$900 in the account.
- **#5401 Utilities** has a total of \$23,000 and includes charges for water and electricity for the Town Hall property and propane for the generator.
- **#6403 Victim's Advocate Assessment (\$500) and #6402 Victim's Advocate Surcharge (\$800)** are both a part of the court fine, as mandated by the State, and both accounts been kept at the same amount as the 2020 budget.
- **#6216 Website** has a total of \$600 and consists of charges for Weebly, which is the hosting provider for the Town website, and any miscellaneous website expenses.

Town Administrator Cronin pointed out that, under Revenues, Account #4500 Planning & Zoning Fees is currently \$26,000. The Short-Term Rental Ordinance and the Fee Schedule Ordinance had first reading; and, if we anticipate it having a final reading before the end of 2020, the amount collected for Short-Term Rental Permits will generate a significant increase. Those permit fees have been recommended to offset the cost of doing the permitting, the inspections and enforcement of the Short-Term Rental Ordinance. Also, on the Expenditure side, additional staffing and enforcement resources may be necessary for inspections and enforcing the ordinance.

RESTRICTED FUNDS

State Accommodations Tax – This budget assumes that the Town will receive about \$120,000 from State Accommodations Tax but this figure may be adjusted after the Town receives their check for the third quarter of 2020. In the Town's third quarter, State law provides that the first \$25,000 and 5% (\$29,750) must go to the General Fund. Tourism related expenditures make up 65% of the total (\$61,750) and 30% (\$28,500) must go to a non-profit marketing agency (Charleston Area Convention & Visitor's Bureau). The 2021 Budget currently shows \$90,750 for revenue and \$123,500 in expenditures with a deficit, coming from surplus funds in this account, of \$32,750.

Tourism related expenditures (\$95,000) listed in the State Accommodation Tax Fund Expenditure Details are:

- Bohicket Marina – Billfish Tournament – requested \$15,000 and the State Accommodations Tax Advisory Committee recommended \$7,500.
- Bohicket Merchant's Assoc. – applied for \$15,000 but withdrew their request due to the amount of projected funds available.
- Seabrook Island Club – Alan Fleming Tennis Tournament – applied for \$15,000 and the Committee recommended \$12,500.
- Seabrook Island Turtle Patrol – applied for \$2,000 and the Committee recommended \$1,000.
- Town of Seabrook Island –
 - Beach Patrol – applied for \$60,000 and the Committee recommended \$26,750.
 - Dolphin Education Program – applied for \$10,000 and the Committee recommended \$10,000.
 - Fourth of July Celebration – applied for \$11,750 and the Committee recommended \$4,000.

This budget currently assumes \$60,000 of State Accommodations Tax is being used for Beach Patrol, with \$33,250 coming from surplus State Accommodations Tax funds; \$80,000 will come from the General Fund and \$5,000 from surplus County Accommodations Tax funds.

After much discussion, Council decided to fund State Accommodations Tax expenditures as follows:

- Billfish Tournament at \$7,500
- Alan Fleming Tennis Tournament at \$12,500
- Seabrook Island Turtle Patrol at \$2,000
- Beach Patrol at \$60,000
- Dolphin Education Program at \$10,000
- Fourth of July Celebration at \$11,750

With these changes, Revenues will remain at \$90,750 and Expenditures, including Charleston County Convention & Visitor's Bureau, will be \$132,200, with a deficit of \$41,500 coming from surplus State Accommodations Tax funds.

County Accommodations Tax – Town Administrator Cronin stated that, at this point, the Town is not expecting to get any County Accommodations Tax in 2021. It is estimated that there will be \$7,381 in that account at the beginning of the year and the draft budget shows \$5,000 of surplus funds will be used for Beach Patrol. If there is a distribution from the County in the second half of 2021, an amendment can be made to the budget at that time.

Alcohol Tax – Town Administrator Cronin reported that he had planned to replace all the signage on the beach in 2020 but had been waiting until after the one-year review of the dog ordinance. Since the signage will probably not get replaced in 2020, this expenditure has been carried over to the 2021 budget. He commented that, if no expenditures are made before the end of 2020, there will be more than \$30,000 in this account. Councilwoman Fox suggested that, if the surplus needs to be spent, maybe part of it could be used toward the replacement of the main sign at the entrance to Seabrook Island.

DESIGNATED FUNDS

Town Administrator Cronin explained that there is no dedicated revenue source for the Designated Funds. The money transferred into the Funds is taken from prior years' General Fund surpluses and moved into the funds for a designated purpose.

Emergency Fund – The Town Administrator stated that, at the end of 2020, there should be a little less than \$2,000,000 in the Emergency Fund. Expenditures are not budgeted for the Emergency Fund since the fund is designated for unplanned emergencies. The 2021 draft budget recommends that \$200,000 be transferred from the General Fund surplus into the Emergency Fund. Mayor Gregg commented that he would rather see less money transferred to the Emergency Fund and move more money into the Road & Drainage Fund since we anticipate upcoming expenditures.

Road & Drainage Fund – Town Administrator Cronin stated that the current draft of the 2021 budget shows \$120,000 being transferred in from the General Fund. Capital Expenditures are shown as \$50,000 but this number can be revised when ESP has given the Town their proposal for work to be done on the pathways.

Town Facilities Fund – Money had been transferred into the Town Facilities Fund in the original 2020 budget (\$250,000) that was designated for building a garage at the Town Hall property, but that

expenditure was removed in the amended 2020 budget. In the 2021 draft budget, no new expenditures or transfers are being shown and the balance remains at \$250,000.

Vehicle Replacement Fund – In the 2021 draft budget, \$15,000 is being transferred to the Vehicle Replacement Fund; and, with this year’s transfer, there is a total of \$30,000 that can be used when the Town needs to purchase new vehicles.

Town Administrator Cronin stated that he would like for Council to adopt a Fund Balance Policy so that the purpose of each Designated Fund is defined and how it will be replenished. This Policy would also set the maximum that would be kept in the General Fund so that excess surplus funds would then be moved over to Designated Funds. The Town Administrator added that he would likely have the Fund Balance Policy ready for discussion at the December Ways & Means Committee meeting.

Mayor Gregg commented that he thought the projects that would be the most impactful for the residents would be drainage along Seabrook Island Road and the pathway. He added that Councilman Goldstein has also indicated that Seabrook Island Road will need to be paved soon and a good strategy might be to build up a reserve as quickly as possible in the Road & Drainage Fund so that we can address paving when it becomes necessary. Mayor Gregg added that he thought \$100,000 would be a good amount to transfer into the Emergency Fund in 2021 and put more in the Road & Drainage Fund. The Town Administrator stated that there is a deficit in the General Fund in this budget of \$160,000 and the reason for the deficit is the one-time capital improvement items that are included in the budget. If the one-time capital items were removed, there would no longer be a deficit. The draft 2021 budget currently shows transfers out of the General Fund of \$330,000 (\$200,000 to Emergency and \$120,000 to Road & Drainage and \$15,000 to Vehicle Replacement). After this year, the Town will have at least \$2.2 M in the General Fund and the Town does not need more than \$1.2 M in the General Fund.

Mayor Gregg added that, if we knew what the proposals from ESP were, we would have a better idea of what the expected expenditure from Road & Drainage would be. Town Administrator Cronin recommended focusing on how much Council would like to move from the General Fund reserves to those specific funds and, by first reading of the budget ordinance, we should have more information from ESP in regard to those expenses. Council decided to transfer \$100,000 into the Emergency Fund and increase the transfer to the Road & Drainage Fund to \$220,000.

The meeting was adjourned at 3:55 p.m.

Date: November 17, 2020



Town Clerk