

MINUTES

A Budget Work Session of Walterboro City Council was held at City Hall on Tuesday, April 30, 2019 at 5:00 P.M., with Mayor Bill Young presiding.

PRESENT WERE: Mayor Bill Young, Council Members: Carl Brown, Judy Bridge, Paul Siegel, Bobby Bonds, and James Broderick and Greg Pryor. City Manager Jeff Molinari, and Assistant City Manager Hank Amundson were also present. City Clerk Betty Hudson was absent.

The Mayor opened the meeting and recognized Council Member Judy Bridge, Budget Committee Chairman. Ms. Bridge pointed out that a lot of work has gone into the budget for this year. When it came to looking at what everybody was asking for, the bottom line didn't look good. So, Jeff, Amy and Hank got busy trimming the numbers. They have done an excellent job doing that, and we thank the department managers for your time dealing with your budgets. She then recognized the City Manager Jeff Molinari.

Mr. Molinari said, this has been a challenging budget year. When I received the budgets back from the department managers, we were about \$1.4 million out and we spent the better part of a month working to get that number down and to be able to produce a document that meets the needs of our citizens.

He then gave the following highlights of the budget:

FY 2019-2020 BUDGET SUMMARY

1. \$11,688,460 is the total City budget.
2. \$7,208,360 is the General Fund budget.
3. \$4,480,100 Enterprise Fund budget, which contains our Water, Sewer and Sanitation operations.
4. No ad valorem property tax increase.
5. No business license increase.
6. No water rate increase.
7. Consideration of Adoption of base charge for sewer (\$6/per 2-month billing cycle, \$36 annually).
Mr. Molinari stated that one item he would like to talk about is that we are considering a base charge for sewer (\$6 per 2-month billing cycle, \$36 annually). We have a base charge for water, but we don't have a base charge for sewer. What we would put into the budget, would show you what a base charge of \$6 per 2 month cycle, at \$36 annually would generate. It's a little over \$106,000.
8. Camering of Sewer Lines.
This is one of the things that we have had to put on hold in the last couple of budget years. As you are aware, we have a lot of aging infrastructure in the ground, and we have an issue with inflow and infiltration with our sewer lines.

Mr. Molinari stated that there are a number of avenues out there as far as grant opportunities - CDBG, USDA, RIA. But the catch with all those

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grant sources is that you have to pay for the camering. So, that is typically expected of you, but the potential return on investment is significant. CDBG grants are typically in the range of \$.5 million to \$1 million. As we have experienced with the upcoming well on Mable T. Willis Boulevard, we can get up to \$1 million there.

9. **1.0% Increase in SC State Retirement (City).**

Mr. Molinari told Council, as you are aware, the General Assembly has been phasing in increases to the employer side of State Retirement. I believe that this will conclude in 2022. But one of the things that the General Assembly did to help deal with the deficits we currently have in the State Retirement System, is that they have capped the employee portion, but they have continued to increase the employer portion.

When this is all done in 2022, the City is going to be paying a little over 22% for PORS (Police Officers Retirement System), and over 18% for all non-sworn personnel, so that is a significant liability that we have to undertake. One thing, that the General Assembly has done since they initiated this a couple years ago is that they have given us a 1% credit to help offset these increases. But what we are seeing over time is that credit is becoming less and less significant. It certainly helps, but this is something that we are going to be challenged with as we move forward.

State retirement is a great benefit. It's something that we can offer our employees that really distinguish us from the private section. But it has been increasingly challenging to provide that. The thing with State Retirement is once you are in, they don't let you out. So, this is just something that we are going to have to deal with moving forward.

Council Member Pryor then asked, what is the City's contribution now? Mr. Molinari answered, currently for non-sworn employees, it's 14.56% and for police officers, it's 17.24%. In next year's budget, it will be 15.56% and 18.24%. So, you are talking about a significant amount of money.

Mayor Young asked if the employees' percentage portion would go to 9%. Mr. Molinari responded that's correct. It has been capped at 9% for regular employees and 9.75% for law enforcement employees.

10. There will be no increase in our insurance premiums.

11. There is a proposed 1.0% cost of living adjustment for city employees.

The City Manager then gave the following details for each City department budget:

MAYOR AND CITY COUNCIL

- 2019 Municipal Election Cost.

CITY MANAGER

- Status quo.

FINANCE

- 300 Hampton Street Improvements. We received some USDA funding and we are looking at putting in a handicap lift, handicap restroom, installing a

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generator and replacing the roof. When we purchased 300 Hampton Street, we envisioned that the downstairs conference room could be used as a City's emergency operation center in the event of a severe weather event.

PUBLIC WORKS

- Status quo.

PLANNING AND DEVELOPMENT

- \$25,000 has been allocated for demolition of substandard properties.

POLICE

We are proposing two (2) new patrol vehicles and one (1) new administrative vehicle. We have some resources available to purchase some things in this budget year, which enables us to take out of the budget for next year. So, next week, I will be coming to you with a request to purchase a new patrol vehicle for police which would give us a net, if approved by Council, three (3) new patrol vehicles and one new administrative vehicle.

JUDICIAL

- Status quo.

FIRE

- We are looking at some drainage improvements to Station 3 on Robertson Boulevard.

SANITATION

- We are looking to purchase a new Residential Sanitation Truck and a new Commercial Sanitation Truck. Keep in mind, I know that when we met with Willdan a couple of weeks ago, we had a really good dialog about the commercial side of sanitation pickups, specifically as it relates to dumpsters, and I'd like to continue that conversation. However, it does benefit us to put a place holder in the budget for new sanitation vehicles, because the turnaround time on those vehicles is typically at a minimum six to eight months. What we have done in the past, is finance our vehicles over a 5-year period. We usually don't see the debt service hitting us until the following fiscal year, and you will see that as we go through our debt service.

PARKS

- We will have a Discovery Center Opening next year, and we have included \$50,000 in the Parks Department to go toward operational costs, which will include resources for a part-time person in the Parks Department, who would be dedicated solely to maintaining the grounds of that facility, a part-time events coordinator, as well as we are looking at doing our live animal exhibit maintenance, doing that in-house, and then all the other expenses that we are going to have with the Discovery Center, electricity and things of that nature.

TOURISM

- Status quo.

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WATER

- Purchase a new pickup truck.
- Engineering for the Mable T. Willis Boulevard Well.
- Engineering for Eastside Waterline Project (CDBG match). That is a CDBG Project. As you are aware, we have been working on the North Lemacks Street Revitalization Project for some time, and because Phase III was so intensive and took us so long to close out, we missed our window in applying for CDBG funds. The good news is that the County has a slot and is going to allow us to be the subrecipient. They would be the applicant and we would be the subrecipient, which we have done before. This will allow us to offsize some aging lines on the east side of the City in the County, which more than meets the low-to-moderate income threshold that CDBG requires. It will also allow us to continue to purchase new radio read meters, which has been an ongoing effort by the Water Department.

UTILITY SUPPORT

- Status quo.

SEWER

- We are looking at purchasing a new service truck with a crane body.

On a question from Council Member Bridge, Utilities Director Wayne Crosby stated that the main function of the service truck would be to pull sewer pumps from the lift stations. The newer lift stations have larger capacity pumps.

SEWER SUPPORT

- As I have mentioned there is a need for a sewer system camera and flow monitoring.

REVENUES

The City Manager then gave the highlights of the revenue section of the budget as follows:

Property Tax - We have seen a steady uptick in revenue, and we are projecting \$1,760,000. As you are aware, we have had an uptick in commercial construction, which will assist us. We are proposing to maintain our current millage rate of 86.4 mills.

Fines and Fees - We are budgeting \$50,000. As you are aware, we have been having to come to terms with an edict that came down from the Chief Justice of the Supreme Court which makes it much more difficult for us to collect fines, and as a result, it has significantly diminished our revenue.

State Shared Revenue - This is the local government fund. You probably are aware that there is some legislation in the General Assembly circulating right now about stabilizing the local government fund. The local government fund has not been fully funded since 2008. That's when we went into the Great Recession. Just to put it into perspective, if we were to be fully funded pursuant to state law, our share of the local government fund would be a little over \$170,000 and right now we are projecting

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\$122,000. So, just do the quick math, that's an additional police patrol vehicle that we could purchase. So, that's real money that has an impact on us.

State A-Tax - Pursuant to state law, our hotels collect a 2% state accommodations tax. \$25,000 of that money goes directly into the City's General Fund and then we have 65% and then 30%. 65% goes before the A-Tax Committee, which makes recommendations to Council on how to spend that money and then 30% of that money goes to our DMO -the Designated Marketing Organization- which is the Walterboro Tourism Commission. So, all those dollars are reinvested into the City, but we also get to put, of that 5% that's left over - that goes into our General Fund. So, we are projecting \$43,000 in revenue here. That has continued to go up as well, and we can thank the opening of the new Hampton Inn. It has really had a positive impact on us.

Business License Revenue - We are projecting \$890,000, which is what we are anticipating at the end of this fiscal year. Also, the Municipal Association collects business licenses for us on insurance premiums and telecommunications. It's a beneficial arrangement because we pay the Municipal Association a fee for collecting it, but they can do it more efficiently than if we had 270 municipalities trying to collect it independently on their own.

Permits Revenue - We are projecting \$64,000.

Interest - I asked Amy to add this new line item in revenue this year. The local government investment pool, in which we have \$2,000,000 of our General Fund parked is able to provide a very favorable interest rate. That has gone up steadily since we've had our money in there, and last month, they paid us 2.46% in interest; plus last year we put out an RFP for banking services and South State Bank is paying us a more favorable rate. So, I wanted that to be reflected there.

Franchise Fee Revenue - We are projecting \$730,000 and includes SCE&G, Coastal, PRTC and Comcast.

Miscellaneous Revenue - A small portion of that is our Planning and Development fees. If somebody goes before the Board of Zoning Appeals for a variance or a special exception, there is a fee associated with that, which is really just trying to cover our costs for posting the property and advertising the meeting in a newspaper of general circulation in the City.

We have also accounted for our Discovery Center revenue in this line item. We will propose, not in this year's budget, but in the following year's budget, once we have the Discovery Center up and running - that really needs to be accounted for as an Enterprise fund, showing revenues and expenses and accounted for more like a business. But this year, I think it would be best for us to just absorb those expenses into our General Fund, and then when we can put together the budget for next year, we will have some history there, and it will be easier for us to do that.

Local Option Sales Tax - Again, this has been very favorable for the City. We monitor this very closely. We receive two checks from the State every month. One check is based on our population relative to the municipal population in the County, and then the other check is a credit that we give back for property tax, which is 71% and then the other one is 29%, but that has continued to increase.

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Victim Assistance Fund - Again, this is something that has been impacted by the State Supreme Court. The Victim Assistance Fund that comes from a special assessment placed on tickets, helped to pay for the City's Victim Advocate, but really does not come close in matching that. As you are aware, we make a transfer every year from the Enterprise Fund to the General Fund. One thing that I have tried to do over these past five years, is trying to lessen the City's dependence on that transfer. I don't think it's something that we can completely do away with, but a few years ago, we were transferring over a million dollars, so we've been able to whittle away at that.

On a question from Council Member Broderick regarding the amount being transferred, Mr. Molinari answered that he believed that amount is less than 10%.

Reimbursements - Mr. Molinari stated that the City has been providing post employment benefits, specifically health insurance to retirees since 2000. There were some changes with the way that it is accounted for through the Governmental Accounting Standards Board. They issue these statements every year, and GASB Statement 45 really impacted every municipality adversely. It used to be that with any post retirement health benefits you could pay as you go. Unfortunately, what happened is that the Governmental Accounting Standards Board started looking at the bigger picture. They were looking at larger cities that were running up huge liabilities with retirees health insurance, and as a result we had to account for it differently to where you had to be able to show your entire liability. Just to give you an idea, when I started here a little over 5 years ago, we had about 75 employees or former employees who were eligible for health insurance benefits, post retirement. That number is now 42. So, what you are going to see is over time, that liability will go down. With that being said, for a number of years, we put money away in a trust that is an affiliate organization of the Municipal Association which actually sits on the SC Orbet Board, but we made a determination last year that we have put \$1.7 million into this trust and we haven't really reaped any benefit from it. We are starting to see some more people retire and we are having to pay those benefits. This is our money - let's start drawing down from that and paying off that liability, or paying those premiums I should say.

Grants - Under grants, we were able to get some USDA money for some projects that I have mentioned for 300 Hampton Street. We are also getting some USDA funding for a new patrol car and we are also getting, every year through the Municipal Association \$2,000 grants each for police, fire and public works.

We make an annual transfer from our local hospitality account to the General Fund. This year, that amount is \$150,000. The local accommodations tax transfer is \$90,000. As a new line item, we are making a transfer from the local accommodations tax to the Discovery Center. That is an eligible expense under the statute for the expenditure of local accommodations tax. So, the total projected revenue for the General Fund is \$7,208,360.

Mr. Molinari then went over the projected revenues for the Enterprise Fund, which were as follows:

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|------------------------------|-------------|
| Water | \$2,150,000 |
| Service Charges and Tap Fees | \$ 100,000 |
| Interest | \$ 7,000 |
| Misc. Revenue | \$ 10,000 |
| DHEC H2O Safe Water Act | \$ 25,000 |
| Residential Garbage Revenue | \$ 247,500 |

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|----------------------------|-------------|
| Commercial Garbage Revenue | \$ 242,000 |
| Transfer in | \$ 100,000 |
| Sewer | \$1,288,000 |
| Sewer Taps | \$ 70,000 |
| Interest | \$ 7,000 |
| Miscellaneous | \$ 1,000 |
| Environmental Testing | \$ 17,800 |
| Grant Revenue (USDA) | \$ 50,000 |

Mr. Molinari gave more details on the Enterprise Fund projected revenue as follows:

Transfer in - \$100,000. - Mr. Molinari said that this is for the design and engineering of the Mable T. Willis Well. Over time, the Consumer Deposit Account built up a fairly significant amount of interest and we have been able to draw down that interest to fund some water and sewer projects that served as a match for CDBG projects. Now, we are proposing to use the remains of that for the Mable T. Willis Blvd. Well. As you are aware, we have already received \$1,000,000 from Rural Infrastructure to build that well.

Sewer Revenue - We are projecting \$1,288,000 in revenue. Also, you can see in bold what it would generate to have a base charge for sewer at \$6 per billing cycle. Like I said, I would like to bring Willdan back sometime next month. I think they gave a really good presentation, but I'd really like to get into the nuts and bolts of that and really demonstrate to City Council what is possible if we tweak a few things.

Regarding the base sewer charge of \$6 per billing cycle, Mayor Young asked the City Manager if there would be any customers who would not be paying at least \$6. He asked is the sewer charge based solely on the amount of water use. Mr. Molinari responded yes. Mayor Young then said, so it's not like the water account where we have a minimum charge for so many thousand gallons. The sewer is based solely on that, so the \$6 would actually be just like a service charge on the sewer account? Mr. Molinari responded yes. Mayor Young then said, so it would be just an addition to what we are charging. So, it's not a base charge that allows the use of so many gallons or anything? Mr. Molinari said, that's correct.

Sewer Taps Revenue - \$70,000.

Interest - \$7,000.

Miscellaneous Revenue - \$1,000.

Environmental Testing - Again, this is just a pass through, we are projecting \$17,800.

Grants - We are looking for some projected revenue from USDA of \$50,000.

Council Member Brown then asked about sewer taps revenue for \$100,000. He asked is this the amount we make a year from sewer taps? Mr. Molinari responded that figure is \$70,000. Mr. Molinari further explained that the figure show \$100,000 for water taps and \$70,000 for sewer taps. Councilman Brown then asked is this for new connections? Finance Director Amy Risher explained that septic tank dumping is the majority of the \$70,000 figure for sewer taps. Septic tank dumping is around \$60,000 and sewer taps are around \$10,000. Mr. Brown then said so that \$70,000 figure is not just for sewer taps. Ms. Risher responded, that's correct.

Mr. Molinari then summarized each individual department budget as follows:

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Mayor and City Council Budget

City Manager Molinari stated that the projected cost for the election this year is \$3,500.

He also stated that Council had asked that staff make some improvements to Council Chambers. You'll see here that \$10,000 is taken out, but that figure is actually things that we can get done this budget year. I have already met with PRTC and we are looking at some different options - higher quality projectors, as well as a new recording system.

We are also proposing an increase in our employee Christmas Gift Bonus. On the first payroll in December in handing out the pay stubs, we also hand out the Christmas Bonus, so our employees have a little more money around Christmas time, and that has been very favorably received by our employees, and I recommend that we increase that amount.

Our retirees' insurance is still the same.

City Manager Budget

Mr. Molinari stated that nothing is really new in this budget. This reflects historically what we have had with travel and membership dues. This is a very straightforward budget.

Mayor Young asked, is this one of those years where we would have an extra payroll? City Manager Molinari responded, that was a few years ago, and it was just the way that the calendar fell, but we found a way around that. The only reason why you see that is because it's still in this spreadsheet. We can take it off. It has no impact on us this year.

Finance Department Budget

Status quo, as far as personnel.

Under line item No. 151, you will see annexation rebates. As you will recall, the City back in 2013 came to a settlement with the county. Per the terms of that agreement, when the City annex property which is unincorporated and pays Fire District millage, the City reimburses the Fire District for five (5) years. The whole reason for that is that there was debt service involved on the part of the fire district. Annexation would have an adverse impact on paying off that debt service.

I have already discussed the renovations to 300 Hampton Street.

Public Works Budget

Mr. Molinari said, one thing I did want to mention here is that City Council asked staff after the retreat to replace the windows at City Hall. Our Public Works Director got a figure on that, and it was quite high, about \$200,000. What I would suggest to you, obviously this will be a discussion for a future retreat, but I would strongly suspect that the Capital Project Sales Tax will go back before the voters in 2022. I think that updating City Hall will be a good project for that. Also, I am not sure at least in the short term that we would see a real return on investments as far as energy savings. That's what I am trying to say, I think we can get through the next few years okay with the same windows we have. Looking at the big picture, I think that a full renovation of City Hall would be a great project in a future Capital Projects Sales Tax. But obviously, that's something that will be discussed further.

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Planning and Development Budget

No major changes there. You can see that the bulk of our expenses are contractual arrangements with Safebuilt, which they get 90% of our building permit revenue, and then we also have \$25,000 for demolition.

Mr. Brown asked about the line item for Safebuilt. He asked, what are we paying Safebuilt? Mr. Molinari responded that the amount is \$49,500. We are projecting \$55,000 in permit fee revenue and 90% of that is \$49,500.

Mr. Molinari added that there is also money in this department budget allocated for the City Appearance Board. He said, as you are aware, Dana Cheney has been extremely active on that front and he has requested to attend some litter prevention conferences, and he has done a very good job in securing grants for the City through Palmetto Pride.

Police Department Budget

Mr. Molinari pointed out that this is our largest department. One of the challenges that we have had and probably the biggest challenge that we have had in the Police Department has been in keeping our fleet up to date. We have a number of vehicles that are over the 100,000 miles threshold. We did have some bad luck where one officer's vehicle was totaled after hitting a deer, and we've had another unfortunate situation last year. As a matter of just good sound budgeting, we really need to include new patrol vehicles every year in every budget. In the short term, it's easy if you are trying to balance a budget to cut these capital items back, but I tell you especially with police cars, that can come back to bite you if you don't keep your fleet current.

Councilman Pryor then said, so basically what we are doing now is replacing those two old Crown Vics. So, are you saying to really get up to date, we need seven (7) vehicles? Chief Marvin responded that would replace the Crown Vics. That would replace the 7 old cars that we have, correct and then continually get cars every year that would get us where we need to be.

Council Member Bridge then asked, have we found that changing our insurance is a good decision. Ms. Risher answered affirmatively. Mr. Molinari added, that the new company is easier to work with and it's been beneficial to our bottom line. What I appreciate most about both those insurance programs is that when we were with the state, they sort of kept you at arms length, and with the Municipal Association and those two affiliate programs, you have access to all their resources, so the training information and all that, they really hold your feet to the fire. They will come down here annually and audit everything that we are doing, so I like that and I know from a safety standpoint, law enforcement that there is a number of simulators and you may have seen some of that at the conferences that you go to, but it's been very beneficial. Ultimately, and what I have tried to instill to our department managers is the importance of safety and when we have an incident, that doesn't occur in a vacuum. That has a ripple effect through our general fund to our enterprise fund which impacts everybody's budget, because unfortunately, the more incidents we have, the worse our experience modifier is, and the more our premiums cost. But I am very pleased with the Municipal Association. I think they do a very good job in that regard.

We are also proposing a new admin vehicle for the Deputy Chief. Kevin has been with us for almost 5 years. He has been a great sport, but we can't have the Deputy Chief driving around in that car, which has more than reached its useful life.

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Fire Department Budget

This is pretty much a status quo budget, other than we need to make some drainage improvements to Station 3. You will probably notice in driving by the substation on Robertson Boulevard that the station and the driveway are a little below grade. What happens during the summer when we get intense rain events over a short period of time, that the base fills with water and we can't have that.

Parks Department Budget

Under this department, Mr. Molinari stated that he would like to mention one capital item, which is another item he'd like to place in this current year's budget.

One of the things that City Council has talked about and has asked the staff to address is the condition of Ireland Creek. I have asked our Parks Director Ryan McLeod to look at some equipment that would enable us to better maintain that area. As you are aware, the City has sent a letter to the Army Corps of Engineers, exploring with them what we can do above and beyond what we have been doing, which is essentially cutting it every November or December. I haven't received a letter back from the Army Corps, however, I did receive some followup questions from them, which I take is a good sign. The great part about this piece of equipment, and it's called "a Ventrac," and we actually had the vendor here a couple of months ago, and Ryan and I and Hank were able to see a demonstration, which actually enables the individual driving the Ventrac to get right in the creek, driving on those mounds to maintain that area. But also, I think most beneficial of this, is it would allow us to maintain our interchanges much more efficiently and more safely. As you are aware, the slopes on those interchanges are pretty severe. The day that we had the demo, Ryan sent me a video of the cutting of the interchange at Exit 53. Another detail, as far as efficiency, I know there is cutting that Ryan's crew performs that takes up a lot of man-hours, and this particular piece of equipment for certain sections would allow the crews to do it much more efficiently and less man-hours.

Ryan McLeod, Parks Director, added, what I would say is that it would still allow us to use the tractor on less sloped areas, because right now there is a safety concern with the pitch that we have with our John Deere Tractor and our bushhog. We could run the bushhog in flatter safe areas and also run the Ventrac. The Ventrac is very user-friendly. He pointed out that this machine could be used in cutting Ireland Creek and on the slopes. Mr. McLeod then discussed the different qualities of the Ventrac.

Mayor Young pointed out that there are a couple of cypress trees growing in the middle of the creek, so we might not want to do anything to get rid of them, unless there is a reason we need to.

Ryan McLeod pointed out that the warranty on the Ventrac was one year. He recommended that if the City purchased the machine through Reynolds Truck and Tractor of Myrtle Beach, who services the machine. Mayor Young asked Mr. McLeod if his crew also cuts the grass at the Wastewater Treatment Plant? Mr. McLeod responded, we only do our small section. The Wastewater Treatment crew does a good job keeping the grass cut there.

Mr. Molinari said with the Ventrac if Council were amenable that we could pay for out of this year's budget, in fact I asked Ryan to put together a proposal and interestingly enough, it actually behooves us in this situation to go through one vendor. By competitively bidding it, we would actually end up paying about \$800 more. Mr. McLeod said, what happens and it goes to source and it becomes a multiple bid, they generally take 13% off retail or whatever their distinguished price is through Ventrac.

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In this situation, if we don't bid it out, we can get our full 15% off, which is a full 2% savings, which is roughly \$800.

Tourism Budget

You will see a line item for the First Thursday event. We have actually taken those expenses and put them into line item 113, which is advertising and promotions. Mr. Broderick asked if the First Thursday event would be eligible for A-tax money? Mr. Molinari said, I think there would have to be a larger event that was affiliated with that, for example the Criterium. The idea with First Thursday is to try to do something that will benefit our downtown merchants, improve their sales and hopefully lead to greater occupancy rates of our storefronts downtown.

Mr. Broderick asked, if something was brought into the Discovery Center and tied into the First Thursday, would that make it eligible for A-tax funds? Mr. Molinari, I guess you could potentially do that. The state statute is pretty specific on what you can use those funds for.

Council Member Bridge then asked, are we doing an advertising campaign for the Discovery Center? Mr. Molinari answered, we will be. Mayor Young asked if money was in the budget for a big opening event for the Discovery Center. Mr. Molinari responded that this was included.

ENTERPRISE FUND

Water

As you are aware from hearing the presentation a couple of weeks ago that we have a very healthy Water Enterprise Fund. As I mentioned in the summary, we are continuing to purchase new radio read meters. We plan to continue to do that, but also do a handful of capital items. Wayne is in dire need of new pickup trucks and is recommending a new pickup truck.

I have already talked about the new Mable T. Willis Blvd. Well and the Eastside Waterline Project, which is the CDBG Project, which I will be bringing before you next week at the May Council meeting.

Utility Support

This is a department that we created a few years ago to reflect the individuals over at 300 Hampton Street, who are engaged with water, sewer and sanitation billing. You will see under Utility Support, a line item for a rate study. We have nothing under there, because Council fully funded that last year and we are still in the process of going through that rate study with Willdan.

With Utility Support, we have put in all of our debt service. The Water and sewer we have, the state Revolving Fund and RIA Wastewater Treatment Plant upgrades. Those are costs we have that are recurring

Sanitation

There are no real changes there, but what I would like to do is to have a session with Willdan about our Sanitation Pickups. Everybody loves our residential pickup, but with commercial service, we are really at a critical juncture where either we need to continue to invest in that operation or look at potentially divesting ourselves of that. When I say commercial service, I mean dumpster service. I will give you a perfect example. Both of our commercial trucks are aging and last year, we had both of them

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go down, and we had to contract with someone, because we had to continue to provide the service. But obviously, residential is something that we hear nothing but positives about, and I think that's a service that is really is best be done in-house. In talking to other jurisdictions that have tried to contract that out, we just have so many benefits of that. We have drivers that have been doing this for 34 years. They know the people, they know the routes and they do a great job for us.

Sewer

This is the operation of the operation of the Wastewater Treatment Plant. Line item 305 - system cost, we added an additional \$12,000 there to get a couple of new pumps at the lift station at the Country Club.

Under Capital Items, Wayne has already talked about the service truck with the crane body. We are proposing to purchase that.

Sewer Support

These are our gravity lines. This is where our Public Works Director and Street Superintendent comes out of this budget. We have in there what we did with the sewer system camering and flow monitoring. That's very expensive to do. In trying to put together a budget, and what we did was the total projected cost was \$235,500. What we did was we split that down the middle to whereby we would do half of the work in this fiscal year and half of the work in the next fiscal year. That's really contingent upon the fee that we talked about related to sewer before. What I'd like to do is bring Willdan back and have a more detailed discussion before we do Second and Final Reading of the budget.

Debt Service

In 2011 the City refinanced its General Obligation Bond, and we had made our last payments of \$90,130. So that officially comes off the books. We still have another General Obligation Bond hanging out there. This was done for the rehabilitations to the parks, which we did as well as some capital items. The second GO Bond was a 180-month issue, and that will be satisfied in 2026. As you will recall, we purchased some new fire apparatus a few years ago and are financing that over a 5-year term, and that will be satisfied in 2021-2022. We also purchased a new grapple truck for Public Works and it was also financed over a 5-year term, and that will be satisfied in 2022-2023.

When you get into the Enterprise Fund, which is where you see a lot of activity, we did an extensive sewer line rehab in 2001 and refinanced that debt in 2011. That debt will go away in 2021-2022. We are looking at a little less than \$214,000 for that. We also did a rehab of some wastewater on Bells Highway. The first residential truck that we purchased in the 2014-2015 budget year is finally going away. You can see how low interest rates were at the time. We financed that truck at 1.61%. When you compare that with what we are paying for our new residential truck, that's almost double for that.

We have our new residential garbage truck which we took delivery on in January, and that debt service will come on line in this budget year.

Mr. Broderick then asked the City Manager about the wastewater project on Bells Highway. He asked when will that come off debt service - that's a 20-year debt. Mr. Molinari replied that he did not know for sure, but he would suspect that if that was refinanced in 2011, then that debt would probably come off the books in 2031.

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Transfer Allocation

Mr. Molinari said that a couple of years ago, City Council adopted a set of financial guidelines and policies and it was specifically directed toward the transfer that we make from the Enterprise Fund to the General Fund to where we can document every dollar to be traced back to the General Fund, and there are a few different methodologies that we do that. We do a cost of service allocation which is based on salaries and the amount of time that City Council spends on the Enterprise Fund, that the City Manager's office spends, that Finance Department spends. We also have what is essentially a franchise fee - a 5% that gets billed back to the City, and then we also have a payment in lieu of taxes and a rate of return. Transfers from the Enterprise Fund to the General Fund, we are not unique in that regard, it's a very common practice throughout the state.

We also did the same transfer allocation for both our local hospitality tax and our local accommodations tax. Local hospitality tax and local A-tax are completely identical. If you look at the state statutes as far as the expenditures that it can be used for but clearly tourism related buildings, tourism related cultural, recreational or historical facilities, Discovery Center and all the other expenditures fit right in there. So, we are very comfortable in what the State statute allows.

Special Funds

- A. Just to go through our last line item - Special Funds. Our local A-Tax we continue to see and uptick with that. We have expenses that come out of that every year - our lighting at Exit 53 and Exit 57, we pay for with local A-Tax. We are going to be transferring \$30,000 to help with the operation of the Discovery Center. We transferred \$90,000 to the General Fund and then the bond for the Discovery Center will be paid for from local accommodations tax for the first three years, I believe.
- B. Local Hospitality Tax - same thing. More restaurants continue to come on line. This is going to be huge for us. The more businesses we have that serve prepared food, the better for us.

We have a little bit of interest income from South State Bank.

Our primary expenses are our transfer out, and as you are aware, the City helps to pay for some of the debt service for the Veterans Victory House. That will go away, and I believe it's three years. Then we also for the design and engineering cost for the Loop Project, the City did a transfer in and out of that account, and then we have 30% which goes to advertising and promotion and 65% to the Accommodations Tax Committee. Then you have the \$43,000 which goes into the General Fund.

Debt Service

We have some debt service as well that's associated with our Special Revenue Funds. You can see with the Tax Increment District that will go away in 2021. The Victory House debt will go away in 2021. As soon as we finish paying that off, you can see that the bulk of the interest and principal for the Discovery Center will be paid off with what we are paying in local hospitality tax for the TIF and for the Victory House. The good news is that our tax base that we are drawing hospitality tax from is much stronger today than it was when we first did those bond issues. So, that is the 2019-2020 budget. I will be happy to answer any questions you may have. I have mentioned a few items that I would like to take care of in this year's budget which will go before Council next week. I'd like to bring Willdan in again, ideally before we do Second Reading to talk about the Water and Sewer and Sanitation and to do some

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more detail, but I can't thank Amy enough and the Department Managers. They have been great. It was a challenging budget. You know, doing the budget is like putting together a puzzle, and there are a lot of moving pieces and parts, but everybody really did a bang-up job on it and I am pleased with the budget we have put together, and I am comfortable recommending it to City Council.

The Mayor thanked the City Manager and said, I know that is a lot of work.

There being no further discussion, a motion was made by Council Member Bridge to adjourn the meeting, seconded by Council Member Broderick and passed unanimously. The Mayor said, I need to remember to say something about this in the meeting Tuesday night, but when we had the storm come through the other day, our crews were out there immediately, and I know that Judge Buckner was singing their praises because he had a big tree down across Mystic Lane and our guys were out there very quickly taking care of it. Hank Amundson said he had gotten a couple of compliments in the last couple of days about the clean up after the Rice Festival. Mayor Young said he had noticed how quickly it was done and that our men had done a great job. We need to thank you publicly.

The Mayor then adjourned the meeting at 6:30 P.M. Notice of this meeting was distributed to all local media, posted on the City's website and the City Hall bulletin board at least twenty-four hours prior to meeting time.

Respectfully,

Betty J. Hudson
City Clerk

Please note that Bobby Bonds did not vote on the motion to adopt these minutes, as he is no longer a City Council Member as of the approval date: