



# City Council Worksession

## Meeting Minutes – Electronic Meeting Via Zoom

May 19, 2020

### I. CALL TO ORDER

5:00PM

Mayor, Billy Keyserling.

All members of Council in attendance.

### II. DISCUSSION ITEMS

#### A. City Manager's FY 2021 Recommended Budget

**Bill Prokop, City Manager**, began by stating that a Q and A will be established on the City's website for any questions received to the City Clerk, Ivette Burgess, regarding the budget. All questions received by Friday, May 22 will be reviewed and answered next Tuesday, May 26 in Worksession.

**Mr. Prokop** introduced the budget and its process.

**Kathy Todd, Finance Director**, began by presenting an overview of the consolidated FY 2021 recommended budget. *The proposed recommended budget can be found in the Council Worksession May 19, 2020 packet on the City's website.*

Council questions:

**Councilwoman Sutton** asked what the \$47,300 transfer was under the State Accommodations Fund.

**Kathy Todd** explained that state law allows for the first \$25,000 of collections plus an additional 5% to be allocated to the General Fund to cover administrative cost of overseeing the State Accommodations Tax, to include reporting.

**Councilman Murray** thanked Kathy for sending the comprehensive documents on Friday. He stated that the good news is we did have growth of \$1.2 million and the value of our mil is increasing. He asked what rationale of the debt service mil increase was.

**Kathy Todd** explained that the County Auditor has implemented the letter of the law. The additional mil is necessary to make sure the City collects enough to cover the debt payment and not tap into the operating mil collections.

**Councilman Murray** asked if the debt mil was subject to the same CPI formula that was imposed on us due to Act 388.

**Kathy Todd** stated that the operating mil is controlled by the CPI and the growth, were the debt mil is controlled by debt payments, which is capped at the City's 8% debt limit.

**Councilman Murray** asked what are the contributions for replenishing the Fund Balance in this budget.

**Kathy Todd** there is no contribution to Fund Balance other than the 2-mil reserve for capital. No plan currently to replenish Fund Balance. The plan is to have a balanced budget going into it, monitor it month to month and hopefully come before Council and give monthly updates on where we are.

**Mayor Pro Tem, Mike McFee**, asked for clarity in adding the additional \$25.00 fee and what it would help offset.

**Kathy Todd** said yes, as we continue to incur cost regarding road maintenance this will help offset those costs out of the General Fund. The proposed \$10.00 Stormwater fee would be for maintenance on the Stormwater system.

**Councilman Murray** expressed some concerns regarding the vehicle fee being proposed. He has philosophical and problematic concerns regarding the fee. Philosophically it is very frustrating that we continue to ask City residents to pay for maintenance of somebody else's assets as these are State assets and we already contribute to the maintenance of roads. His problematic issue is those that have been affected by the COVID-19, primarily in the service industry. He would like to see this deferred for another year.

**Councilman Murray** asked about Salaries and Benefits. A significant increase to salaries of \$210,000 over FY 2020 amended budget and a dramatic decrease of benefits of \$60,939 over the previous year.

**Kathy Todd** said since benefits are individualized the composition for this coming year is different for staff. To balance the Parks and Tourism Fund, a greater portion of Police salaries had to be pushed to the General Fund. These salaries were historically covered by the Parks and Tourism Fund. Another reason it that last year's budget had salaries that did not take effect until the middle of the fiscal year whereas now they are full year budgeted.

**Councilman Murray** asked if they did not pass the proposed increase to the Stormwater fee, it seems like it would not affect the recommended budget that is being proposed.

**Kathy Todd** said it would affect the budget since revenue is being budgeted with the new fee being proposed. If the fee is not passed the projected revenue of \$167,673 would have to be cut from the Stormwater Fund, which can affect operations or salaries and benefits.

**Mike Sutton (Facebook Question)** - If the vehicle tag fee being recommended is not implemented what would happen?

**Kathy Todd** responded by stating that an additional \$240,000 would have to be cut from the proposed operating budget.

**Jonathan Sullivan (Facebook Question)** - How do we protect the 2% Accommodations Tax for local organizations and the CVB? CVB provides nearly \$8 million back to the City's budget for every dollar provided with an 8-1 return on investment. We must remain invested in our Hospitality industry.

**Mayor Keyserling** said this question would get addressed when we get to that part of the presentation.

**Councilman Murray** expressed concern over the increase in Salary and Benefits across all departments since it is about \$468,000.

**Kathy Todd** responded by stating that salary increases are due to filling positions in the middle of the current fiscal year. The other reason is overtime for the Fire Department was not captured in FY 2020 and now it has been captured for FY 2021.

**Councilman Murray** asked about the \$231,637 increase in salaries for Downtown Operations. He is curious about the strategic plans for Downtown Operations. I am surprised that salaries, operations, and benefits have grown for this department.

**Linda Roper, Downtown Operations Director**, stated that their responsibilities are a whole lot more than Main Street. We are managing Marina Operations, Park Operations, City Contracts, and Parking Management. Main Street did not do these things.

**Kathy Todd** stated that this year 90% of the Director's salary is now in Downtown Operations whereas in the past it has been split between the City Manager's and Municipal Court budgets.

**Councilman Murray** stated that as it stands right now, he is opposed to the \$25.00 vehicle fee and opposed to the \$10.00 increase in the Stormwater fee. He would like to know and understand what an increase of 2 ½ mils would do to the average single-family home and he would like to ask staff for additional cuts and figure out ways to fully fund the CVB for recovery marketing.

**Mayor Pro Tem, Mike McFee**, asked that given the current position and all the cuts that have been made already, would furloughing be the next thing.

**Mr. Prokop** said that we will be looking at all options.

B. Accommodations Tax Grant (ATAX) Freeze and Consolidation

**Mayor Keyserling** began by stating that maybe we look at consolidating all ATAX dollars and have a unified marketing plan.

**Councilman Murray** said he asked for this item come back to the table after the City Manager's recommendation last week so members of the Tourism Development Advisory Committee (TDAC) could weigh in on the discussion and how will the grant process for this coming fiscal year be handled.

**Kathy Todd, Finance Director**, stated that she is concerned about falling below the mandated Fund Balance requirement.

**Mayor Keyserling** said that those that have spent the money should be reimbursed and those that have committed the money for events, we should honor.

**Councilman Cromer** said he is in favor of honoring those commitments.

**Councilwoman Sutton** agreed that the City should honor the commitments but going forward we must wait and see.

**Councilman Murray** said we must honor the commitments. Although, he understands Kathy's concern regarding falling below the mandated Fund Balance policy. He also asked could we transfer from Reserve Fund Balance to the State Accommodations Fund until we start receiving State Accommodation Tax again.

**Kathy Todd** said she would not recommend that without knowing where we are in our General Fund Balance. If we start dipping below 25% it is going to begin to affect our bond rating. Our bond rating has a direct effect on our debt and credit worthiness as well as solvency.

**Mayor Pro Tem, Mike McFee**, agrees with the rest of Council. We need to honor our commitments, however, let's have discussions with the applicants that have not requested reimbursement to see what their position is.

**Robb Wells, Beaufort/Port Royal Convention Visitor's Bureau's Director**, stated that we need to plan now for what the 6-9 months looks like for revenues. It is that imperative.

### **III. ADJOURN**

**7:47PM**

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Disclaimer: This document is a summary. All City Council Worksession and Regular Meeting minutes are recorded. Live stream can be found on the City's website at [www.cityofbeaufort.org](http://www.cityofbeaufort.org) (Agenda section). Audio recordings are available upon request by contacting the City Clerk, Ivette Burgess at 843-525-7018 or by email at [iburgess@cityofbeaufort.org](mailto:iburgess@cityofbeaufort.org).