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# IOP FY 2022 Budget Workshop I

March, 2021

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# 10 Things People Learn Too Late

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- ❖ 1. Everything is temporary
- ❖ 2. Life isn't fair
- ❖ 3. Family matters more than friends
- ❖ 4. Others treat you the way you treat yourself
- ❖ 5. Beneath anger there's always fear
- ❖ 6. Happiness is a choice and requires hard work
- ❖ 7. A lifetime is t as long as you think
- ❖ 8. The biggest risk is not taking any risk
- ❖ 9. Things don't matter so much
- ❖ 10. You played it too safe

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# Agenda

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- ❖ Goals for today
- ❖ Review assumptions/decisions to date
- ❖ Wage and compensation study update
- ❖ Debt schedule review
- ❖ Review summary level FY 22 budget draft #1
- ❖ Review summary level personnel costs
- ❖ Review merit pool options
- ❖ Possible additions to FY 22 budget draft #1
- ❖ Changes/edits/additions
- ❖ Next steps

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# Goals for today

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- ❖ Agree on budget assumptions and inclusions
- ❖ Agree on projects to include
- ❖ Finalize merit pool decisions
- ❖ Get grounded on wage and compensation study work
- ❖ Gain agreement on remaining variables to produce FY 22 budget 2nd draft

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# Review assumptions/decisions to date

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- ❖ **Revenue** - return to pre-COVID levels - including additional revenue from Wild Dunes new hotel and new restaurant at marina
- ❖ **Expenses** - major drainage expenses for Phase 3 and other projects, large equipment purchases as detailed in 10 year capital plan, debt service costs of \$1.65 million, merit pool decisions tbd

# Debt schedule review

## City of Isle of Palms Debt Schedule

Description	Year Issued	Original Debt Amt	Original Rate	Current Rate	Original Term	Matures	FY2022			FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	Total Payments FY20-FY35		
							P	I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P&I	P	I
<b>CURRENTLY OUTSTANDING:</b>																									
Recreation Add (by Ref.)	FY04	2,900,000	3.55% non-taxable	1.68% non-taxable	20 years	FY23	210,000	7,056	217,056	213,528													630,000	21,168	651,168
Fire Station #2	FY07	3,650,000	3.99% non-taxable	1.88% non-taxable	20 years	FY26	225,000	23,594	248,594	259,364	264,852	275,152	280,170										1,470,000	100,768	1,570,768
Pub Safety Building	FY09	6,700,000	4.14% non-taxable	4.14% non-taxable	20 years	FY28	375,000	116,955	491,955	476,430	460,905	445,380	479,855	487,260	468,630								3,200,000	617,895	3,817,895
75' Fire Ladder Truck	FY20	848,267	1.83% non-taxable	1.83% non-taxable	10 years	FY29	79,502	12,413	91,915	91,915	91,915	91,915	91,915	91,915	91,915	91,915							756,353	70,879	827,231
Drainage Phase 3	FY21	3,500,000	1.71% non-taxable	1.71% non-taxable	15 years	FY35	208,000	55,626	263,626	263,070	263,461	262,785	263,057	263,261	263,396	263,463	263,462	263,392	263,254	263,047	262,772	263,429	3,500,000	441,620	3,941,620
Marina Docks	FY21	4,300,000	2.16% taxable	2.16% taxable	15 years	FY35	247,000	86,227	333,227	333,892	333,427	333,854	333,152	333,342	333,402	333,332	333,133	333,804	333,324	333,714	333,954	333,042	4,300,000	701,624	5,001,624
<b>TOTAL DEBT SERVICE</b>							<b>1,344,502</b>	<b>301,871</b>	<b>1,646,373</b>	<b>1,638,198</b>	<b>1,414,560</b>	<b>1,409,086</b>	<b>1,448,149</b>	<b>1,175,777</b>	<b>1,157,343</b>	<b>688,710</b>	<b>596,595</b>	<b>597,196</b>	<b>596,578</b>	<b>596,762</b>	<b>596,726</b>	<b>596,471</b>	<b>13,856,353</b>	<b>1,953,954</b>	<b>15,810,307</b>
<b>TOTAL PRINCIPAL &amp; INTEREST OUTSTANDING AT YEAR END</b>									<b>12,512,149</b>	<b>10,873,951</b>	<b>9,459,390</b>	<b>8,050,305</b>	<b>6,602,156</b>	<b>5,426,379</b>	<b>4,269,036</b>	<b>3,580,326</b>	<b>2,983,732</b>	<b>2,386,536</b>	<b>1,789,958</b>	<b>1,193,196</b>	<b>596,470</b>	<b>(0)</b>			

### Isle of Palms Debt Limit Calculation per Article 8, Section 7 of the SC Code:

<b>Total Assessed Value (this analysis assumes no growth in assessed value; growth in assessed value would result in a higher available debt limit):</b>	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284	237,643,284
<b>8% of Assessed Value</b>	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463	19,011,463
<b>Less current IOP GO Debt outstanding issued without a referendum (principal only):</b>																	
Fire Station #2	(1,030,000)	(790,000)	(540,000)	(275,000)	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety Building	(2,450,000)	(2,075,000)	(1,700,000)	(1,325,000)	(900,000)	(450,000)	-	-	-	-	-	-	-	-	-	-	-
Drainage Outfalls	(3,045,000)	(2,834,000)	(2,619,000)	(2,401,000)	(2,179,000)	(1,953,000)	(1,723,000)	(1,489,000)	(1,251,000)	(1,009,000)	(763,000)	(513,000)	(259,000)	-	-	-	-
Marina Docks	(3,745,000)	(3,492,000)	(3,234,000)	(2,970,000)	(2,701,000)	(2,428,000)	(2,145,000)	(1,858,000)	(1,565,000)	(1,265,000)	(959,000)	(646,000)	(326,000)	-	-	-	-
<b>Available debt limit (principal)</b>	<b>8,741,463</b>	<b>9,820,463</b>	<b>10,918,463</b>	<b>12,040,463</b>	<b>13,231,463</b>	<b>14,182,463</b>	<b>15,143,463</b>	<b>15,864,463</b>	<b>16,195,463</b>	<b>16,737,463</b>	<b>17,289,463</b>	<b>17,852,463</b>	<b>18,426,463</b>	<b>19,011,463</b>			

# Summary of Key Budget Initiatives in FY22 budget

**City of Isle of Palms**  
**FY22 BUDGET**  
**SUMMARY OF KEY BUDGET INITIATIVES**

BUDGET INITIATIVES INCLUDED		HOW IS IT FUNDED?
1	Construction of Phase 3 drainage outfall project - <b>\$2,462,000</b> expected spending in FY22 and <b>\$913,000</b> in FY23.	Funded with proceeds of \$3.5 million GO Bond issued in FY21. Total project cost is estimated at approximately <b>\$3,500,000</b> with an estimated \$86,000 spent in FY21.
2	<b>\$525,000</b> replacement of fire pumper truck	No debt issued. Funded 50% from Capital Projects Fund and 50% from Tourism funds.
3	<b>\$290,000</b> full replacement of Fire Dept SCBA (self contained breathing apparatus) equipment	Capital Projects and Tourism funds
4	<b>\$250,000</b> for comprehensive drainage plan	Municipal Accommodations Tax Fund
5	<b>\$250,000</b> to maintain, renovate or construct beach accesses	Beach Preservation Fee Fund
6	<b>\$195,000</b> for undergrounding electrical lines over 3 years. \$40,000 in FY22.	Capital Projects Fund (50%) and Municipal Accommodations Tax Fund (50%). The City's contribution will be matched by another \$195,000 from Dominion
7	<b>\$150,000</b> to convert watersports dock area into public dock with green space	State Accommodations Tax Fund
8	<b>\$125,000</b> wages + <b>\$47,000</b> fringes for personnel restructuring in the Fire Department	General Fund (50%) and State Accommodations Tax Fund (50%)
9	<b>\$25,000</b> for Grant Writing services to address potential opportunities in Federal and State programs.	General Fund
10	Estimated <b>\$396,000</b> in new revenues related to the Sweetgrass Inn	Includes estimates of \$46,000 in the General Fund (local option sales, business license fee, etc) and \$350,000 in the Tourism & Beach Preservation Fee Funds
11	<b>\$92,000</b> in FY22 related to 1st fiscal year of new restaurant lease revenue	Marina Fund
12	<b>\$1,042,000</b> transferred into the General Fund from the Tourism Funds	Consistent with Tourism contributions in FY21: 3 Police Officers, 1 Police Sgt, 5 Firefighters, BSOs and 50% of Public Works Temp Labor and Fuel. Also \$20K for Police OT, \$22k for Restroom Attendant and 50% of the provision for Fire Dept personnel restructuring, all from State Accommodations Tax Fund.
13	<b>\$799,000</b> transferred from the General Fund in the Capital Projects Fund	For current and future capital projects

# Summary level FY22 budget draft #1

## City of Isle of Palms FY22 Budget Workshop #1 - Summary of FY22 Budget Draft #1

	General Fund	Capital Proj Fund	Muni Atax Fund	Hosp Tax Fund	State Atax Fund	Beach Preserve Fund	All Other Funds (incls Disaster Recovery)	Marina Fund Illustrative Only NOTE 1	Total Fund Balance & Net Position
<b>REVENUES</b>									
PROPERTY & LOCAL OPT TAXES	5,701,000								5,701,000
LICENSES & PERMITS	4,307,000								4,307,000
TOURISM REVENUES	137,579		1,518,663	830,800	2,139,000	1,264,663			5,890,704
PROCEEDS FROM DEBT	-	-						-	-
ALL OTHER REVENUES (NOTE 2)	1,653,200	766,000	7,500	5,000	7,500	10,000	180,955	360,081	2,990,236
<b>TOTAL REVENUES</b>	<b>11,798,779</b>	<b>766,000</b>	<b>1,526,163</b>	<b>835,800</b>	<b>2,146,500</b>	<b>1,274,663</b>	<b>180,955</b>	<b>360,081</b>	<b>18,888,940</b>
<b>EXPENSES</b>									
PERSONNEL EXPENSES	8,434,446	-	-	-	-	-	-	-	8,434,446
OPERATING EXPENSES	2,622,170	337,324	422,350	333,800	1,002,254	135,000	176,570	303,751	5,333,219
CAPITAL EXPENSES	-	1,164,667	383,667	79,000	582,667	250,000	-	-	2,460,001
DRAINAGE EXPENSES	-	2,562,000	445,804	-	-	-	-	-	3,007,804
DEBT SERVICE EXPENSES	985,253	-	86,822	149,156	91,915	-	-	333,227	1,646,373
<b>TOTAL EXPENSES</b>	<b>12,041,869</b>	<b>4,063,991</b>	<b>1,338,643</b>	<b>561,956</b>	<b>1,676,836</b>	<b>385,000</b>	<b>176,570</b>	<b>636,979</b>	<b>20,881,844</b>
TRANSFERS	243,090	799,039	(424,551)	(237,692)	(829,806)	-	-	449,920	-
INCR/(DECR) IN FUND BALANCE	0	(2,498,951)	(237,032)	36,152	(360,142)	889,663	4,385	173,022	(1,992,904)
		<b>NOTE 3</b>							
<b>FY22 PROJECTED BEG FUND BAL</b>	<b>3,647,771</b>	<b>7,526,354</b>	<b>674,741</b>	<b>615,999</b>	<b>1,493,367</b>	<b>4,311,627</b>	<b>2,972,367</b>	<b>253,914</b>	<b>21,496,139</b>
<b>FY22 PROJECTED END FUND BAL</b>	<b>3,647,771</b>	<b>5,027,403</b>	<b>437,710</b>	<b>652,151</b>	<b>1,133,225</b>	<b>5,201,289</b>	<b>2,976,752</b>	<b>426,935</b>	<b>19,503,236</b>

**NOTE 1:** For illustrative purposes only the Marina Enterprise Fund is presented here in the same format as the other funds. For internal and external accounting and reporting purposes however, the Marina Fund follows the accounting rules of a for-profit business and includes proceeds from debt as a liability (not revenue) and capital additions as assets (not expenses).

**NOTE 2:** Other revenues include parking revenues, recreation fees, interest income, grant income, court revenues and marina rents.

**NOTE 3:** The large negative balance relates primarily to \$2.8 million of drainage related spending including \$2.5 million on the Drainage Phase 3 project. This project is being funded with debt proceeds that were received in FY21.

# Summary level personnel costs

1	A	B	I	J	K	L	M	N	O	P	Q	R	S	T	U
	<b>DRAFT #1</b>	<b>CITY OF ISLE OF PALMS GENERAL FUND</b>													
2	GL Number	Description	ACTUAL FY19	ACTUAL FY20	BUDGET FY21	YTD As Of 3/31/2020	Jan-Dec 2019	FORECAST FY21	INCREASE/ (DECREASE) IN FY20 BUD REV	BUDGET FY22	INCREASE/ (DECREASE) IN FY21 BUD	FORECAST FY23	FORECAST FY24	FORECAST FY25	FORECAST FY26
3															
4	<b>CITY OF ISLE OF PALMS FY20 BUDGET AND FY21-FY24 FORECAST - SUMMARY OF PERSONNEL COSTS AND FTES</b>														
5															
6															
7	<b>TOTAL GENERAL FUND EXPENDITURES</b>		10,467,611	10,314,457	11,356,115	5,078,281	10,416,610	11,440,595	84,480	12,041,869	685,754	12,236,869	12,338,654	12,566,065	12,851,292
8	<b>TOTAL CITY WIDE EXPENDITURES</b>		16,002,358	16,412,614	24,560,397	9,522,055	14,704,103	19,937,625	(4,622,772)	20,882,914	(3,677,483)	18,477,773	18,223,907	17,522,506	20,750,242
9			-	-	-	-	-	-	-	-	-	-	-	-	-
10	<b>SALARIES &amp; WAGES</b>		4,650,137	4,630,169	4,678,565	2,376,010	4,612,366	4,758,103	79,538	5,029,219	350,654	5,154,949	5,283,823	5,415,919	5,551,317
11	<b>OVERTIME</b>		482,531	552,680	460,077	267,737	490,502	516,880	56,803	456,006	(4,071)	467,369	479,015	490,953	503,227
12	<b>PARTTIME</b>		325,639	266,261	339,340	120,294	295,553	280,829	(58,511)	359,336	-	339,340	339,340	339,340	339,340
13	<b>SUBTOTAL SALARIES &amp; WAGES</b>		<b>5,458,306</b>	<b>5,449,109</b>	<b>5,477,982</b>	<b>2,764,040</b>	<b>5,398,421</b>	<b>5,555,812</b>	<b>77,830</b>	<b>5,844,561</b>	<b>346,583</b>	<b>5,961,658</b>	<b>6,102,179</b>	<b>6,246,212</b>	<b>6,393,884</b>
14	<b>% INCREASE FROM PRIOR YEAR</b>		-1.8%	-0.2%	0.5%			2.0%		5.2%		2.0%	2.4%	2.4%	2.4%
15	<b>% OF TOTAL GENERAL FUND EXPENDITURES</b>		52%	53%	48%	54%	52%	49%		49%		49%	49%	50%	50%
16	<b>% OF CITY WIDE EXPENDITURES</b>		34%	33%	22%	29%	37%	28%		28%		32%	33%	36%	31%
17															
18	<b>FICA</b>		406,343	404,699	419,066	204,581	401,441	426,655	7,589	447,109	28,043	457,635	468,424	479,483	490,821
19	<b>RETIREMENT</b>		795,310	852,571	945,314	459,193	813,766	971,320	26,005	1,064,066	118,752	1,148,167	1,176,626	1,205,797	1,235,696
20	<b>GROUP HEALTH</b>		782,482	778,285	858,291	396,992	787,012	785,253	(73,038)	851,947	(6,344)	894,544	939,272	986,235	1,035,547
21	<b>WORKERS COMP</b>		182,209	179,520	210,557	122,915	188,531	236,935	26,378	226,763	16,206	232,432	237,975	243,793	249,755
22	<b>UNEMPLOYMENT</b>		-	3,000	-	1,780	-	2,994	2,994	-	-	-	-	-	-
23	<b>SUBTOTAL FRINGES</b>		<b>2,166,344</b>	<b>2,218,075</b>	<b>2,433,228</b>	<b>1,185,461</b>	<b>2,190,750</b>	<b>2,423,157</b>	<b>(10,071)</b>	<b>2,589,885</b>	<b>156,657</b>	<b>2,732,778</b>	<b>2,822,297</b>	<b>2,915,307</b>	<b>3,011,819</b>
24	<b>% INCREASE FROM PRIOR YEAR</b>		3%	2%	10%			9.2%		6.9%		5.5%	3%	3%	3%
25	<b>% OF SALARIES &amp; WAGES</b>		40%	41%	44%	43%	41%	44%	-13%	44%	45%	46%	46%	47%	47%
26	<b>% OF TOTAL GENERAL FUND EXPENDITURES</b>		21%	22%	21%	23%	21%	21%	-12%	22%	23%	22%	23%	23%	23%
27	<b>% OF CITY WIDE EXPENDITURES</b>		14%	14%	10%	12%	15%	12%	0%	12%	-4%	15%	15%	17%	15%
28															
29	<b>TOTAL PERSONNEL COSTS</b>		<b>7,624,650</b>	<b>7,667,184</b>	<b>7,911,210</b>	<b>3,949,501</b>	<b>7,589,170</b>	<b>7,978,969</b>	<b>67,759</b>	<b>8,434,446</b>	<b>503,240</b>	<b>8,694,436</b>	<b>8,924,475</b>	<b>9,161,519</b>	<b>9,405,703</b>
30	<b>% INCREASE FROM PRIOR YEAR</b>		-1%	1%	3%			4%		6%		3%	3%	3%	3%
31	<b>% OF TOTAL GENERAL FUND EXPENDITURES</b>		73%	74%	70%	78%	73%	70%		70%		71%	72%	73%	73%
32	<b>% OF CITY WIDE EXPENDITURES</b>		48%	47%	32%	41%	52%	40%		40%		47%	49%	52%	45%
33															
34	<b># OF FULL-TIME EMPLOYEES</b>		92	93	92	92	92	91		91		91	91	91	91
35	<b>SALARY &amp; WAGES FTE*</b>		55,790	55,730	55,855	28,736	55,466	57,967		60,277		61,784	63,328	64,911	66,533
36	<b>FRINGE FTE*</b>		22,281	22,627	25,042	12,269	22,535	25,364		27,073		28,589	29,518	30,481	31,138
37	<b>TOTAL (FULLY LOADED) FTE*</b>		<b>78,071</b>	<b>78,356</b>	<b>80,897</b>	<b>41,005</b>	<b>78,001</b>	<b>83,331</b>		<b>87,350</b>		<b>90,373</b>	<b>92,845</b>	<b>95,392</b>	<b>97,671</b>
38															
39	* Does not include wages or fringes for Mayor & Council or Part-time Employees with regular schedules less than 30 hours per week.														

# Merit pool options

## City of Isle of Palms Analysis of Budgetary Impact - Merit Wage Adjustments

	Total Before Adjustment	FY21 Budget 2% Merit	FY22 Budget Draft #1	Recapture FY20 Budget 2.5% Merit	FY22 Budget 2.5% Merit*	Wage & Comp Study Adjustments	Total After Adjustment
		Effective 1/1/21		Effective 1/1/21	Effective 1/1/22		
		12 Months		12 Months	6 Months		
<b>Salaries</b>	5,739,395	105,166	5,844,561	131,458	72,939	??	6,048,957
<b>Fringes</b>	2,557,603	32,283	2,589,886	40,354	22,351	??	2,652,590
<b>Total</b>	8,296,997	137,449	8,434,446	171,812	95,289	??	8,701,548

\* Annual cost of a 1/1/22 merit adjustment is approximately 190,579

## Table of Values - Merit Pool Alternatives

Annual Fully Loaded Cost of Merit Adjustments Effective 1/1/21						
1.0%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
52,583	105,166	131,458	157,749	184,041	210,332	236,624
16,142	32,283	40,354	48,425	56,495	64,566	72,637
68,725	137,449	171,812	206,174	240,536	274,898	309,261

# Possible additions to draft #1

## City of Isle of Palms FY22 Budget Workshop #1

### Possible Additions to Draft #1

		FY22	FY23	FY24	FY25	FY26
<b>General Fund</b>	<b>Draft #1 Ending Fund Balance</b>	3,647,771	3,647,771	3,647,771	3,647,771	3,647,771
	Add Recapture of FY20 2.5% Merit pool for employees effective 1/1/21					
	Add FY22 2.5% Merit pool for employees effective 1/1/22					
	Increase/(decrease) transfers to Capital Projects Fund					
	Increase/(decrease) transfers in from Tourism Funds					
	<b>New Ending Fund Balance</b>	<b>3,647,771</b>	<b>3,647,771</b>	<b>3,647,771</b>	<b>3,647,771</b>	<b>3,647,771</b>
<b>Capital Projects Fund</b>	<b>Draft #1 Ending Fund Balance</b>	7,526,354	3,943,704	3,682,314	3,473,363	3,042,141
	Increase/(decrease) transfers in from General Fund					
	Finance instead of purchase Fire Engine	119,800	(55,200)	(55,200)	(55,200)	(55,200)
	Partnership with IOPWSC on 7th Ave beautification	(20,000)				
	<b>New Ending Fund Balance</b>	<b>7,626,154</b>	<b>3,988,304</b>	<b>3,671,714</b>	<b>3,407,563</b>	<b>2,921,141</b>
<b>Tourism Funds</b>	<b>Draft #1 Ending Fund Balance</b>	2,223,086	2,574,331	3,112,393	3,812,700	4,320,708
	(Increase)/decrease transfers out to General Fund	-	-	-	-	-
	Transfer to Marina Fund for "T" Dock improvements on ICW			(250,000)		
	Transfer to Marina fund for dredging				(750,000)	
	Transfer to Marina for 75% of dock insurance	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
	Discontinue City payment for commercial dumpster service		50,000	50,000	50,000	50,000
	Finance instead of purchase Fire Engine	350,000				
	<b>New Ending Fund Balance</b>	<b>2,273,086</b>	<b>2,374,331</b>	<b>2,412,393</b>	<b>2,112,700</b>	<b>2,370,708</b>
<b>Marina Fund</b>	<b>Draft #1 Ending Net Position</b>	6,330,830	6,410,036	6,510,500	6,625,093	6,757,736
	Additional premium for dock insurance	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
	Transfers from Tourism Funds for "T" Dock improvements on ICW			250,000		
	Transfers from Tourism Funds for dredging				750,000	
	Transfers from Tourism for dock insurance premiums	300,000	300,000	300,000	300,000	300,000
	Marina dredging				(750,000)	
	Construct "T" Dock improvements			(250,000)		
	<b>New Ending Fund Balance</b>	<b>6,230,830</b>	<b>7,010,036</b>	<b>7,410,500</b>	<b>7,825,093</b>	<b>8,257,736</b>

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# Wage and compensation study

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❖ TBD

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# Changes/edits/additions

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- ❖ Other items to consider
- ❖ What's missing? Other projects, initiatives for FY22?
- ❖ Identify other materials needed for analysis and decision making

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# Next steps

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- ❖ Identify need and goals for another budget workshop
- ❖ Create 2nd draft budget based on discussion today