



**Special Ways & Means Committee Meeting
Budget Workshop #2
4:00pm, Thursday, March 12, 2020
Recreation Center
24 28th Avenue, Isle of Palms, SC**

MINUTES

1. Call to Order

Present: Council members Pounds, Smith, Popson, Bell, Ward, Buckhannon, Moye, and Streetman, Mayor Carroll

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 budget assumptions and inclusions, debt obligations, the goals and projects to be funded, and discussion of worst-case scenario for reduced tourism income. He then reviewed the decisions made by City Council during the first budget workshop.

Council Member Pounds asked City Council what a completed budget looks like to them. Council members responded with clarity and long-term confidence for the public, a sound understanding of where ATAX monies can be spent, minimal debt, no property tax increase, no cuts to staff or City services, finding ways to save money, and fixing things. Council Member Buckhannon said that people like to see results and would like to delay any tax increase another year so that paid parking can be implemented and help offset the costs of some projects. Mayor Carroll said it is important that island residents understand how much they get in City services from their taxes.

Council Member Pounds reviewed the remaining existing debt, which totals just over \$6 million. If additional debt were taken on for fire trucks, the drainage outfalls, and the marina docks, it would add \$7.6 million to the existing debt.

City Council then reviewed the worksheet "Summary of Draft #1 of Budget," which indicated spending \$2 million of reserves. Possible additions to and their impact on the FY21-25 budgets were also reviewed. Additions include the inclusion of an annual CPI adjustment for employees, additional 1% of insured value for facilities maintenance in all departments, the cost of a Comprehensive Drainage Plan, in addition to many unknowns such as the costs for infrastructure repairs and improvements to the Front Beach area, the financial impacts of the new Wild Dunes Hotel and paid parking, and the impact of any reduction in tourism.

Council Member Moye noted there is no grant funding included in the budget. Administrator Fragoso said the staff will continue to pursue grant funding and search for grant writing services. Committee members briefly discussed the use of tree fund monies and matching funds from Dominion Energy.

Committee members also discussed the recent conversation regarding a community pool. Mayor Carroll shared he has received many negative comments about the City moving forward with a pool concept. While the discussion of a community pool will continue, Council Member Smith said any mention of its funding should be removed from the budget discussions. Council Member Bell added that the City needs to more effectively manage the properties it already has.

Director Kerr shared a possible plan for the repairs needed for the Waterway Boulevard multi-use path that includes an analysis done by Thomas & Hutton for \$19,000. He said staff will discuss the cost-benefit analysis of the project, adding it could be possibly be added into the Phase III Drainage project.

Committee members discussed possible revenue additions to the budget including income from the Wild Dunes hotel, a property tax increase, and paid parking. Treasurer Suggs indicated the budget already includes a 3% increase in tourism which she believes to be aggressive. Mayor Carroll said he does not want any of the paid parking to affect the residents. He also suggested contacting the Charleston County Assessor's office about reassessing the property taxes paid by the Dewees Island Marina.

Committee members briefly reviewed a spreadsheet detailing the effects 25% and 50% reductions in tourism on fund balances. Treasurer Suggs pointed out that the City has access to \$2.5 million in Disaster Recovery Funds.

After briefly discussing the possibility of a property tax increase to pay for the drainage projects, it was decided that a millage increase matching the debt service for Phase III of the drainage project will be included in the next draft of the budget.

Additional changes to the next draft of the budget would include removing any pool-related costs, keeping in the cost of the Comprehensive Drainage Plan, repairing Waterway Boulevard in FY21 with or without TST funding, adding a provision for small drainage projects.

Administrator Fragoso said that Asst. Director Asero will assess the facilities maintenance funds to determine what may or may not need to be added into the FY21 budget.

Committee members briefly discussed pay increases for employees. Council Member Buckhannon said it is important to include department heads in that discussion. Council Member Pounds suggested that the third budget workshop in April could focus on personnel-related costs.

3. **Adjournment**

The next budget workshop will be Thursday, April 16 from 4-6pm. The meeting was adjourned at 5:59pm.

Respectfully submitted,

Nicole DeNeane
City Clerk