



**Special Ways & Means Committee Meeting
Budget Workshop #3
4:00pm, Thursday, April 16, 2020
City Hall Council Chambers
1207 Palm Boulevard, Isle of Palms, SC**

MINUTES

1. Call to Order

Present: Council members Pounds, Smith, Popson, Bell, Ward, Buckhannon, Moye, and Streetman, Mayor Carroll (some members participated telephonically, some were present in chambers at socially acceptable distances)

Staff Present: Administrator Fragoso, Treasurer Suggs, various City Department heads

2. Purpose – Discussion of the FY21 Budget

Council Member Pounds reviewed the goals for the workshop which included agreeing on FY20 forecast assumptions and changes, agreeing on FY21 budget assumptions and changes, determining an approval path for FY21 budget, and gaining consensus on a service delivery model moving forward. The PowerPoint presentation of all worksheets discussed during the workshops is available on the City's website under the notice of this meeting.

Committee members assumed significant revenue reductions in tourism revenue, Local Option Sales Tax, business licenses, building permits, residential rental license, parking lot revenues, and parking meter revenues. Administrator Fragoso said these projections have been culled from various sources including the CVB and MASC, and while no one can predict the future, she feels the budget reflects very conservative estimates. Treasurer Suggs pointed out that the budget can be amended as more data becomes available. She said, "What this budget says is they (projects) don't need to come out. We can do the projects that are in the budget with the worst-case scenario revenue stream and make it through. We significantly deplete tourism revenue fund balances and the Capital Projects fund balance, but the General Fund stays pretty flat and we do not tap into the Disaster Recovery Fund." Mayor Carroll noted that the City is in solid financial shape through the rest of the FY20 budget year. He said the Public Safety Building Rehabilitation Project is the only project that has to go forward at this point in time.

Council Member Pounds reported the following were discussed when reviewing the remainder of the FY20 budget: a hiring freeze, suspension of any FY20 merit increases, reduction in professional and contracted services, reduced landscaping and maintenance, no Fourth of July fireworks, reduced operating expenses across all departments, reduced capital outlay for all departments, and correcting the debt service for the 75' ladder truck.

Personnel expenses and the hiring freeze were discussed. The hiring freeze may require the City asking the County and SLED for law enforcement help in the summer depending how and when the beaches are opened. Administrator Fragoso said she is trying to get clarity on what, if any, Federal and State funds are available to help with these costs.

Administrator Fragoso said furloughs may be necessary, but she is continuing to focus on the continuation of services expected by the City's residents and what a new normal might look like. She pointed out that even if employees are furloughed, the City is responsible for paying a portion of their benefits. She also reported that City staff members, who are working staggered schedules to allow for social distancing, are shifting job descriptions and priorities to meet the needs of the City. Council Member Pounds said he did not feel as if furloughs were needed at least through the end of FY20. Several members of City Council supported Council Member Pounds' statement that no furloughs were necessary through June 30, 2020.

Looking at the overall FY21 budget, Council Member Pounds pointed out that the marina rehabilitation project and Phase III Drainage Project remain in the budget, which will both be funded with bonds (a General Obligation bond for the drainage project and a revenue bond for the marina). The bond for the drainage project leads to a 1.3 millage increase to cover the debt service. The institution of new paid parking areas and the expense to the CVB were brought up as options for significant changes in the budget.

Reviewing the summary level of the FY21 budget, Council Member Pounds pointed out the projected revenues at \$20.1 million, which includes \$6.1 million in bond proceeds for the above-noted projects, projected expenses at \$26 million, and an ending fund balance of \$11.3 million in June 2021. He noted the monies needed for the remainder of the Public Safety Building Rehabilitation Project (\$3.9 million) could be financed if cash is needed.

Committee members briefly discussed whether or not to move forward with the engineering study needed to include the repairs to the Waterway Boulevard multi-use path to the Phase III Drainage Project. Council Member Bell expressed concern about taking on additional debt in light of the current financial situation. Mayor Carroll pointed out that the marina lease requires that the City maintain the property. Administrator Fragoso said she will have more information in the coming weeks about how bids for area projects are coming in, which should give a better picture of costs to help the Committee determine if the Waterway Boulevard improvements should be included in the drainage project.

Moving forward, Committee members agreed the following are areas that need further thought, consideration, and discussion: personnel costs, particularly those not in Public Safety and Public Works, alternative service delivery models which could include consolidation of public safety services and outsourcing garbage/yard debris collection, the acceptability of the negative cash flow of the Recreation Department, an increase in property taxes, selling city-owned properties, and looking at other revenue sources.

Committee members agreed on the importance of Strategic Planning moving forward.

3. **Adjournment**

Council Member Buckhannon made a motion to adjourn, and Council Member Bell seconded the motion. The meeting was adjourned at 6:05pm.

Respectfully submitted,

Nicole DeNeane
City Clerk