

TOWN OF MOUNT PLEASANT, SOUTH CAROLINA
BUDGET COMMITTEE
Friday, March 22, 2019
Municipal Complex, Committee Meeting Room, 3rd Floor
100 Ann Edwards Lane
Mount Pleasant, SC 29464

MINUTES

Members Present: Mayor Will Haynie, Joe Bustos, Kevin Cunnane, Kathy Landing, Tom O'Rourke, Jim Owens, Gary Santos

Members Not Present: Bob Brimmer, Guang Ming Whitley

Staff Present: Eric DeMoura, Town Administrator; Marcy Cotov, Chief Financial Officer

Mayor Haynie called the Budget Committee meeting to order at 9:16 a.m.

1. Public Comments

[None]

2. Presentation of the Distinguished Budget Award

Mr. DeMoura thanked Mayor Haynie and stated that it was a pleasure for him to present next year's proposed budget and five-year financial plan. He was glad that the budget is out of his hands and on their desk. The budget is hot off the press, and it is a good budget, he is proud of it. He stated his hope today was to be successful in framing the budget and what is in it, and what assumptions were made in its creation so that it provides a good framework. He wanted them to have a good feel for when the budget deliberation process which starts when the book is opened, and more formally the first day of Committees which is April 1. Mr. DeMoura thanked department heads and their staff for producing not just next

year's budget, but the five-year financial plan. It was a large undertaking and took a lot of time and resources. He wanted to specifically thank Marcy Cotov, and her team; Jonathan Edwards, Peggy Conkel, Shawna Wilber and other members of her team that have put in a lot of hours. He said that was a good segue for the item that was mentioned earlier. The Town was presented with the Distinguished Budget Award from the Government Finance Officers Association (GFOA). This is a big deal and a lot of credit goes to Marcy Cotov and her staff. He asked for Ms. Cotov to come forward and present it to the Mayor and Council.



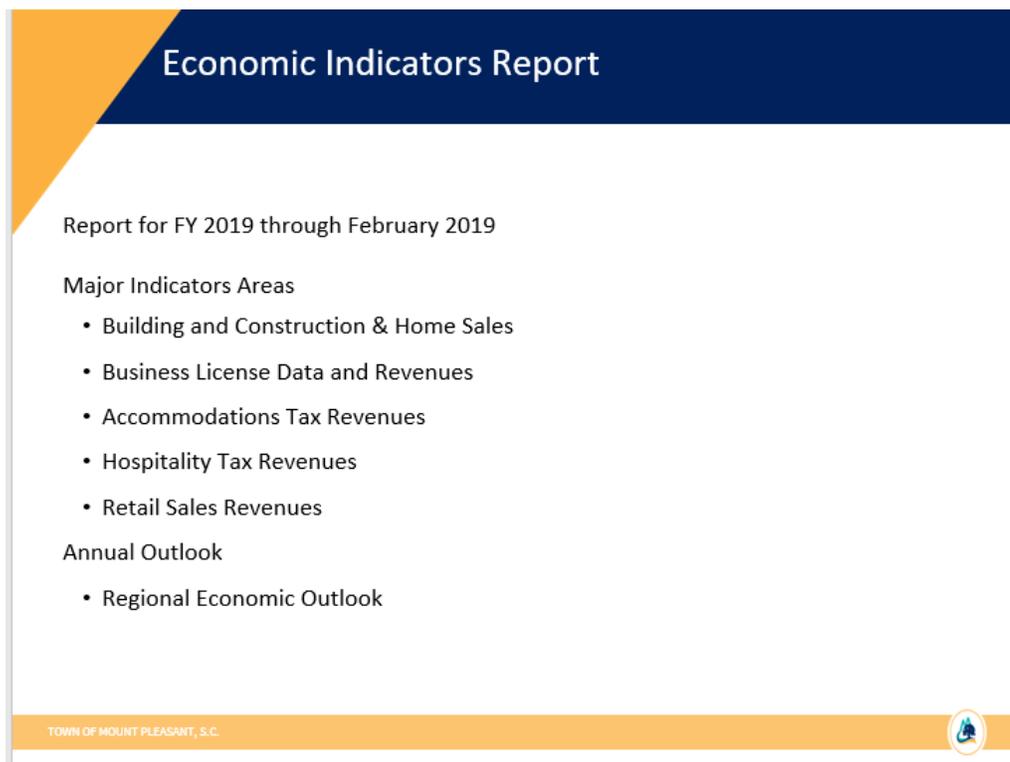
Ms. Cotov stated that it was her pleasure to present to Council the National Government Finance Officers Association Distinguished Budget Award. The award represents a significant achievement by the Town and reflects the commitment by Administration and the Administrative Services Department staff to meet the highest principals of budgeting. To receive the award, the Town had to satisfy nationally recognized guidelines. The guidelines are designed to assess how well the budget serves as a policy document, a financial plan, an operations guide, and a communications device. Council's guidance and support, along with the efforts of Jonathan

Edwards, created a budget that received an outstanding 21 out of 27 criteria, an overall outstanding for all four guiding principles, and the Distinguished Budget Award. Thank you.

Mr. Santos stated that in the absence of press, perhaps the Town could take out an ad so that people can see that we are handling our finances in the proper way.

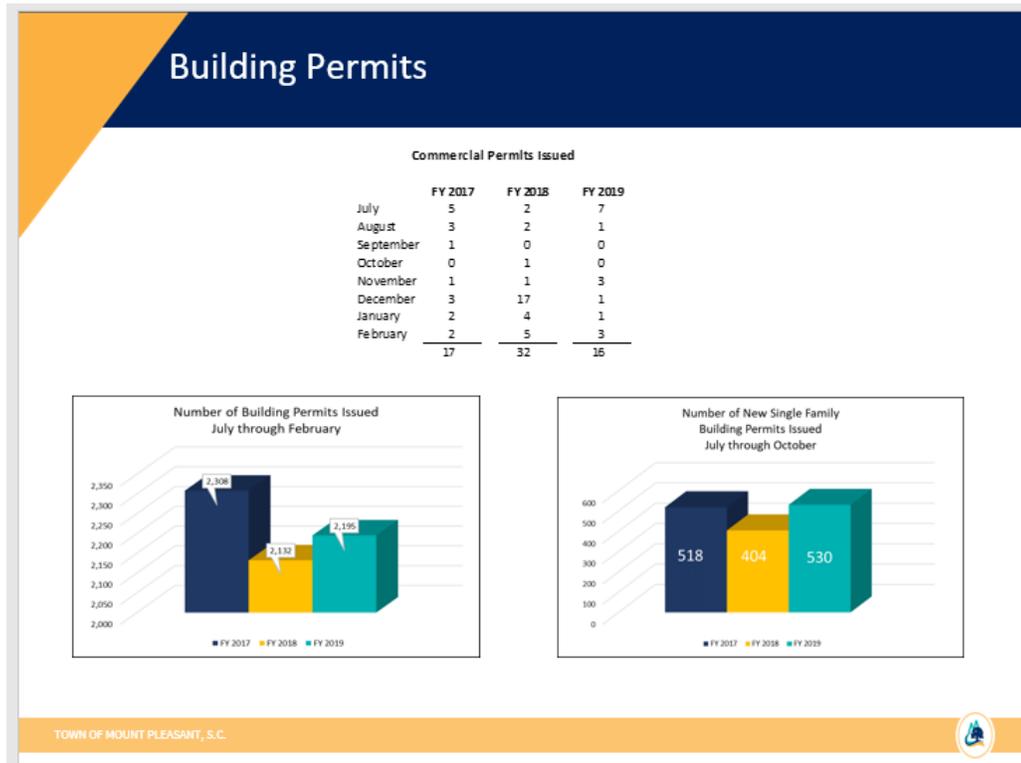
Mr. DeMoura thanked Mr. Santos, members of Council, and the Mayor. He stated that he is going to begin the budget presentation. He wanted to start at the 30,000 footmark and zoom in slowly. He said he would start with the construction of the five-year plan with a review of the economic indicators. He would then work through to the proposed budget and down to each department individually, and then onto the CIP.

3. Review of Economic Indicators

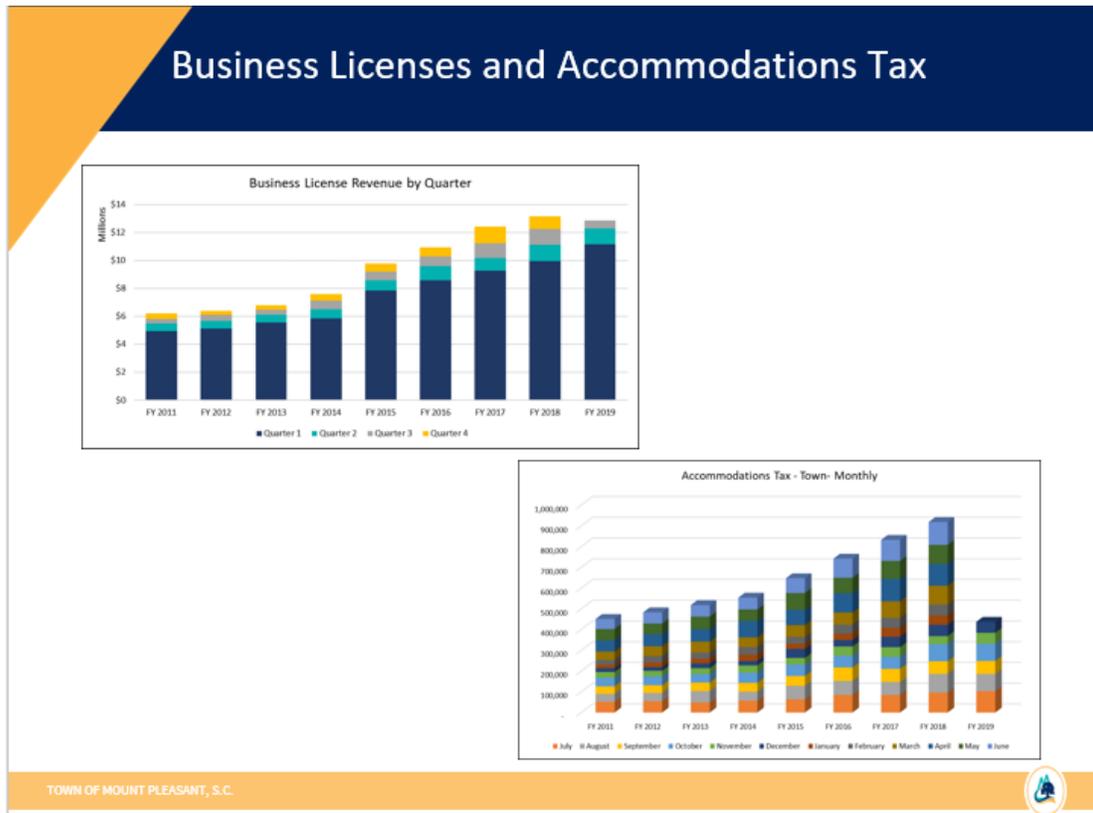


Ms. Cotov stated that included in the budget is the Economic Indicators Report through February 28, 2019. Staff constantly focuses on the main areas shown on the slide: Building and Construction data, along with

Home Sales data, Business Licenses and Revenues from Accommodations Tax, Hospitality Tax and Retail Sales. She stated that annual data is also monitored. This report includes the recent Charleston Metro Chamber of Commerce Regional Economic Outlook report.



Ms. Cotov said the total number of building permits issued for the first eight months is up 3% from FY 2018, and down 5% from FY 2017. Commercial permits are down from the prior year; mostly due to a spike in commercial permits in December of 2017, which was right before an Impact Fee rate increase. The number of commercial permits is close to the number that were issued in FY 2017. Single family permits are up 126, or 31%, above FY 2018, but only 2.3% above FY 2017. December saw a spike of 111 single family dwelling permits issued, which may be due to the discussions at that time of a building permit allocation system.



Business License Tax is a major component of the Town’s operating revenues. It is important to monitor classes of businesses, the number of businesses and gross income of those businesses, as all of those can impact revenues. The revenue from Business License through February is up 8%. The slide shows the Town’s Accommodations Tax monthly receipts. Receipt of the funds run two months in arrears. As of the end of December revenues were 3% above December of 2017, which was 16% above December of 2016. The Town continues to experience growth, but at a more moderate pace. For that same time period local sales tax revenue was up 1% and hospitality tax was up 3.3%.

Economic Indicators

“The 2019-2020 forecast for the region indicates continued economic expansion, though at a more moderate pace than in recent years. The nation has seen 10 years of expansion since the Great Recession, soon to become the longest period of economic expansion in U.S. history. Barring any unforeseen circumstances, there is no recession forecasted for the immediate future.”

Charleston Metro Chamber of Commerce Economic Outlook Conference

TOWN OF MOUNT PLEASANT, S.C. 

Ms. Cotov stated that during the year, as annual data is available, it will be included in the Economic Indicators Report. Staff recently attended the Charleston Metro Chamber of Commerce Economic Outlook Conference. Some of that data is included in the Economic Indicators Report. In general, the outlook indicates a more moderate growth, just as the Town is experiencing and has projected. These were some of the highlights. She asked if there were any questions.

Mr. O'Rourke commented that his understanding is that there will be growth. It will be less than it has been in the past, and there will be a financial implication that the Town will have to deal with.

Ms. Cotov responded in the affirmative.

Ms. Landing thanked Ms. Cotov for all her work on the Budget and she congratulated her on the Award. She wanted to highlight that permits and/or numbers associated with various revenues, fees, etc. spiked before something happened. One of them was Impact Fees increasing. At this

point, she asked if we have slowed down in terms of new revenue from Impact Fees, and new permits from Impact Fees.

Ms. Cotov replied in the affirmative. She stated that what Ms. Landing will find out in the CIP and throughout the presentation is that they have taken that into account and re-projected the current year because it is coming in less and followed that through to the out years.

4. Five-Year General Fund Financial Plan Overview FY 2020-FY 2024

The slide features a dark blue header with the title 'Five-Year General Fund Financial Plan' in white. Below the header, the word 'Goal' is written in bold. A bulleted list follows, detailing five goals. At the bottom of the slide, there is a footer with the text 'TOWN OF MOUNT PLEASANT, S.C.' on the left and a circular logo on the right.

Five-Year General Fund Financial Plan

Goal

- Balanced revenues and expenditures in a five-year financial plan
- Healthy financial planning
- Provide a guiding document
- Supports decision-making
- First year is proposed budget

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Mr. DeMoura stated that the goal of the financial plan is to deliver a plan that is balanced over the five-year period. It is good financial planning. It will be a guiding document especially when faced with difficult decisions on community needs. The first year of that financial plan is the proposed budget.

Five-Year General Fund Expenditures

FIVE-YEAR GENERAL FUND FINANCIAL PLAN

Expenditures	FY 2020 Year 1	FY 2021 Year 2	FY 2022 Year 3	FY 2023 Year 4	FY 2024 Year 5
Compensation	52,699,546	57,306,038	59,271,363	61,373,160	63,002,854
Operating Expenditures	21,243,633	21,373,291	21,546,474	21,494,445	22,114,719
Transfers Out	15,191,965	15,392,317	15,004,040	14,867,660	14,625,030
Total Expenditures	\$ 89,135,144	\$ 94,071,646	\$ 95,821,877	\$ 97,735,265	\$ 99,742,603

Year 1 – Proposed FY 2020 Budget
 Year 2 – Implementation of Classification and Compensation study, mandatory retirement, Fire Strategic Plan staffing (35), SRO (1)
 Year 3 – Compensation increase, mandatory retirement
 Year 4 – Compensation increase, mandatory retirement, SRO (1), growth/CIP positions (2)
 Year 5 – Compensation increase, growth/CIP positions (2)

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Mr. DeMoura stated that the expenditures for the five-year plan are shown on the above slide. Year 1 of the five-year plan is FY 2020, followed by the out years through Year 5, FY 2024. The expenditures are broken down into three categories. Compensation is everything that it takes to hire and support an individual. That means salary and benefits, including healthcare. Next are operating expenditures, which is gasoline, uniforms, and similar items. Transfers Out is money that we send from the General Fund to support other items in other funds to support capital and debt. It is money that if we are fortunate enough to have savings in the prior year, it gets sent to the Capital Asset Fund and is divided into Transportation and Stormwater projects. It is money to support debt. Year 1 is the proposed budget, which is about \$53 million and includes a 4% on average wage increase recommendation. The total for the first year is \$89 million. It is the General Fund total expenditure that is being proposed. He stated that they will see it going forward throughout. The big change is in Year 2. That is where we will see a large hike in compensation. It is mostly to fund the Fire Department’s Strategic Plan. Year 1 is the proposed budget for FY

2020. Year 2 is listed just below on the slide and includes the Fire Department Strategic Plan. FY 20 budget includes a compensation study for \$48,000 to be implemented in FY 21. We have positioned ourselves to conduct a Wage and Classification Study to see how the Town positions rank against others that it competes with in the area. There is money to conduct that study with the hopes of implementation in Year 2 as specified. That includes one School Resource Officer (SRO) that is being requested for the Year 2. It is to coincide with the opening of Lucy Beckham High School. They are phasing enrollment at that school so at final enrollment another SRO will be added in Year 4. Also mentioned is mandatory retirement increases. It will be seen in Years 2, 3 and 4. He stated that this was very significant. To make the State Retirement System Plan whole, they are requiring a 1% yearly increase by all the participating entities that are involved in the retirement system. This is important because it is 1% of the Town's total payroll. Thinking in round numbers, if the total payroll is \$33 million, that is \$330,000 of new money that is required every year. After Year 4 we are looking at \$1.2 or \$1.3 million dollars forever that the citizens of the community have to incur of new money just to meet the mandatory retirement requirement. Mr. DeMoura continued that none of it is concrete going forward. Council has the power to shift, shape, alter as they see fit. Council can determine the limits of government.

Mayor Haynie stated the Fire Department's Strategic Plan has been recently dealt with. He asked if there was any other increase in staff in round numbers?

Mr. DeMoura responded in the negative. The biggest increase is in Year 2. There is a good increase in this year's proposed budget because it has money for what will end up being 12 new firefighters. There have been six that have been incorporated into the FY 19 budget, and then if we are fortunate enough to get the grant money, there will be another \$100,000, which is in the proposed FY 20 budget to bring on six additional firefighters. That is a big chunk of personnel. Outside of the Fire Department and the SRO's that were mentioned, the only other positions are three that Mr.

DeMoura will mention in the proposed budget for departments, and the others will be any type of positions that are needed. Years 4 and year 5 will be CIP positions that will need individuals to be able to handle some capital projects as they get built. The best example is in the proposed budget with Mr. Peele in the Public Services Department needing another individual once the gym is open. There will be other capital projects that will require more individuals as we go forward, but nothing to the scale of what you are seeing in Year 2.

Ms. Landing stated that in FY 2021, the increase of approximately \$4.7 million is 6% and then it is 2% a year after to accommodate the Strategic Plan that was voted in terms of meeting national standards for the firefighters. In the vote and discussion that night, it was specifically said that we wanted to be aspirational and spread out over five years rather than trying to think that we can do it all in one or two years. The question is that at 6% and then 2% every year after, why would we not present it as being more evenly divided over the years so there is more time to prepare?

Mr. DeMoura stated that it can be done. That it would require going to the public each additional year increasing the Ad Valorem Taxes. Fire Station 4 will be coming on by this time. That is the new fire station that is going to be dismantled and then rebuilt. The Fire Department Strategic Plan calls for an additional fire ladder unit. That will require about 14 or 15 individuals. By Year 2 we will need roughly half of that personnel anyway. The idea was to reach for it all at the same time rather than having to go back to the public every year for a millage increase.

Ms. Landing stated that it goes against what was talked about that night. The reason being of whether we must go back to the public every year is a question mark. She stated they might be able to figure out other ways to pay for it, whether it be business growth or new economic development. She asked when presenting a budget and it has a five-year strategy, why do we want to front load that? Once they are hired and part of the staff, they are long-term part of the expenditures of the Town.

Mr. DeMoura stated that Ms. Landing had good points. At the staff level they are obligated to fulfill the direction of Council. The Fire Department Strategic Plan was amended at the last Council meeting to include that direction. Whether it is aspirational or not, it is strictly a Council decision. What the five-year plan is hoping to do is to chart out a path if they choose to continue in that direction. This is the path to get it done. This is the second year. This is not next year's budget, which is the most immediate. It starts with the year after.

Mr. Cunnane stated that the aspirational language was not in the Council Motion. That was something he believed the Mayor said. He also said it after Mr. Cunnane's proposal to add Public Safety workers to the exemption for the Building Permit Allocation Program. It is kind of "dicta" as they call it in court; it was not central to the decision. It was someone on Council's opinion that it should be or could be aspirational. The Motion itself was clear that the Fire Department Strategic Plan was being augmented with the proper staffing. Aspirational, and that language of aspirational, was not in the Motion.

Mr. O'Rourke stated that this is a good discussion. There is a hard task in front of Council, and that is to look at a strategy for a five-year budget, but it is not time to have that discussion yet. He stated that they have not talked about revenues, or opportunities. After they see all that, then they can discuss how to fill in the gaps. He was not trying to stop the discussion, but it might be too early to discuss until they see the revenue projections, and then see what they can do about that.

Mr. Santos stated that this is the reason why he raised a concern that it was supposed to go back to the Finance Committee before Council voted on it. He remembered, and it is probably part of the Minutes, it was said that just because they get the Grant does not mean they are going to move forward. This is for information only. We are not there yet, and he agreed with Mr. O'Rourke. Mr. Santos was upset that this went to Council without coming to Finance Committee first. It is like the Federal Government. They are making promises now that they are going to have to keep years down the road and they are heading in that same direction. He stated he wanted

to make sure this was on the record. He questioned whether it should have come back to the Finance Committee as the Finance Committee requested.

Ms. Landing stated that she believed it was the Fire Committee Chair who said the increase in the Strategic Plan would be something that they would work towards over the course of five years. If you do that math on the first year versus the fifth year in terms of expenditures, it is only 2.3% a year average increase which is a little easier for the public to swallow in terms of where money is going, than a 6% increase followed by 2%.

Mr. Cunnane stated that one day last week there was a pretty serious fire. He hoped everyone on Council had a chance to drive past that home. The size of the Town has increased. The traffic has increased. It is not viable to keep the same size Fire Department for a 50,000-person Town as it goes to 100,000 people. It is not viable. He wanted to point that out. Mr. Cunnane stated that he is not trying to slight the firefighters in any way. He quoted at the meeting that they are excellent firefighters. It is our job to make their risk as little as possible. You can go to Cassidy Court and take a look at the property. Thankfully nobody was hurt, but there was a total building loss and there were three firefighters rolling up there. He asked that Council please drive by while it is still there before they knock it down. You can see what we do not want. We do not want that same building to be an occupied building next time. We need to increase the staffing.

Mayor Haynie asked Mr. DeMoura to proceed with his presentation.

Five-Year General Fund Revenues

FIVE-YEAR GENERAL FUND FINANCIAL PLAN

Revenues	FY 2020 Year 1	FY 2021 Year 2	FY 2022 Year 3	FY 2023 Year 4	FY 2024 Year 5
Property & Other Taxes	\$ 37,820,700	\$ 42,103,715	\$ 43,344,166	\$ 44,621,777	\$ 45,937,663
Licenses & Permits	31,702,717	32,056,965	32,420,253	32,843,772	33,277,960
State and Federal Grants	659,289	670,251	527,057	393,600	393,600
Intergovernmental	2,323,457	2,329,976	2,334,266	2,373,970	2,375,798
Charges for Services	4,476,309	4,567,525	4,655,066	4,750,339	4,848,478
Fines & Forfeitures	448,153	448,153	448,153	448,153	448,153
Investment Earnings	429,350	508,366	482,439	450,000	400,000
Rents & Royalties	399,525	399,525	399,525	399,525	399,525
Contributions & Donations	-	-	-	-	-
Sale of Capital Assets	75,000	75,000	75,000	75,000	75,000
Other Revenues	120,000	120,000	120,000	120,000	120,000
Transfers In	6,269,029	6,492,170	6,715,952	6,959,129	7,166,426
Fund Balance Usage	4,411,615	4,300,000	4,300,000	4,300,000	4,300,000
Total All Revenues	\$ 89,135,144	\$ 94,071,646	\$ 95,821,877	\$ 97,735,265	\$ 99,742,603

Year 1 – Projected natural growth

Year 2 – Millage increase: 3.5 mills

Years 3, 4 & 5 – Projected natural growth



Mr. DeMoura stated that this slide has the revenues for the Five-year Financial Plan. He said that as Ms. Cotov alluded to early on with her review of Economic Indicators, the licenses and permits – these are your building permits, business licenses - are relatively short in growth. There is growth, but not much and it is steady going forward. The largest area of growth will continue to be property taxes and sales taxes and there will be some limited growth up and down the line, based on the information that we know to date. That produces what you see on the bottom of the slide.

Five-Year General Fund Financial Plan

FIVE-YEAR GENERAL FUND FINANCIAL PLAN

	FY 2020 Year 1	FY 2021 Year 2	FY 2022 Year 3	FY 2023 Year 4	FY 2024 Year 5
REVENUES					
Property & Other Taxes	\$ 37,820,700	\$ 42,103,715	\$ 43,344,166	\$ 44,621,777	\$ 45,937,663
Licenses & Permits	31,702,717	32,056,965	32,420,253	32,843,772	33,277,960
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Rents & Royalties	399,525	399,525	399,525	399,525	399,525
Contributions & Donations	-	-	-	-	-
Sale of Capital Assets	75,000	75,000	75,000	75,000	75,000
Other Revenues	120,000	120,000	120,000	120,000	120,000
Transfers In	6,269,029	6,492,170	6,715,952	6,959,129	7,166,426
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Total All Revenues	\$ 89,135,144	\$ 94,071,646	\$ 95,821,877	\$ 97,735,265	\$ 99,742,603
EXPENDITURES					
Compensation	52,699,546	57,306,038	59,271,363	61,373,160	63,002,854
Operating Expenditures	21,243,633	21,373,291	21,546,474	21,494,445	22,114,719
Transfers Out	15,191,965	15,392,317	15,004,040	14,867,660	14,625,030
Total Expenditures	\$ 89,135,144	\$ 94,071,646	\$ 95,821,877	\$ 97,735,265	\$ 99,742,603

TOWN OF MOUNT PLEASANT, S.C. 

The above slide shows a comparison of what was seen against expenditures. It matches up as you go out into the five years, as discussed.

4. Budget Overview FY 2020



The slide features a dark blue header with the title "Budget Development Strategy" in white. The main content area is white with a list of bullet points. The footer is orange with the text "TOWN OF MOUNT PLEASANT, S.C." and a small circular logo on the right.

Budget Development Strategy

- ❖ Consistent with the Town's Strategic and Comprehensive Plans
- ❖ The budget is balanced
- ❖ Budget focus
 - Maintains level of service
 - Addresses some demand for services
 - Compensation of employees
 - Capital investment

TOWN OF MOUNT PLEASANT, S.C.

Mr. DeMoura stated that the Strategy is that the FY 20 budget is consistent with Town guiding documents. It is the Town's Strategic Plan, not just the Greater Strategic Plan, but also the Strategic Plans that have been adopted by departments, by Committees of Council, or Council. The Comprehensive Plan talks to certain priorities, such as open space, which the Town is starting to move towards even more. It can be seen in the CIP with a project for a greenway in the community. The budget is balanced, and the focus is that it maintains a level of service; it addresses some demands for increased service, which is in the Fire Department for next year; compensation of employees; and capital investment which is significant and continues to be strong.

Proposed FY 2020 Budget – All Funds

TOWN OF MOUNT PLEASANT
FISCAL YEAR 2020
PROPOSED BUDGET

Fund	BUDGET FY 2019	PROPOSED BUDGET FY 2020
GENERAL FUND	\$ 98,228,294	\$ 89,135,144
DEBT SERVICE FUND	8,285,739	9,964,903
STATE ACCOMMODATIONS TAX FUND	1,896,646	1,638,807
CAPITAL ASSET FUND	138,958,182	60,825,876
Less Interfund Transfers	(26,373,525)	(23,703,321)
TOTAL OF ALL FUNDS	\$ 220,995,336	\$ 137,861,409

TOWN OF MOUNT PLEASANT, S.C. 

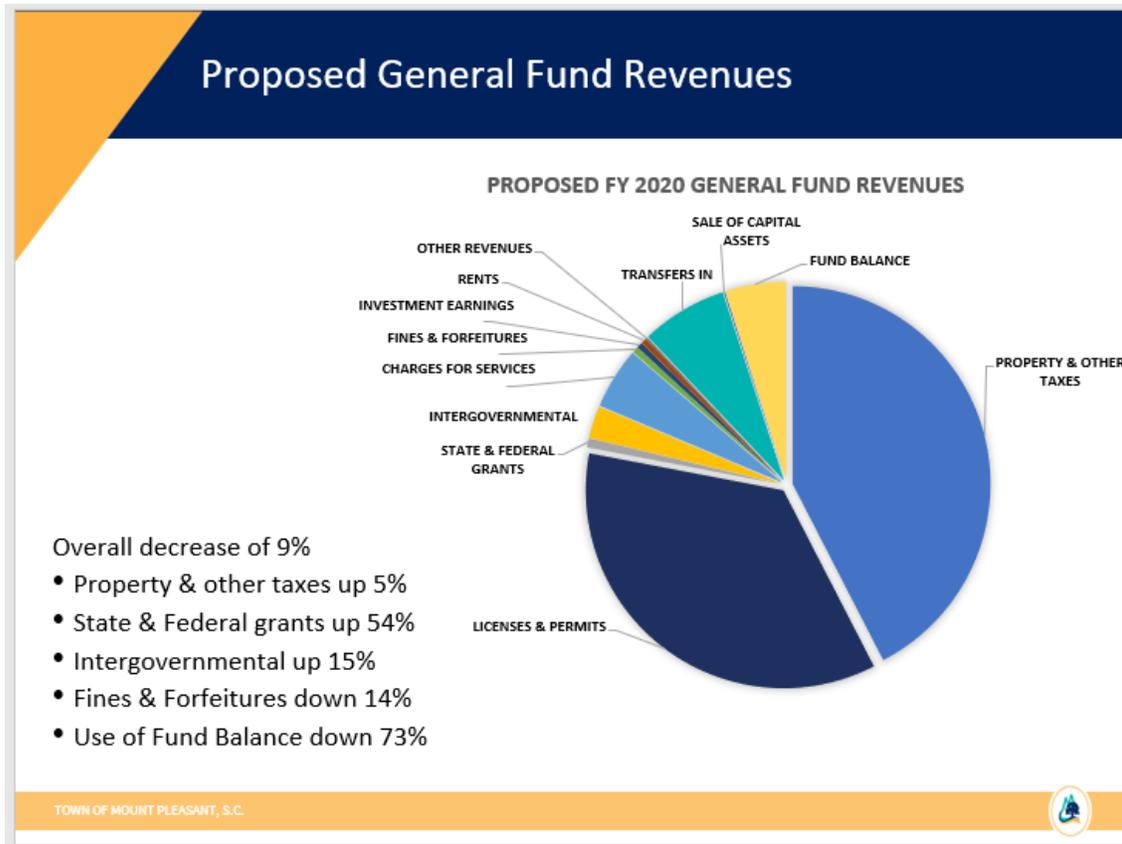
Mr. DeMoura continued to the next slide, stating that it shows how all the funds add up for next year and it takes some explanation. The total for the current year has risen to just under \$221 million. Being proposed for next year is just under \$138 million. He continued saying that if you go to the top line, the current budget for the General Fund is \$98 million. You are seeing a dramatic decrease to \$89 million. That is our General Fund, where most of Town services occur. Please know that this does not represent a reduction in service to citizens. What mostly makes up the difference in the reduction is money that has been appropriated from General Fund and Fund Balance to take on certain Council priorities during FY 19. Town Council recently appropriated money from Fund Balance for acquisition of land and for settlement of lawsuits. That goes into the General Fund and that has inflated the number for the current year. That will not be the case next year. If you pulled out those allocations and appropriations of

General Fund money, the General Fund increase is about 3%. The Debt Service Fund is proposed to increase. This contains the first payment of the \$35 million general obligation bond that closed a couple months ago. State Accommodations Tax is shown to be down, but that does not mean the performance of Accommodation Tax is down; it means we have allocated some of that fund balance money into projects. The Capital Asset Fund began somewhere in the \$80 million range, and then we had the \$35 million bond added to it, and it always includes money that gets rolled over from projects not yet complete which causes the number to inflate. The Town is looking at another strong recommendation with just under \$61 million allocation in the Capital Asset Fund for FY 20, which is tremendous. In total, just under \$138 million is the total of all funds for the budget. Ms. Cotov will discuss General Fund Revenues.

Proposed General Fund Revenues				
REVENUES	BUDGET FY 2019	PROPOSED FY 2020	% CHANGE FROM FY 2019	\$ CHANGE FROM 2019
Property & Other Taxes	\$ 36,086,616	\$ 37,820,700	5%	\$ 1,734,084
Licenses & Permits	31,423,934	31,702,717	1%	278,783
State and Federal Grants	428,444	659,289	54%	230,845
Intergovernmental	2,016,688	2,323,457	15%	306,769
Charges for Services	4,298,517	4,476,309	4%	177,792
Fines & Forfeitures	520,080	448,153	-14%	(71,927)
Investment Earnings	394,196	429,350	9%	35,154
Rents & Royalties	430,000	399,525	-7%	(30,475)
Contributions & Donations	90,836	-	-100%	(90,836)
Sale of Capital Assets	100,000	75,000	-25%	(25,000)
Other Revenues	95,500	120,000	26%	24,500
Transfers In	6,079,611	6,269,029	3%	189,418
Fund Balance Usage	16,263,872	4,411,615	-73%	(11,852,257)
Total Revenues	\$ 98,228,294	\$ 89,135,144	-9%	\$ (9,093,150)

TOWN OF MOUNT PLEASANT, S.C. 

Ms. Cotov stated that they are looking at only the General Fund. Overall the revenues decreased -9%, but as Mr. DeMoura said, this is due to a decrease in the one-time use of Fund Balance that is in the current year. Otherwise, General Fund Revenues, excluding the use of Fund Balance are growing at 3%. This chart can be found on page 7 in your budget document.



Ms. Cotov stated the pie chart reflects allocation of revenues by funding source. Property and other taxes comprise 42% of all revenues and is projected to increase 5%. This increase is due to property values and projected sales tax. The increase in State and Federal grants is the anticipation of the award, and acceptance by Town Council of the Staffing for Adequate Fire and Emergency Response Grant, or SAFER Grant, which has been filed for six firefighters. The proposed local match is the use of one-time fund balance for the first partial year. Intergovernmental revenue is up 15% with the inclusion of the additional funding from the School District for SROs. Fines and Forfeitures were reduced to reflect the

trend of alternative sentencing programs and how indigent individuals pay assessed fines. The fiscal year 2019 budget utilizes a large amount of fund balance that is not mirrored in FY 20 which is why that is down at 73%. The Finance Committee will receive more detail on the fiscal year 2020 proposed revenue projections at its April 1st meeting.

Proposed General Fund Expenditures				
EXPENDITURES	BUDGET FY 2019	PROPOSED FY 2020	% CHANGE FROM FY 2019	\$ CHANGE FROM 2019
General Government	\$ 7,454,073	\$ 7,312,837	-2%	\$ (141,236)
Municipal Court	1,037,938	1,093,341	5%	55,403
Legal	1,299,275	1,251,072	-4%	(48,203)
Planning & Development	3,276,047	3,487,552	6%	211,505
Non-departmental	14,958,670	8,460,550	-43%	(6,498,120)
Police	17,156,247	17,253,001	1%	96,754
Fire	12,183,736	12,604,933	3%	421,197
Public Services	13,787,132	13,725,689	0%	(61,443)
Transportation	1,393,519	1,394,446	0%	927
Recreation	7,824,878	7,359,758	-6%	(465,120)
Transfers Out	17,856,779	15,191,965	-15%	(2,664,814)
Total Expenditures	\$ 98,228,294	\$ 89,135,144	-9%	\$ (9,093,150)

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated that he would explain the slide on expenditures. He commented that there are a lot of reductions. Several things are going on, but what is important is that there are no recommended decreases in levels of service to the public. Certain one-time allocations to the budget this current year are not occurring again next year. Examples of that are if you go to Non-departmental, you will see a massive reduction of \$6.5 million. When fund balance is appropriated to the General Fund, it is put in the Non-departmental section of the budget. Because the fund balance is not being allocated there is a major reduction which drives a lot of the total reduction overall. You will also see things in other departments that

are happening. Last year \$271,000 was funded for the replacement of body cameras for the Police Department. That has been completed, so that large allocation of money comes out. For years departments, like Recreation and Public Services, have budgeted maintenance on facilities within their General Fund budgets. We have moved the maintenance money from those budgets to our Comprehensive Maintenance Plan (CMP), within the Capital Asset Fund. That is where it should be. All maintenance is housed in one place now. The same thing is true with the radios that we used to put into all departments. Many big-ticket items are being moved to our CMP where we can manage it holistically and comprehensively every year.

Proposed General Fund Expenditures

- Maintains level of Service while Addresses Some Demand for Services
 - Staffing to meet service demands
- Compensation of Employees
 - Pay for Performance
 - Pension mandates
 - Classification and Compensation study
- Capital Investment
 - Capital Improvements Plan

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated that overall, each of the departments include the 4% recommended wage increase, includes health care costs, and the 1% increase in the mandatory retirement cost. That is throughout all the departments. Included are the three positions which are being proposed. That is in addition to anything that has happened in the Fire Department. If we look at Planning and Development, there is a Development Codes Inspector that is critical for the department and is included in the budget as one position. Information Technology in General Government is proposed to receive an additional technician. Public Services will need an additional technician to care for the new Gym when it opens. As far as personnel, there are the wage increases and the mandatory retirement contributions and the three new positions, in addition to the positions that have come on board that we are absorbing in the Fire Department. There are other expenditures that are important to mention. In General Government alone there is \$50,000 to pay for the election next Fall and there is also the \$48,000 to conduct the Wage and Compensation Study. Inside of Planning and Development there is \$50,000 transitioning away from the large allocation to conduct the Comprehensive Planning process into an allocation of money for special area plans, if Council deems that is appropriate. Once the Comprehensive Plan is done, if there is a need to conduct a Special Area Plan for certain areas around Town and how they should look some day in the future, there will be money there for that. On Committee day we really dig into each of the respective department individual line items. We can talk more about that then if Council desires.

Ms. Landing stated that on the Non-departmental where we know we have at least two major expenditures that did not have a department to go into, if in the future we wanted to have a place where would we set aside money? If an opportunity comes along for the Town to purchase land that serves our citizen's interest, what department would it go under, Planning and Development?

Mr. DeMoura stated that it would be left in Non-departmental. That houses insurances and things that do not fit nicely into a department.

Ms. Landing stated that if they were not part of the General Fund, they would not show up here anyway, if there was something set aside.

Mr. DeMoura stated that Ms. Landing was correct.

Mr. O'Rourke stated that when you see \$9 million in parenthesis it seems huge but wanted to further explain the fund balance transfer to Non-departmental. He said that the Town, as a body, did not spend any money from fund balance for any projects next year. There would be money that they would not be spending. They may put it in there just in case, but it is not as if we must balance all of this in the budget. We see 43% decrease. It looks scary because looking at what we did this year, that is what we are paying out. We may not spend \$6 million next year. We may decide not to do anything because there is not any money to do it. If that were the case the \$9 million would not be there. Mr. O'Rourke liked Ms. Landing's thought in trying to project as a body what they may see next year and get that number a little more realistic. He believes Council has the authority, even if it is not in Non-departmental to put it in Non-departmental at some point in time next year. Even though the number looks bad, Council controls the badness of it and it does not have to be a \$9 million loss and a 43% loss next year. Council has control over that.

Mr. Santos stated that Recreation is getting back five fields. Those will be producing some revenue that has not been produced in years.

Mr. Cunnane asked what in Recreation the decrease of 6% is. Does that mean construction is done?

Mr. DeMoura stated that it is almost entirely due to maintenance for Recreation items. Fields, playgrounds, not the day-to-day grass cutting, it was for annual type maintenance that was pulled into the CMP to better manage it.

Mr. Cunnane stated that it is not actually a cut.

Mr. DeMoura stated that was correct. There is no cut to service in Recreation.

Ms. Landing asked if when they have something that is a subtraction from the General Fund but know that is payout on settlements related to litigation, that most of that dollar amount is purchasing some valuable property. Ms. Landing asked if it shows up somewhere in the same discussion as an asset, not a something that is being spent?

Mr. DeMoura stated that he could not think of a location budgetarily where it would show up. It will show up. They will have to identify where that money went and what it was spent on. It will be clear to the reader that it was to acquire property that was in the public's interest.

Mayor Haynie stated that there is a level of service that our citizens expect. Just because it is not an annual budget thing, we act when the situation arises and in the long run we will all be proud of it.

Mr. Cunnane stated that with regard to legal settlements, there are tremendous cost if we were to start to appeal things. To proceed with a case has a big cost factor too. Even though it is a lot of money going out at once it is less money over time to do it prudently. He thinks we have done that.

Mr. DeMoura stated the highlights of the slide was that they are meeting levels of service. They are paying for performance at 4% and the 1% pension mandates, and monies for the Classification and Compensation Study and Capital needs.

Proposed Capital Fund

DEPARTMENT	BUDGET FY 2019	PROPOSED FY 2020
CAPITAL IMPROVEMENTS PLAN (CIP)	\$99,964,485	\$34,164,473
COMPREHENSIVE MAINTENANCE PLAN (CMP)	13,327,146	9,164,562
ASSET REPLACEMENT PLAN	11,385,831	7,023,151
RESERVES & TRANSFERS OUT	14,280,720	10,473,690
TOTAL	\$138,958,182	\$60,825,876

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated that this slide shows the Capital Asset Fund broken out into four sections. The \$61 million is the highlight of this page. As a body they are putting \$61 million towards capital investment, which is enormous. There are many communities, bigger than Mount Pleasant who would love to be in that position. The Capital Improvements Plan (CIP) is \$34 million. Those are your larger capital items. The Comprehensive Maintenance Plan (CMP) is everyday maintenance of items which includes fleet, and other assets that Mr. Peele and Mr. Gergick must care for as well as Asset Replacement Plan and Reserves and Transfers Out. It is a significant movement toward maintenance and new capital.

Proposed Other Funds

Debt Service Fund \$9,964,903

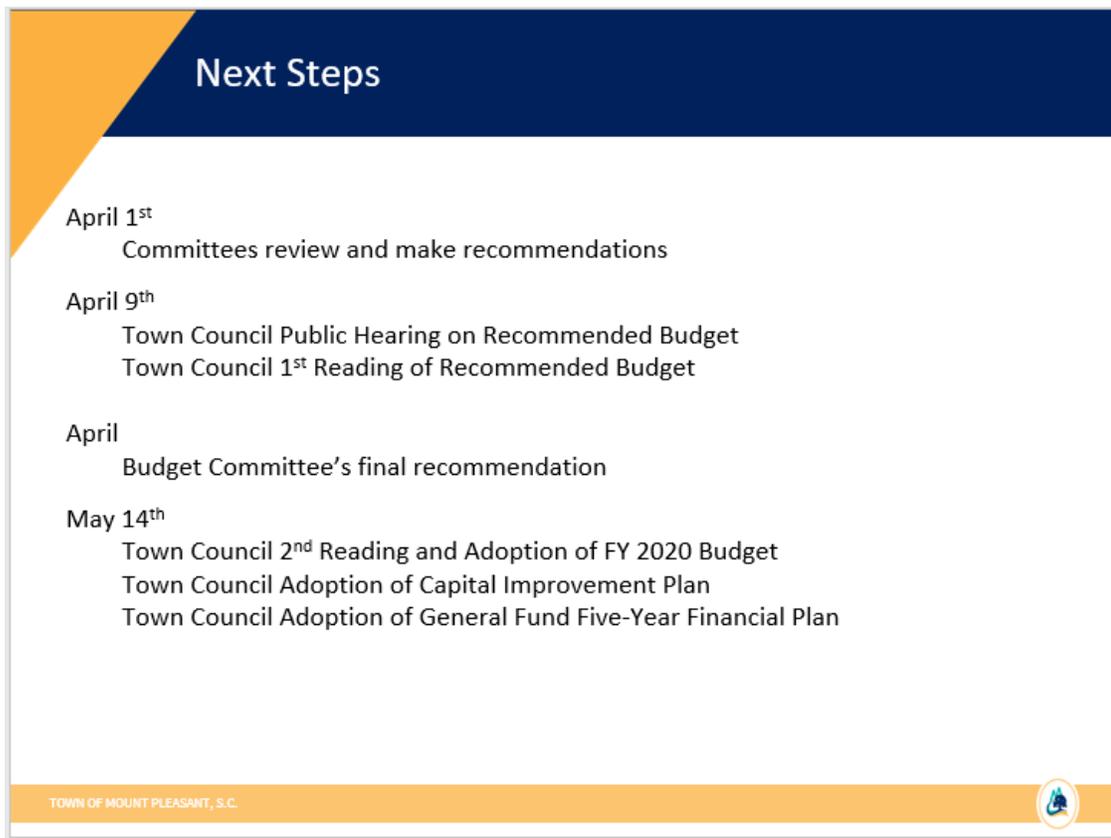
- Proposed Revenue Bond \$20 million
 - Stormwater Improvement Program
- Proposed lease-purchase
 - Public Services large equipment
- Completed lease-purchases
 - FY 2015 lease-purchase

State Accommodations Tax Fund \$1,896,646

- Revenue increase 7%
- Fund decrease 14%

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura moved on to the Proposed Other Funds slide. He stated that Debt Service Fund is where they pay their obligations, and it was up just over a million dollars to satisfy the new bond payment. It also includes a recommendation for a Stormwater Revenue Bond, supported by Stormwater fees.



Next Steps

- April 1st
Committees review and make recommendations
- April 9th
Town Council Public Hearing on Recommended Budget
Town Council 1st Reading of Recommended Budget
- April
Budget Committee's final recommendation
- May 14th
Town Council 2nd Reading and Adoption of FY 2020 Budget
Town Council Adoption of Capital Improvement Plan
Town Council Adoption of General Fund Five-Year Financial Plan

TOWN OF MOUNT PLEASANT, S.C.



Mr. DeMoura stated that next steps are that Committees will meet on April 1st. April 9th is Town Council where typically the first meeting will have a public hearing and have the First Reading of the budget knowing that it is not done yet. They plan to have a Budget Committee meeting in April and hopefully aim for May 14 to have the Final Reading and Adoption of the proposed budget as well as the CIP and the five-year financial plan.

5. Consideration of Capital Improvement Plan FY 2020 – FY 2024

Proposed Capital Improvement Plan FY 2020-24

Sizeable financial commitment \$63,957,163 million

Continuation of Funding Priorities

- Mobility of people and stormwater
 - Stormwater \$31 million
 - Transportation \$27 million
- Protecting Town's greenspace

Multi-year financing plan

- Revenue Bonds
- Greenbelt Funds

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated the Capital Improvement Plan (CIP) extends through 2024. He said it is a large financial commitment and the priorities in a nutshell is that they are moving people and water. That is reflected in Stormwater at \$31 million and \$27 million in Transportation. There is also a movement towards protecting greenspace using fund balance and the Mount Pleasant Greenway which represents the amount of money we are to get from the half cent sales tax for open space. Staff is proposing a revenue bond for Stormwater projects and using Greenbelt Funds for the Mount Pleasant greenway.

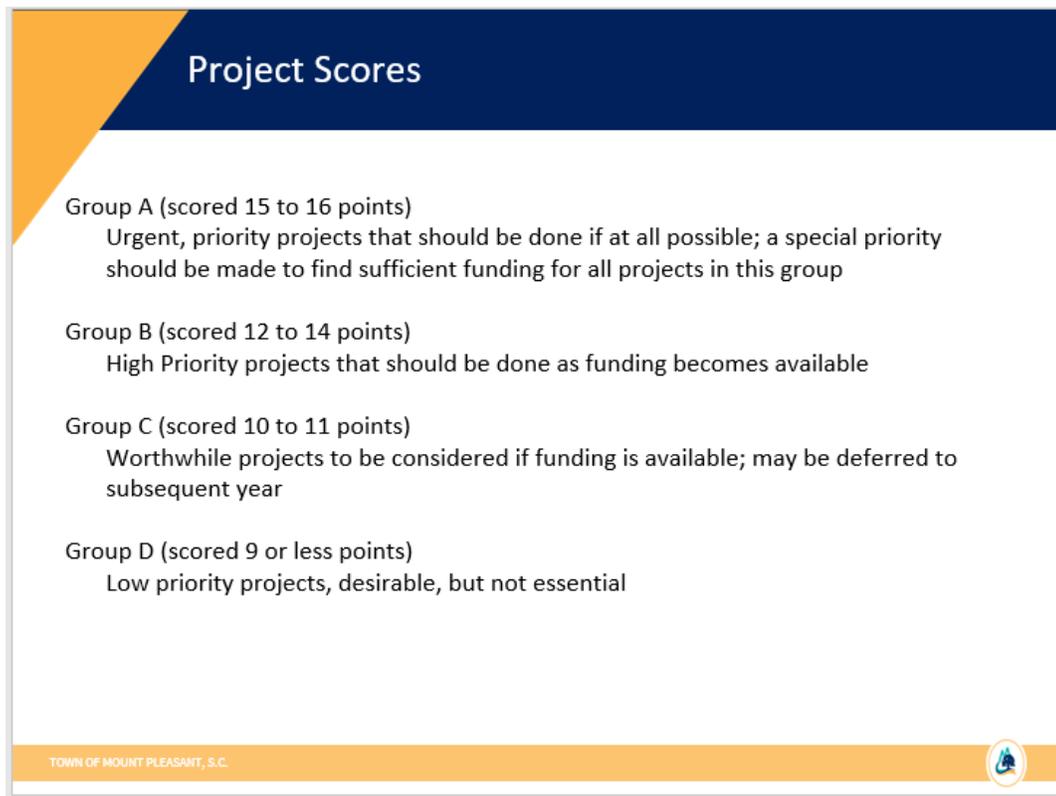
CIP – Project Ranking Criteria

Designed to yield the most important and impactful projects for citizens

- Consistent with Town-adopted goals and plans
- Extent of benefit
- Operational budget impact
- Opportunity costs
- Supports economic development
- Related to other projects
- Feasibility of project
- Public health and safety
- Mandates or other legal requirements
- Maintains or improves standard of service
- Efficiency of service

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated that they will see in the book how they prioritized certain projects. It is a thorough analysis that is done and often there is a lot of discussion on the worthiness of projects. It is a good, healthy exercise and we are debate over these items. The theme of the project is scored to ensure it is consistent with Town-adopted plans and goals. How big is the benefit means does it hit one neighborhood or is it more Town wide? How much impact will there be on the operation budget? Opportunity cost is what will it cost if we do not do it now. It goes all the way down to if the project feasible, are we under a legal mandate to get it done by court order. We have not had those for awhile so that is good. Does it make us more efficient?



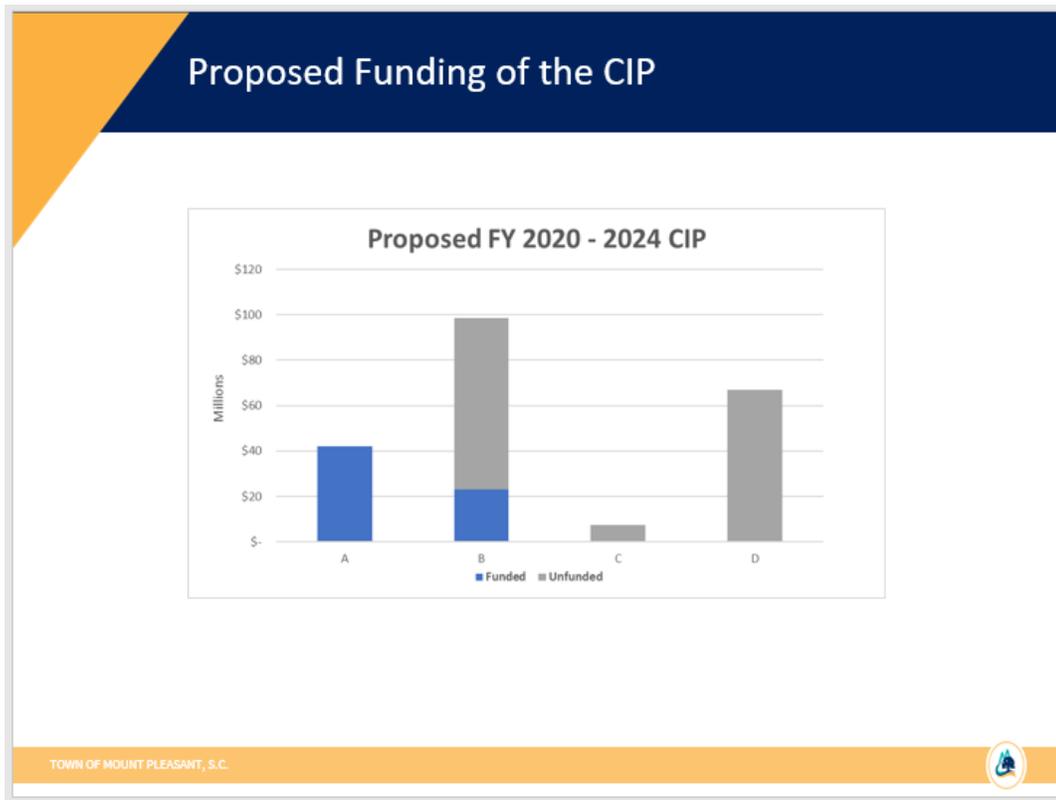
The slide features a dark blue header with the title "Project Scores" in white. The main content area is white with a light blue diagonal accent in the top-left corner. It lists four project groups with their respective point ranges and descriptions. At the bottom, there is an orange footer bar containing the text "TOWN OF MOUNT PLEASANT, S.C." and a small circular logo on the right.

Project Scores

- Group A (scored 15 to 16 points)
Urgent, priority projects that should be done if at all possible; a special priority should be made to find sufficient funding for all projects in this group
- Group B (scored 12 to 14 points)
High Priority projects that should be done as funding becomes available
- Group C (scored 10 to 11 points)
Worthwhile projects to be considered if funding is available; may be deferred to subsequent year
- Group D (scored 9 or less points)
Low priority projects, desirable, but not essential

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura continued that each project is scored, and at the end projects are put into four categories A, B, C and D. Those that are A are priority projects that should be done if the money is available. It goes down to Group D which did not get enough points compared to the other projects.



The good news is that everything that was in Group A are funded. That is what the blue represents. Those that are in Group B are partially funded, and the grey means that several group B projects, as well as groups C and D projects are not funded.

Capital Improvement Plan Projects

Group A – Transportation Projects

- Park West Boulevard Widening
- US 17 & Rifle Range Connector
- Billy Swails Boulevard 4B
- Patriots Point Gateway
- Shem Creek Bridge Bike Lanes

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated that the Group A projects for Transportation are funded: Park West Boulevard Widening, US 17 & Rifle Range Connector, the final piece of Bill Swails, Patriots Point Gateway, which is the intersection improvement at Patriots Point and Coleman and the Shem Creek Bridge Bike Lanes. Those are all moving forward.

Capital Improvement Plan Projects

Group A – Public Services

- Stormwater Improvement Program
 - 3 Phases
 - Study
 - Design
 - Construction
 - \$32 million
 - \$31 million in proposed Revenue Bonds
 - \$1 million in General Fund infrastructure funding
 - FY 2020
 - \$1 million for design of 3rd project
 - \$20 million for construction of current project (Old Village Drainage) and 3rd project
 - FY 2022
 - \$1 million for design and construction of 4th project

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated that other Group A projects which are funded and on the Public Service side is the Stormwater Improvement Program. It has three Phases, amounting in total to \$32 million and includes the two Old Village basins that were the most problematic. It provides money for the construction of those as well as one other which is Hobcaw and it goes out to FY 22. That is the big chunk of the money for Public Services, and they need to start the Stormwater Improvement Program.

Capital Improvement Plan Projects	
Transportation Projects	
Funded	Group
• All American Boulevard	B
• US 17 at Mathis Ferry Road & Lauda Drive	B
• US 17 at Anna Knapp Boulevard	B
• Maritime Port District	B
• Stockdale Intersection at Park West Boulevard	B
• Travel Time Readers & Adaptive Signals	B
Unfunded	
• Park West Bike Lane & Multi-Use Path Upgrade	C

Mr. DeMoura stated that Group B projects in Transportation that are funded are: All American Boulevard, US 17 at a couple locations, Maritime Port District, Stockdale and more adaptive signals. Unfunded is the Multi-use Path in Park West.

Capital Improvement Plan Projects	
Fire Projects	
Funded	Group
• Fire Station 4 renovation and expansion	B
• Traffic Preemption Devices	B
• Public Safety Training Facility, Phase I	B
Unfunded	
• Public Safety Training Facility, Phase II	B
• Fire Station 2 renovation and expansion	B
• Fire Station 3 renovation	B
• Fire Station 1 renovation and expansion	C
• Fire Station 5 renovation and expansion	C
• Fire Station 8 (new)	D

Mr. DeMoura stated that in Fire the funded projects are: Fire Station 4, Traffic Preemption and First Phase of the Public Safety Training Facility. Unfunded as of now are: Fire station renovations primarily and the second phase of the Training Facility. Once Fire Station 4 is done, we need to start renovating some of our older fire stations. We do not have the money as of today.

Capital Improvement Plan Projects	
Recreation Projects	
Funded	Group
• Memorial Waterfront Park, Phase II	B
• Memorial Waterfront Park, Phase III	B
• Carolina Park, Phase III A	B
• Mount Pleasant Way, Phase I	B
Unfunded	
• Memorial Waterfront Park, Phase IV	B
• Carolina Park, Phase III B	B
• Jones Center Comprehensive Repair	B
• Athletic Field Drainage	C
• Duffy Baseball complex	C
• Darby Comprehensive Repair	C
• Enclosed Therapy Pool	D
• Whipple Road Tennis expansion	D
• Riffle Range Road Phase 1 & 2	D
• Second Senior Center	D

TOWN OF MOUNT PLEASANT, S.C. 

Mr. DeMoura stated that Group B funding for Recreation projects include Memorial Waterfront Park, phases II and III. At the next Budget Committee Meeting, he plans to highlight this project. Things have happened and morphed and changed over time. We were depending on the Federal Government approval for a grant to build the extended pier, with certain conditions. It has not come back to us with approvals and permits like we thought it would and it is getting to a point that as Administrator that there is another decision to be made by Council. Do you want to continue with the Pier project or take that money and put it into the rest of the park, which is Phase III? The rest of the park was the expansion of the building that is there, a 2nd floor restaurant that we could rent out as a revenue opportunity as well as improvements to the overflow parking area. Those two projects are slightly under the expense of the Pier, which is becoming problematic. Mr. DeMoura will highlight and give the most up-to-date information at the Budget Committee meeting and see what direction we would like to go. Funded is Carolina Park Phase III, at least a portion of it. We are working on that now with Mr. Santos and the

Recreation Committee and Mount Pleasant Way, which is an effort towards greenspace and then a lot of unfunded projects on the Recreation side. The largest being the Rifle Range Road land that we jointly own with Charleston County Parks and Recreation Commission, (PRC).

Ms. Landing stated that if on the unfunded list, for example Duffy Baseball Complex, have we ever tried in the past to go and say that we would love to have a private corporation that would then have some form of naming rights associated with it, or something else that gives them the opportunity to participate in a long-term legacy with the Town?

Mr. DeMoura stated that he could not recall ever doing something like that.

Ms. Landing stated that she mentioned at another meeting that Tom James stated that Raymond James, one of the founders, has said many times that the best money he ever spent was the Raymond James Stadium. It has paid off in droves many times over. It might be that there are corporations out there who would like to be part of Memorial Waterfront Park. We would probably take a lot of pride in knowing that corporations invested in our Town.

Mr. Santos stated that Memorial Waterfront Park is named that because of the memorial there. The idea was to have various military out there. That has been done. Duffy Complex is the same thing. Those fields are named after people as well as the whole complex. That has been done. Changing that would not be appropriate, if they have already been named after someone unless there is something new for that to happen.

Ms. Landing stated that she is not suggesting we change the name. There are ways that corporations can become involved and have a building on the property or even a couple of benches named. There are all kinds of ways you can do something.

Mr. Cunnane asked Mr. DeMoura if on the Darby Comprehensive Repair, has that building been appraised. He heard that the Town bought it for around \$200,000. He said it seems like a bonanza sitting on there the way real estate prices have gone up in the area, and we receive complaints

about parking in that area all the time. Maybe we are adding to the parking problems. We have this building which has plenty of empty space in it, have we considered looking at appraising it, and trying to figure out if long-term it is something we are going to hang onto.

Mr. Santos stated that Mr. Owens went to Kindergarten there. That building houses a lot of the Town's camps. We are losing money on camps because we do not have enough space. Tom made a great suggestion about adding on somewhere and to be able to bond it. There was a revenue that we get to pay the bond off. We cannot provide enough camps for our kids. He asked Mr. Gergick, Director of Recreation, how many people we have signed up.

Mr. Gergick stated that the first day of registration they took in over \$400,000.

Mr. Santos stated that the Darby Complex helps the Town tremendously, so he is not in favor of doing anything with the Darby Complex other than fixing it up.

Mayor Haynie recognized Mr. Cunnane.

Mr. Cunnane stated the he still had the floor, but he raised at the retreat that everything is happening in a little 20 block radius in the Old Village. Not everything, but most Town services are disproportionately in that area. It is a valid point that it is hundreds of years old neighborhood, but it is a big town and it is an isolated corner of Town. If so many camps are there, if there are other opportunities, to move them to a more convenient location might be worth considering. Again, he asked the question if we know the value of the Darby building, and we do not. Even if it was sold as residential property near there, everything is over into seven figures.

Mr. DeMoura stated that we have rough figures. For insurance purposes the Town had to put a number on it but he could not recall the number. He stated we can get Mr. Cunnane that information.

Mr. Cunnane thanked Mr. DeMoura.

Mr. Santos stated that he can tell Mr. Cunnane what the number is. It is invaluable.

Mr. Cunnane stated it is invaluable if you live right there. Then your kids can walk to the game.

Mayor Haynie stated that Mr. Santos has the floor.

Mr. Santos stated to Mr. Cunnane that he needs to get over this. It is not a south against the north. We are building a brand-new stadium in the northern part of Town. There are a lot of things going on up there, so he needs to get over that. He stated that nobody thinks that way except him. We are not doing that. We have a lot of camps going on out of Park West.

Mr. Cunnane made a Point of Order.

Mr. Santos continued that Mr. Cunnane needs to get with the Recreation Department and let them tell him what is going on before he makes those statements.

Mr. Cunnane stated Point of Personal Privilege, Mr. Mayor.

Mr. Santos stated that he was addressed personally.

Mayor Haynie stated that Mr. Cunnane may be recognized but not on Point of Personal Privilege. Robert's Rules of Order refer to audio visual or temperature, not the right to interrupt. But you are recognized now if you would like to speak.

Mr. Cunnane stated that the gentleman answered him directly or accusatorily answered him directly. The point is there are 11 recreation facilities in the Town. Nine of them are south of the connector, or eight of them. Three are above. That is a disparity whether you like it or not, it is a disparity, he is not making that up. The Town put out a post about how they maintain 11 different places – it was 10 – but there was an 11th one that they missed that the Public Service Department maintains these 11 facilities for the Recreation Department and where they are located is not an opinion. It is a fact. When you look at having five things in a half mile radius that is a disparity for other people who must trudge across traffic to get to this stuff. That is why he brings up the Darby Building as something

that some the usage can be done right in that building. Some could go elsewhere in the Town. That is why he brought it up.

Mr. Bustos stated that so many times when he was a kid the Town limit was Ben Sawyer Boulevard. Of course, there are more on this side of town because it is a couple hundred years old. Carolina Park and Park West are probably 30-40 years old, so certainly the older part of town is going to have more in it. As this Town has evolved, things have moved up. We simply cannot snap our fingers or blink our eyes and give Carolina Park and Park West hundreds of years of history, ball fields and everything else. This has been evolving for hundreds of years. Drainage was a specific problem, that as we repaired it here, then we repair the middle of town and by that time Park West and Carolina Park will need to be refurbished. We need to keep our eye on the ball. To get to that building, that was once the Berkeley County Center, because Mount Pleasant was the seat of Berkeley County. There are a lot of historic things and you cannot replace that. You cannot move it to the other side of Town. We have an old portion of Town and it is going to have things built there through the years, and as it moves up it is going to get to the upper reaches of Town. We need to be patient.

Mr. Cunnane stated that in order to be patient it has to be one piece at a time; that is his point. He is not picking on the Darby Building or the people in that area, but we have empty space here in this building, some of those usage might be able to happen here. That is his point. There are complaints from people. We thought it was a big issue until we only had six people to complain about the parking on those streets. We are adding Town services into a residential neighborhood that is squeezed for parking. It might be something to look at. At least we should know what the value is on the building and we can decide if it is worth it or could we do two other locations elsewhere in Town with that money. Thank you.

Mr. DeMoura stated that today was about presenting Council with a document and giving you an overview. Hopefully, we did our best to give you a decent feel for what is in it. He stated we will not meet formally until Committees but if there are any questions on the budget document please do not hesitate to contact him or a member of the staff.

Mr. O'Rourke asked Mr. DeMoura if anything had been determined about possible alternate sources of revenue in the Town. He knows in the past they have talked about parking, recreation fees or improving event situations where there may be something. Mr. O'Rourke appreciates what the staff has done. He stated the proposed budget was extensive and good for them, and he loved the beginning that showed where all the monies came from and where it is going. There are two sides to the budget. He is not a cut guy, he is the other guy. He is the one who asks how we can get more revenue so that we can continue to do more. He wanted to know if there was anything that could be considered to help on the revenue end as opposed to trying to see what can be cut on the other end.

Mr. DeMoura stated that the Town is only allowed to raise what the state legislature allows as options. There are only a handful and they come down to fees for service, whether it is recreation or something else, which is an option. Stormwater is a fee for service. Ad Valorem Taxes, Business Licenses, and perhaps he missed another one, are options. That is it. There are options, but they would require someone having to pay more for it to happen. He respectfully stated that we cannot reach 10, 20, 30 new employees and any of the unfunded capital projects without growing the tax revenue to the Town. That is what was provided for us and of all the options, taxation is widely known as the fairest. It is based on value. The Town can find other ways to raise little pockets of money here and there, and it should. But the Town cannot reach some of the priorities that are in the Proposed Budget and Financial Plan without an adjustment to taxation.

Mr. O'Rourke stated that his last comment will play off his first comment. He said that what we saw was that we are getting less revenue. The arrow is going up slower than it has gone up in the past from a revenue standpoint, and costs are going up. The Town has no control over things like retirement and it affects the budget in a great way. There is nothing they can do with it. He believes citizens are getting a break on the taxes that they pay. It is not popular, especially during an election year to even bring it up, when we talk about fair and who should pay what. Right now,

the fact is that the people are paying less money than it costs the Town to service them. He believes if it is explained to the public they would at least understand why the Town would have to increase the tax base over the years. What they have done in the past is they have grown the budget based on growth, but Councilmembers have all been hired to stop the growth and they are doing it. That affects the revenues. If the Town does not do something otherwise, it is going to be tough. The citizens of this Town do not want us to go backwards. They do not want the services to go back. Mr. O'Rourke stated that we have a great Town. It has great people doing great things, but it cost money and people should pay \$20, \$30 or \$40 more a year to get and keep the great things we have in this Town. Yes, he is saying he thinks we should propose raising taxes.

Mayor Haynie wanted to make a few comments before wrapping up. He stated that if anyone was present as a member of the press, there is no motion before this Council to raise taxes. This was a 5-year budget outlook proposed by staff of ways to enhance revenues. It has not even been discussed other than in a staff presentation today, so let us put the rumor mill to rest. He stated that if we look at the proposed revenues, the last three years had a huge building boom with some very expensive properties. One example would be at Ferry Wharf, right at the foot of the bridge. It seems like our revenues should be going up considerably based on the building boom. At one time the Town had 1,370 hotel rooms being constructed and 2,000 new apartments. His question is the same as a lot of citizens. He asked that if we are seeing this kind of expensive real estate built, then where is the increase in revenue?

Mr. DeMoura said that was a great question. The increase is exactly in the line item that he was talking about. The biggest area of growth is on the property tax side, and that is reflected. It is all the other areas of revenue that are flattening out considerably. The Town cannot count on it anymore. For some of that new property they are paying whatever the tax rate is and we are receiving that, but we do not get much of it. We get it on the property tax side, but on the sales tax side we must give back to homeowners to reduce their property taxes. The Town is required to give

back 71% of the sales tax money. At the end of the day of all the things that some of those new properties bring in, we only get to keep a portion.

Mr. Santos stated that we have the top recreation minds working with us. The Town made \$180,000 last year from Town camps but had to turn people away because there is not enough room to increase it. He stated that Recreation has a prime opportunity for the Town to get revenue. The park, which is north of the Isle of Palms connector on Rifle Range Road, is a beautiful facility. If the Town developed that section, it can bring in tournaments and bring in more revenue. He stated there is a need to look strongly at Recreation to increase the revenue for the Town. A lot of the Town's departments cannot make increases. If Police did it, they would swear they were writing tickets because they were trying to help the budget. Recreation can do this type of thing and if we concentrate on that and get Mr. O'Rourke to tell us what they are doing in other parts of the country that can help us increase revenue, it is there. We need to look at Recreation now after looking at the Budget and see what can be done to increase our camps to be able to bring in tournaments. That money can go to Police and the Town's General Fund to help pay for some of these things.

Mr. DeMoura said that it can certainly help. It is probably going to cost \$30 million to develop Rifle Range Road. Even if they bonded over a 15-year period that would be \$1.9 million a year. They would have to bring a lot of Recreation events to meet that obligation. If they could cut into it substantially, that would help.

Ms. Landing wanted to recap that a tremendous amount of the budget is allocated each year to the CIP plan. By the very nature of it, Capital Improvement often means fixing things, but it also means expanding and building things. A private public partnership carefully done and focused can have a big impact. She stated that she does not mean renaming things, she means we can add on. Coming from the corporate world, she can say that millions of dollars a year are spent on advertising and other ways of getting names out and giving back to the community. If the Town had something on a 10- or 20-year legacy basis several companies would

probably jump at the chance and it would help their business create a very positive goodwill for the Town. That is a revenue source that has not been pursued. Ms. Landing stated that there is a reassessment next year on property taxes. What she has learned is that if property taxes were reassessed at approximately 10% of the values in Mount Pleasant, we then have the bring the mills down to make it so that people do not have an increase in their Mount Pleasant taxes. As a Council they must then vote to increase it back up. If someone is living in a home in Mount Pleasant and after five years they have had a 10% increase in the value of their home, they probably would not feel great about paying more taxes, but they would understand that we might need to raise that from say .41 to .38. if we then raise it back to .40 it is still lower compared to everyone around us. If there is a good business reason like expanding our firefighter service, then people understand. That is not increasing our millage.

Mr. Owens stated that Mr. O'Rourke brought up the fact that the only way to increase revenue is through taxation. They also must keep an eye on Stormwater. Stormwater fees does not have the funding necessary at this point to fund the necessary projects that they are looking at. Stormwater is going to require a dedicated Stormwater allocation program. They are talking about \$30 million. They must look long-term on how that is going to affect the Town going forward and it does not stop. Right now, they pay \$60 month per household. For that to go up a few dollars is something that is going to have to be discussed thoroughly. He stated that he was not in favor of raising taxes, but the fact remains that in order to have a viable community, we must have the infrastructure in place to serve the community. That is the only way to go about protecting Stormwater infrastructure. Once they go beyond fixing the Old Village and Hobcaw, there are going to be others that are going to fall prey to preventative maintenance and possibly replacement. This is something Council needs to take a good, long, hard look at. He wanted to make this a recommendation for future exercises.

Mayor Haynie thanked Mr. Owens. He stated they should follow-up at Committees. He has questions that he will be asking Mr. O'Rourke as

Finance Chairman. There are some items they can look at. It is very complicated. Mayor Haynie thanked staff for the Budget book. He stated that they get the book every year and in a couple months it will be dog-eared. They sift through it a lot. He thanked staff for all the work they do to make the book happen. The Budget Award is fantastic. He stated that this is not the end of the questions, they have just begun and if there is nothing else, they will stand adjourned.

6. Adjourn

There being no further business, the meeting was adjourned at 10:28 a.m.

Respectfully submitted by,

Gina Artrip