



Budget

FISCAL YEAR 2017 - 2018

Explanatory Narrative

Brief Guidelines

- We have elected to use a budget memo or narrative format
 - Aimed at helping those unfamiliar with a municipal budget to be better able to readily understand it.
 - It contains a written overview which explains terms and calculations
- The main budget document also contains a resource section which includes organizational charts and all ordinance pertaining to specific fund expenditures as well as the current fund balance ordinance.

Legislative Initiatives

- Keep focused on the big picture
- Budgetary responsibility is at the fund level so don't get bogged down in operational minutia
- Council decisions
 - Design overlay
 - Declining rates for business licenses
 - Annexation along the commercial corridor
 - Huckabee property
 - Pier
 - Pay for enlarged footprint design and buildout
 - Pay to demo and reconstruct buildings
 - Tax raise or special purpose assessment
 - Possibly first year emergency money from renourishment (don't know how much)
 - GO bond or private loan

A Balanced Budget

- By definition a balanced budget means that total budgeted expenditures do not exceed budgeted revenues plus available fund balance.
- It is also important to compare the annual revenue to the annual budget expenditures to be able to identify trends for future years and ensure sustainability over time.
- In addition, general auditing practices require the General Fund to have a reserve of two months operating budgeted expenditures each year.
 - Since our average monthly expenditures are currently \$570,000 this equals \$1,140,000.
 - In accordance with the new fund balance ordinance, however, we must strive to maintain 4 months which is \$2,280,000.
 - We will continue to work toward this goal.

A Balanced Budget (Continued)

Proposed General Fund Budget	Anticipated General Fund Revenues
\$6,930,095	\$6,930,095

- The budget proposed today represents a balanced budget.
 - Anticipated revenues equal \$6,930,095 and proposed expenditures equal \$6,930,095.
 - The anticipated fund balance as of June 30, 2018 is estimated to be \$3,337,500.
 - The unassigned fund balance is estimated to be \$1,503,000 which is 2.6 months of expenditures.
 - The expenditures in the budget reflect council input from the Vision Meeting.

Challenges

- The biggest areas of concern are always the funding of beach renourishment and large stormwater projects. The last 18 months in particular have presented significant challenges for Surfside Beach.
 - First the town experienced flooding problems with the rain event associated with Joaquin.
 - Then when Hermine visited us this fall, two of our ocean outfall swash bulkheads failed.
 - The arrival of Hurricane Matthew only served to exacerbate our drainage and water-related issues with increased damage to the Myrtle Swash Culvert bridge and the loss of over 50% of our fishing pier.
 - To top everything off, while we had been approved by the Army Corps of Engineers for beach renourishment this winter, their bid failed. This means that in addition to the \$1,344,000 we have already sent them, they expect us to write another check for \$693,000 in May. Some emergency federal funds may serve to offset this number.

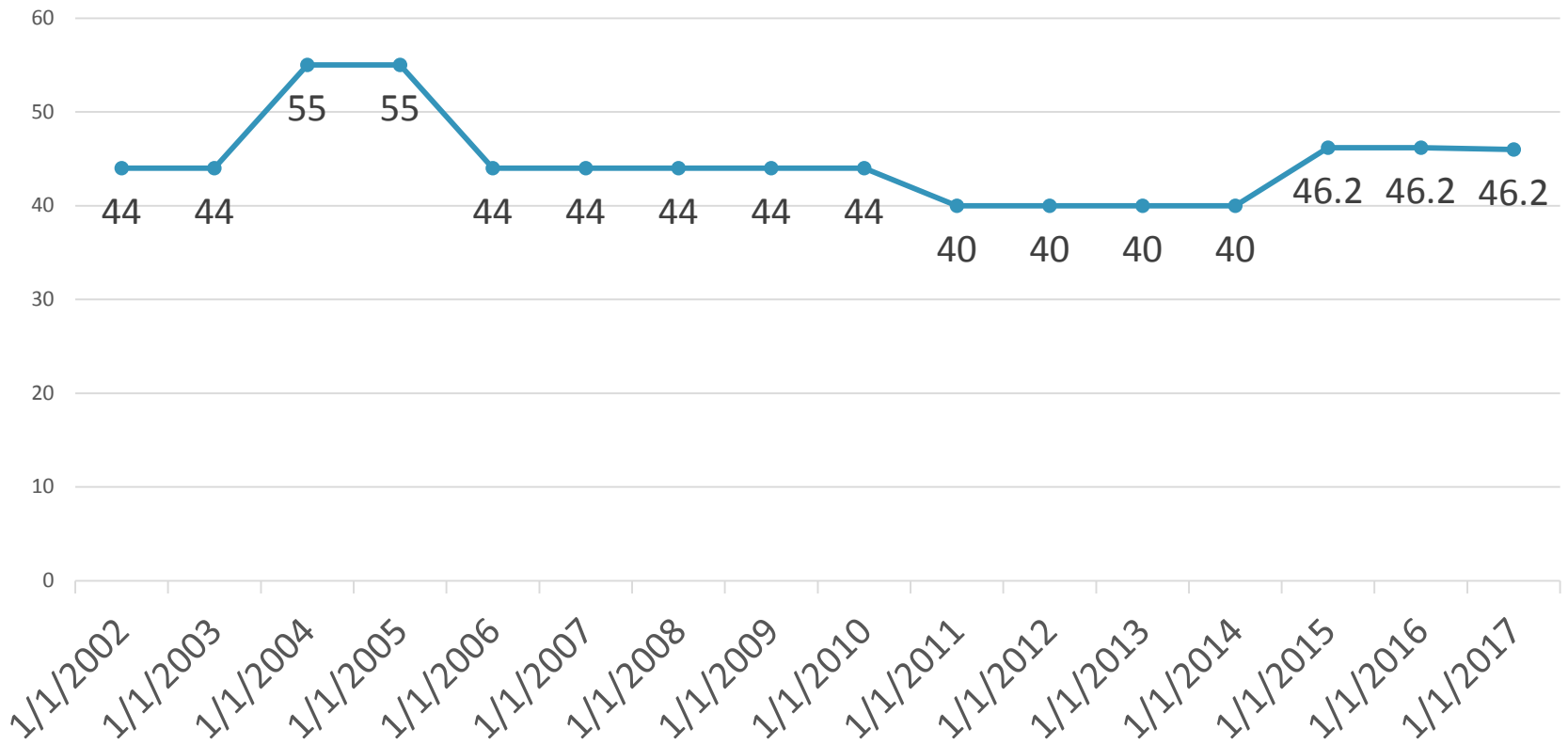
Challenges Continued

- In addition, each year we must comply with increasingly burdensome unfunded state and federal mandates.
 - This year the state has threatened to cut our business license revenue by more than 35%
 - Over the next 5 years the state is calling for an escalating percentage of the employer share of all pension and retirement benefits.
- Moreover, other fixed overhead costs continue to increase for utility services, health care benefits and various insurance coverages.
- Although staff continues to take steps to minimize the outflow, the majority of factors attributable to its acceleration are, largely, beyond the control of the Town.

Millage

- The millage rate is the ratio of a dollar to each thousand dollars of a property's value.
- A millage rate means that it is one-thousandth of the value.
- One mil equals approximately \$65,150.
- The tax millage in Surfside Beach is currently 46.2 mils.

Millage History



Millage Bank

Year	CPI	Population	Total Allowable Increase %	Mils
2015-2016	1.62	2.10	3.72	1.72
2016-2017	0.12	2.42	2.54	1.17
2017-2018	1.26	TBD	1.26	.59
Total			7.52	3.48

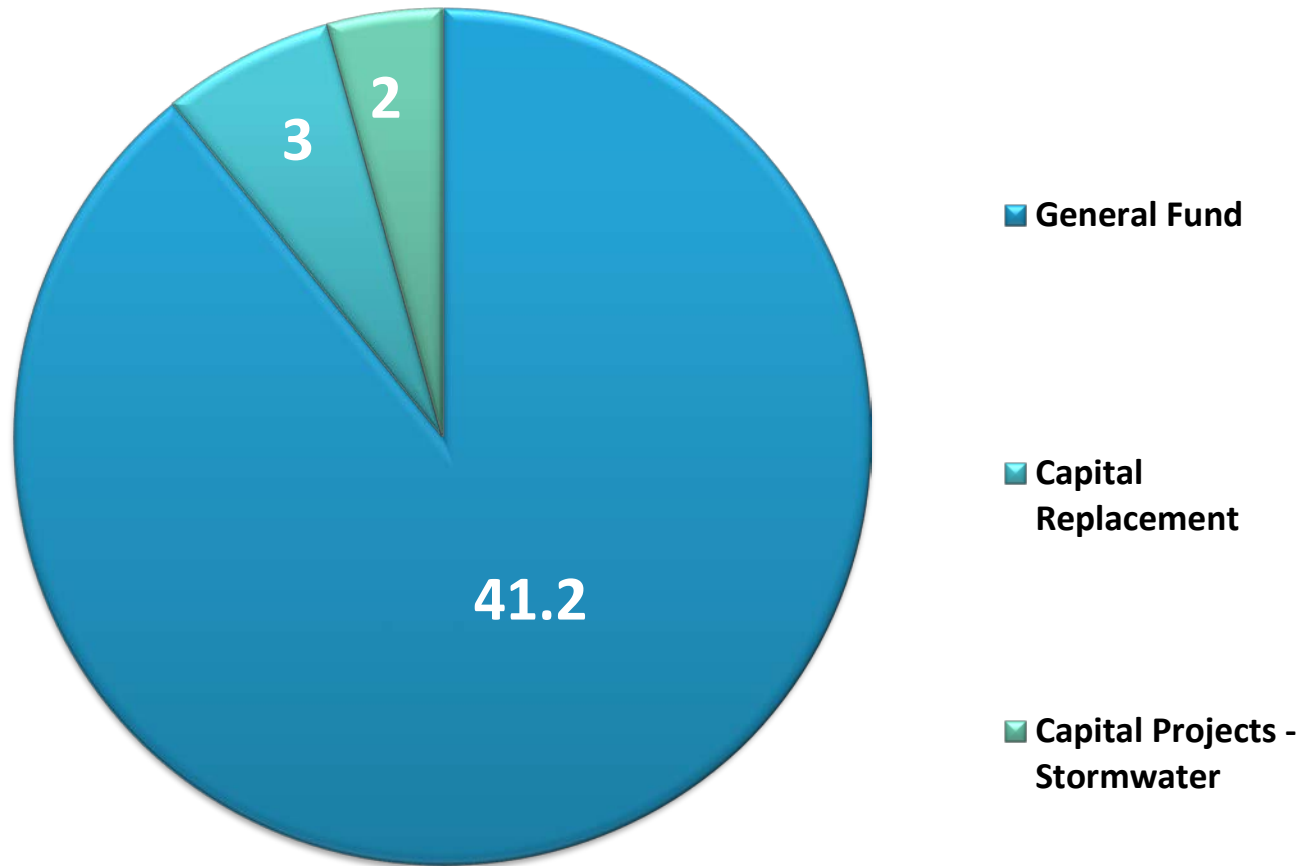
Millage Bank

- Our millage bank at present is 7.52% or 3.48 mils which is tied to the increase in the Consumer Price Index (CPI).
- The population change for the Town of Surfside Beach for calendar year 2017 has not been determined as of this date and is reflected as 0 for this calculation.
- Using this information the millage cap is 1.26 for the current year until the population figures are available in June.
- This budget does not include a tax raise, however, this may be something council wishes to consider once we have all the information regarding the cost of the pier restoration.
 - Debt is one of the exceptions to millage bank limitations.
 - Limitations do not affect millage that is levied to pay bonded indebtedness (e.g., general obligation (GO) bond)

Anticipated Revenues and Millage Allocation

- The Town revenue sources are provided from taxes on real, personal and vehicle property; business licenses; permit fees; charges for services; and other miscellaneous collections.
- Although the Town has various revenue sources, the General Fund relies heavily on property taxes.
- The Town receives 46.2 mils from residents and businesses on real estate, personal property, and vehicles.
 - A mil is worth approximately \$65,150.
 - Forty-one point two mils remain in the General Fund for operations; salaries, benefits, property insurance, utilities and the materials and supplies to maintain the roads, parks, fire and police protection in the Town.
 - In accordance with the fund balance ordinance, three mils are set aside to replace capital equipment (i.e., all equipment with a life expectancy exceeding five years).
 - This budget proposes that two mils be transferred to the Capital Projects Fund to maintain the stormwater system. Currently there is only one major stormwater project funded for this year which is the Myrtle Swash culvert bridge and channel alignment.

Millage Allocation



Anticipated Revenues (Continued)

- The General Fund also receives business license fees, permit fees, parking fees and other miscellaneous fees for services rendered.
- It is proposed to offer declining rates in business licensing beginning next year (i.e., FY2018-2019). Although this will decrease associated revenue by approximately \$45,000, it is very important to ensure keeping our largest businesses within the town limits.
- Transfers from other Town funds also help to maintain the revenues needed in the General Fund.
- Staff continues to search for grants, but many of the grants available are for larger or rural municipalities which either offer different services than Surfside Beach or have inherent exclusions due to size, population density or location.
- Although the town does not employ a grant writer, this year staff applied for over \$2.15 million in grants and just over \$1.74 million was either received in kind or has been approved by various federal and state agencies for funding.

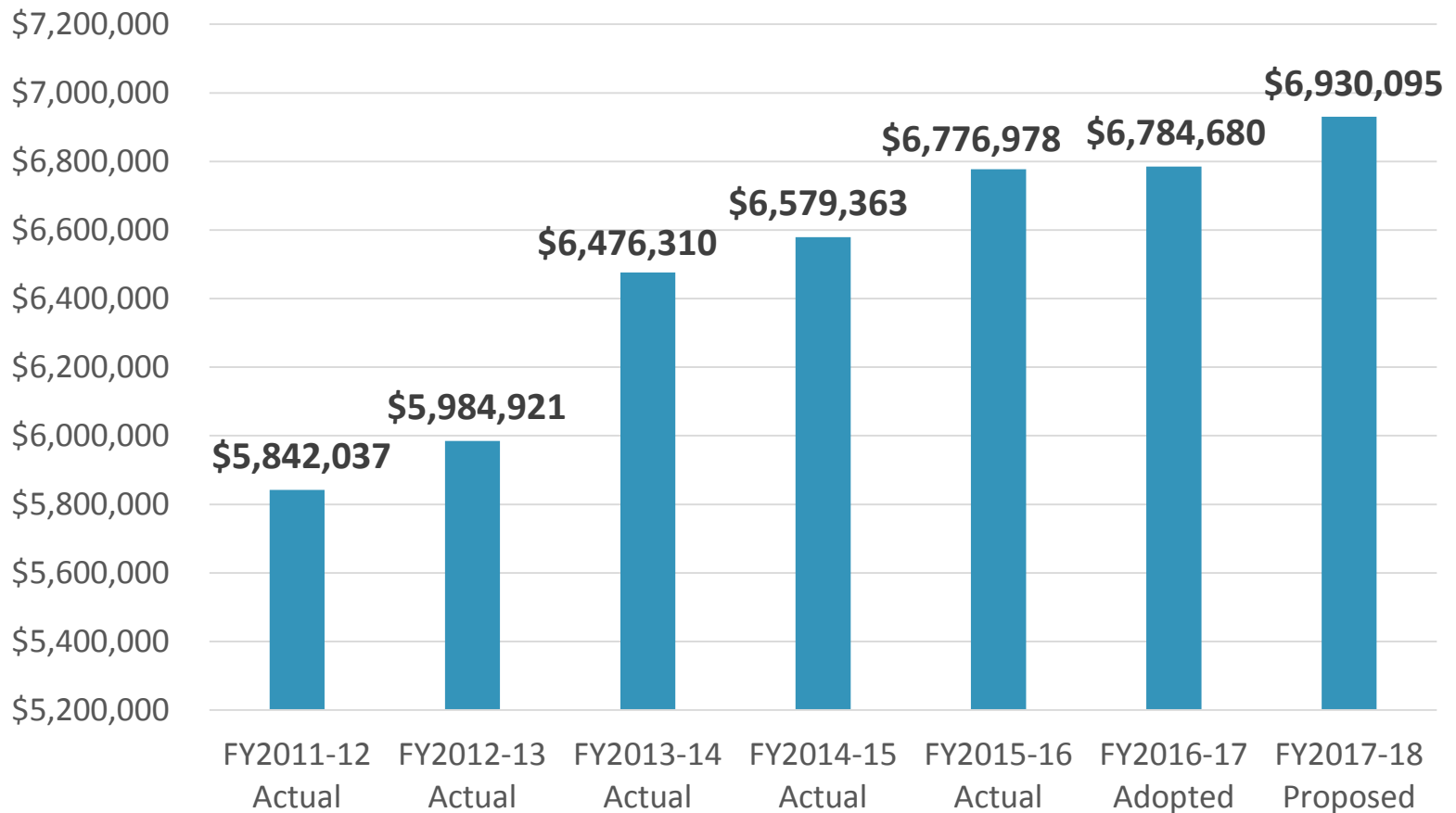
Revenue Growth

- Revenue growth in the past years has been minimal in the major revenue categories.
- Administration is a proponent of maintaining a conservative approach to the forecasting of revenue.
- Consequently, this approach is reflected in the estimates used in preparing this budget.

Anticipated Revenues (Continued)

- Taxes on real estate, personal property, and vehicles account for the majority of General Fund revenues.
- Business licenses also account for a sizeable percentage as do franchise fees.
- The transfer of revenue from other funds to the General Fund has increased in recent years.

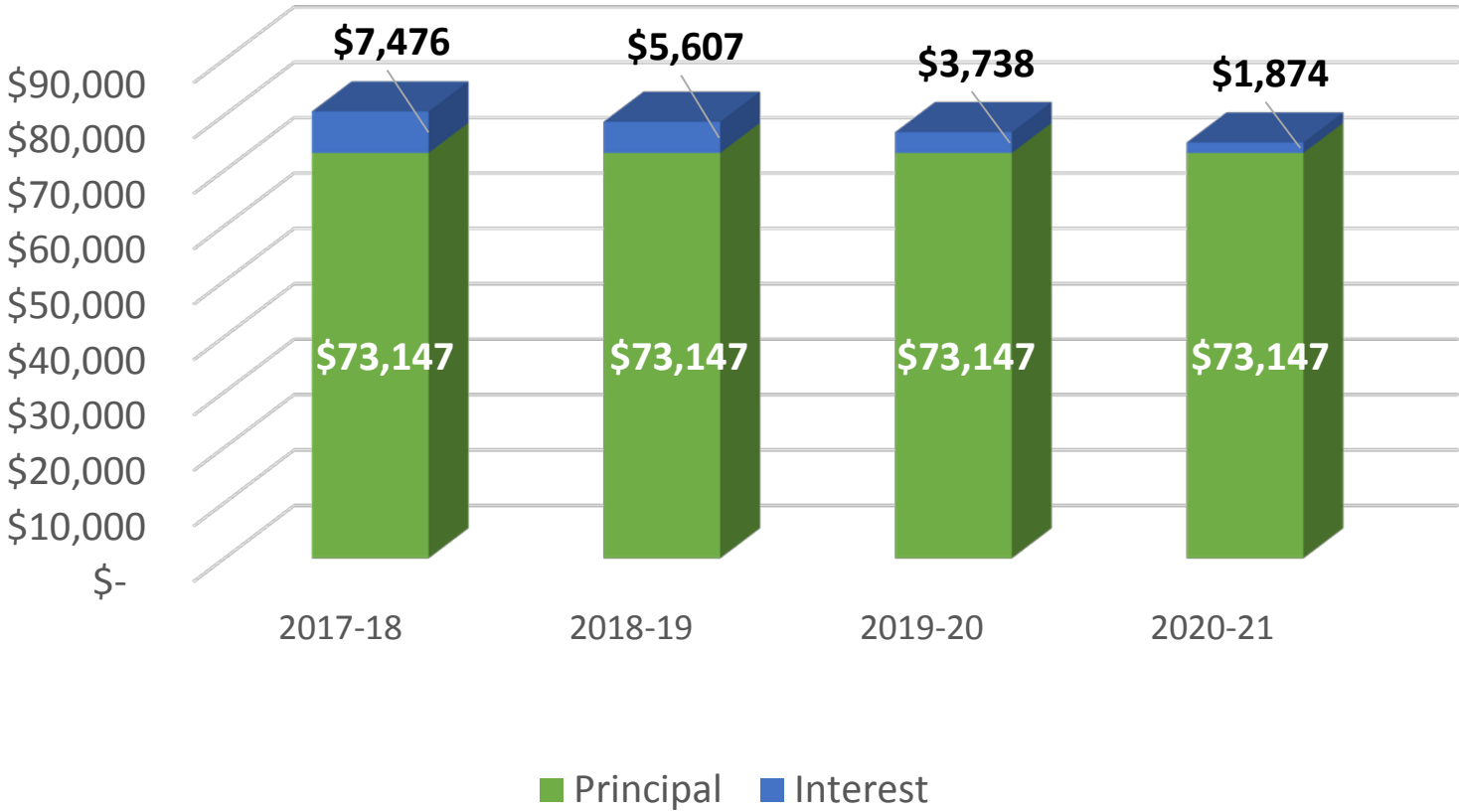
General Fund Revenue History (Including Transfers)



Debt Service

- It is extremely important to note that the Town is essentially debt free.
- Currently the only outstanding obligation is a lease purchase agreement for the Aerial Platform Fire Truck with a final payment due in 2020.
- The total amount outstanding as of June 30, 2018 will be \$230,660 which includes interest.

Aerial Platform Outstanding Costs



Services and Property Taxes

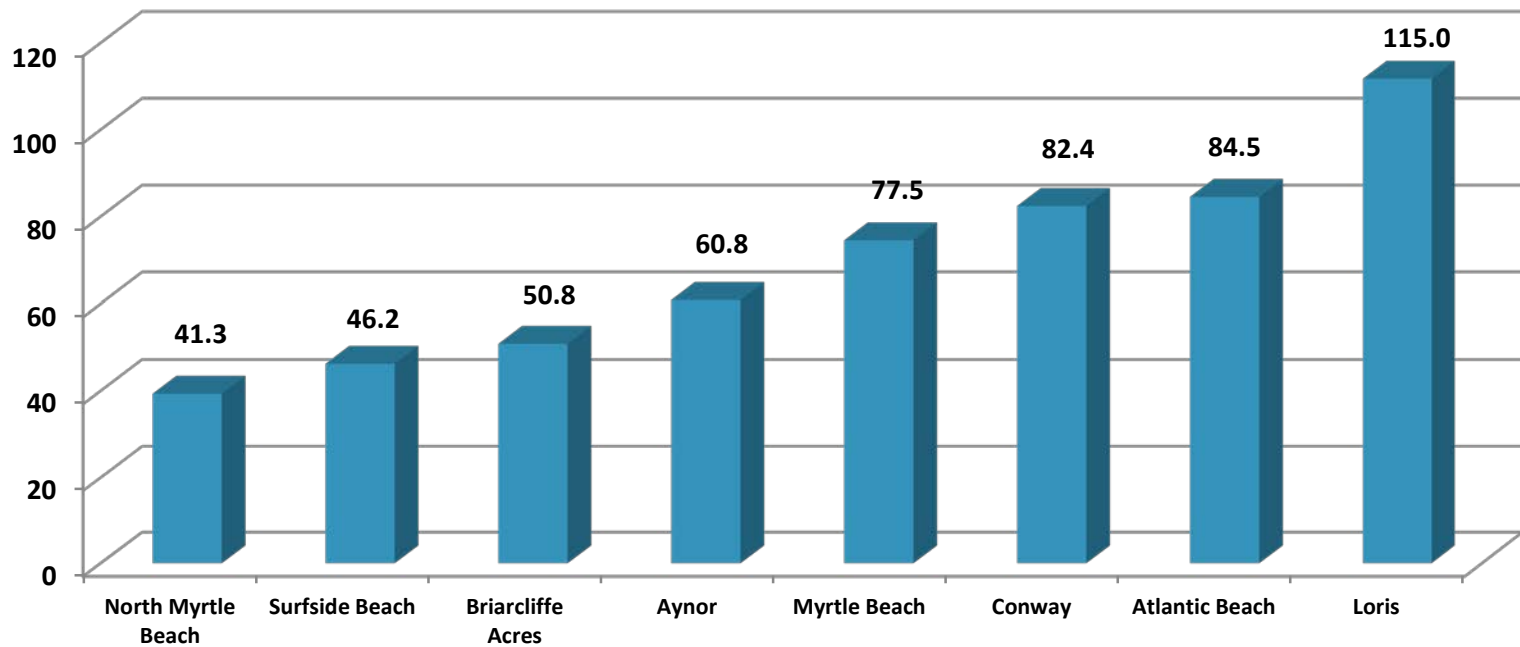
- The proposed budget for FY 2017-2018 maintains the current level of services for residents, nonresidential property owners and visitors. A typical \$200,000 owner-occupied residential household in Surfside Beach with two \$30,000 vehicles and 1 moby cart for trash pays approximately \$480 in annual taxes to the town (i.e., \$370 for their house and \$55 per vehicle) and \$225 in Sanitation fees. That is less than \$60 per household per month for all the services residents enjoy. To be specific, town services, programs and incentives that residents and non-residential property owners receive for their tax levy are ...
 - 24-hour police protection
 - Crime prevention programs
 - Criminal investigations
 - 24-hour fire protection
 - Fire prevention, awareness and safety programs
 - Fire equipment operations programs
- Street cleaning and maintenance
- Drainage maintenance
- Beach cleaning

Services and Property Taxes (Continued)

- Parks and facilities cleaning
- Town planning and zoning
- Local elections
- Municipal court
- Spectator pier passes
- Half price fishing passes
- Free parking and ability to purchase parking decals
 - Residents receive unlimited decals
 - Nonresidential property owners receive two decals free (i.e., one for their vehicle and one for their golf cart) and may purchase additional ones at \$40 per decal

Local Millage Rates

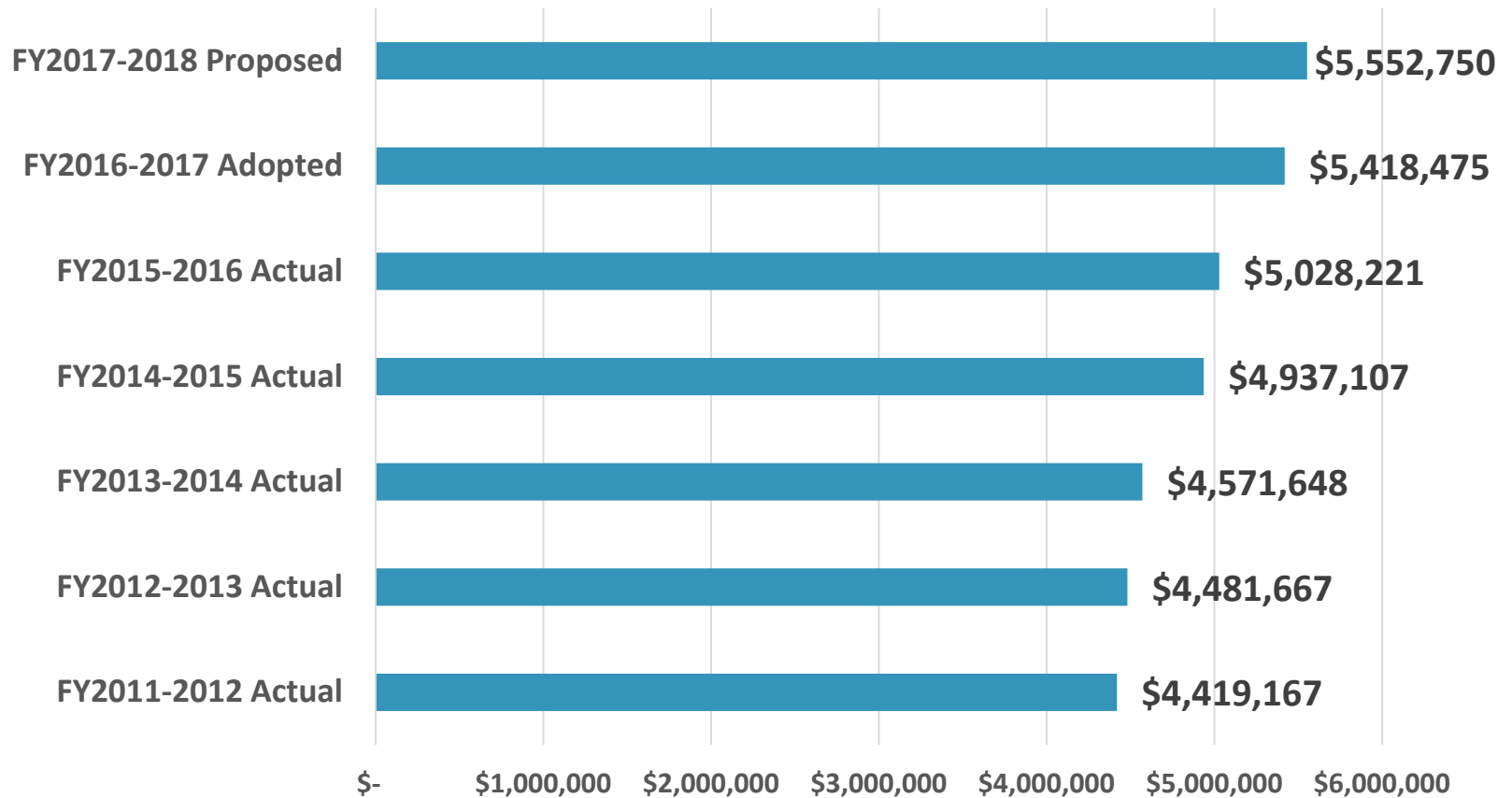
- When taking into account all of the services received by property owners, taxes remain extremely low in Surfside Beach.



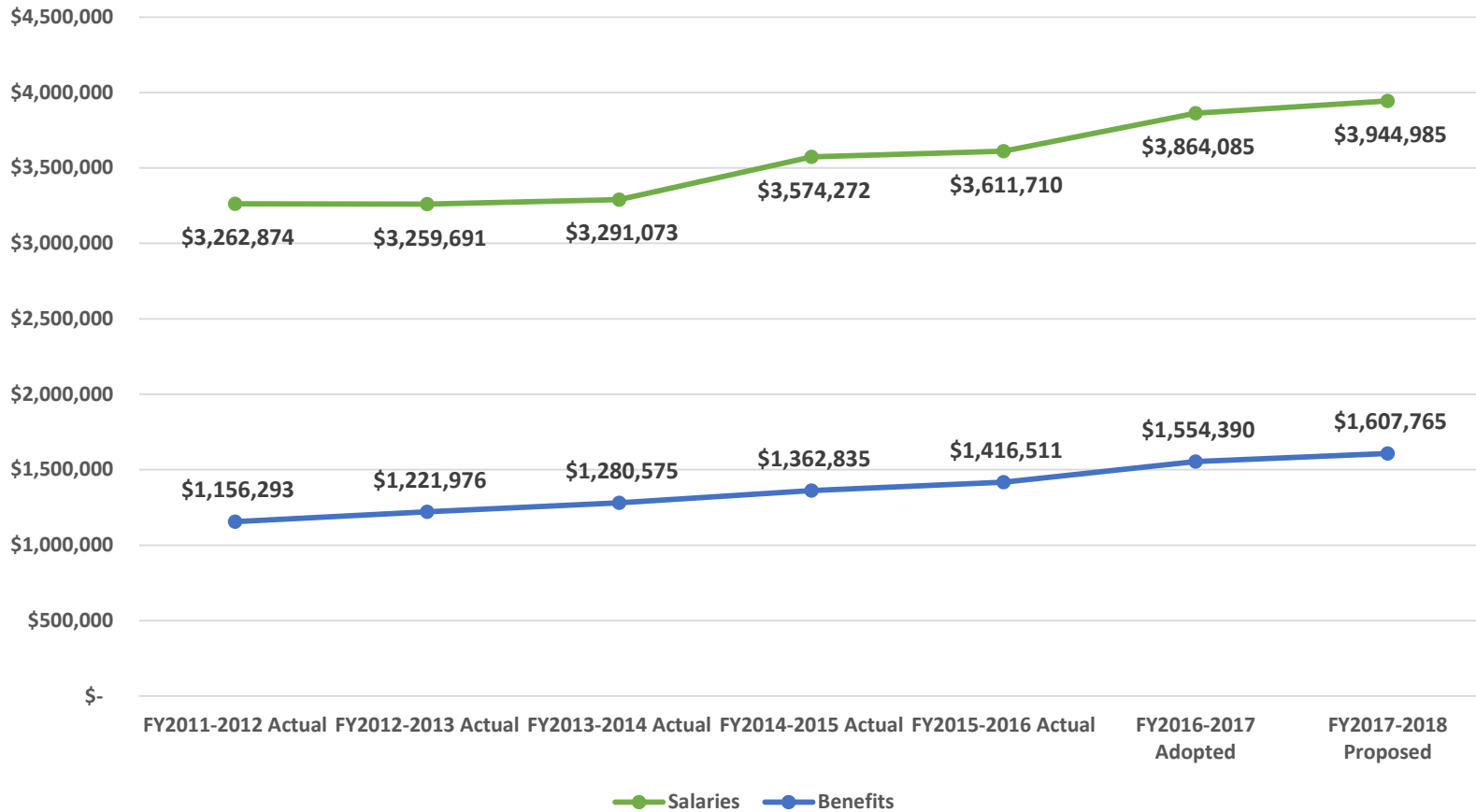
Town Employees

- This year there are no additions to the level of staffing. A cost of living adjustment (COLA) of 3% for all employees, except for the Administrator, is included in this proposed budget.

Historical Salaries & Benefits Combined (Including Sanitation)



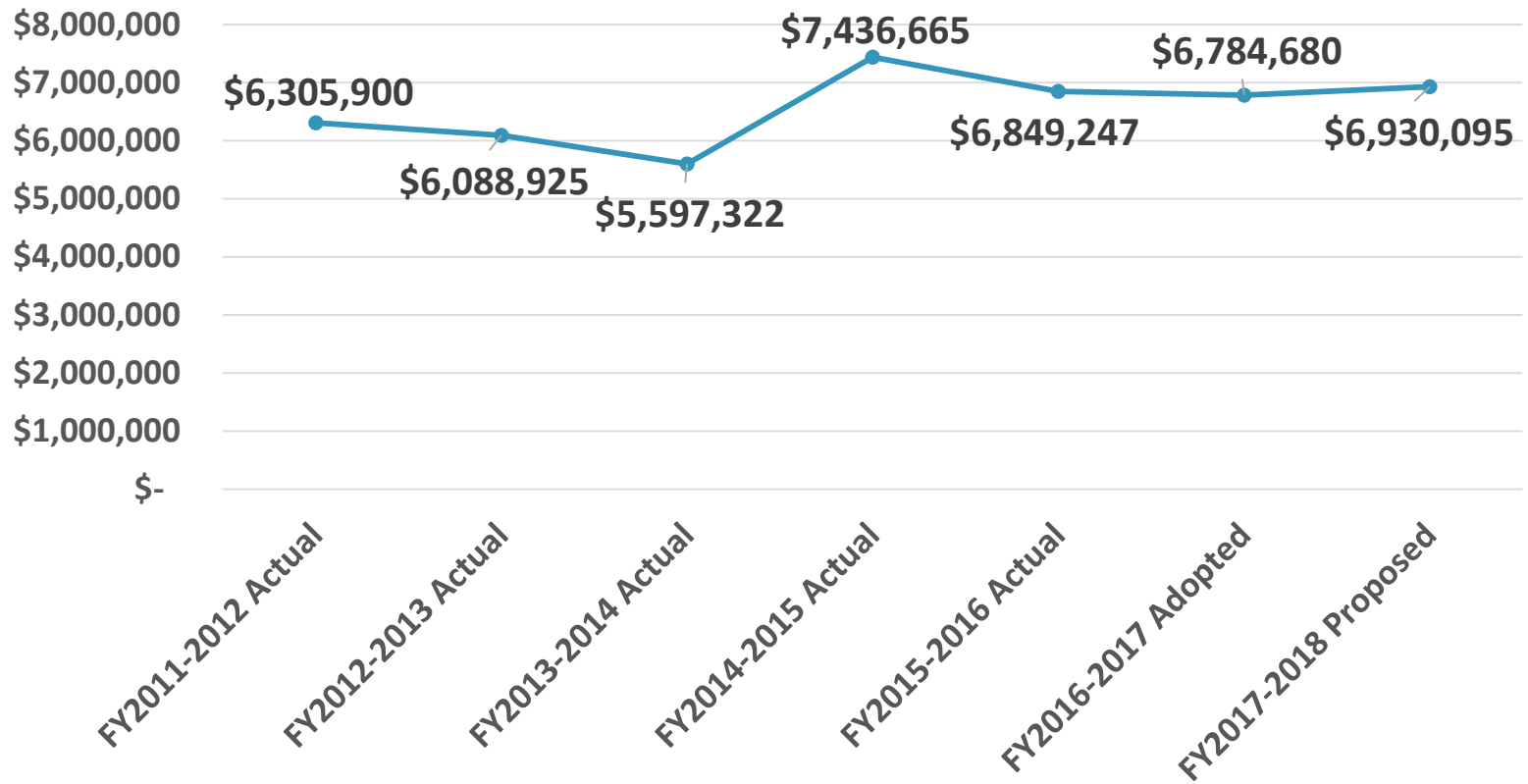
Historical Salaries and Benefits Broken Out (Including Sanitation)



General Fund Overview

- The purpose of the General Fund is to account for the financial resources of the Town used in general operations such as police, fire, emergency management, public works, parks, recreation, events, facilities, elections, and the municipal court.
- In addition, administrative functions including Town management, legal services, and financial services are funded from revenue generated for the General Fund.
- The General Fund proposed operating budget for FY 2017-2018 totals \$6,930,095.

General Fund Expenditure History



Note: FY 2014-2015 inflated by transfer to Capital Projects Fund

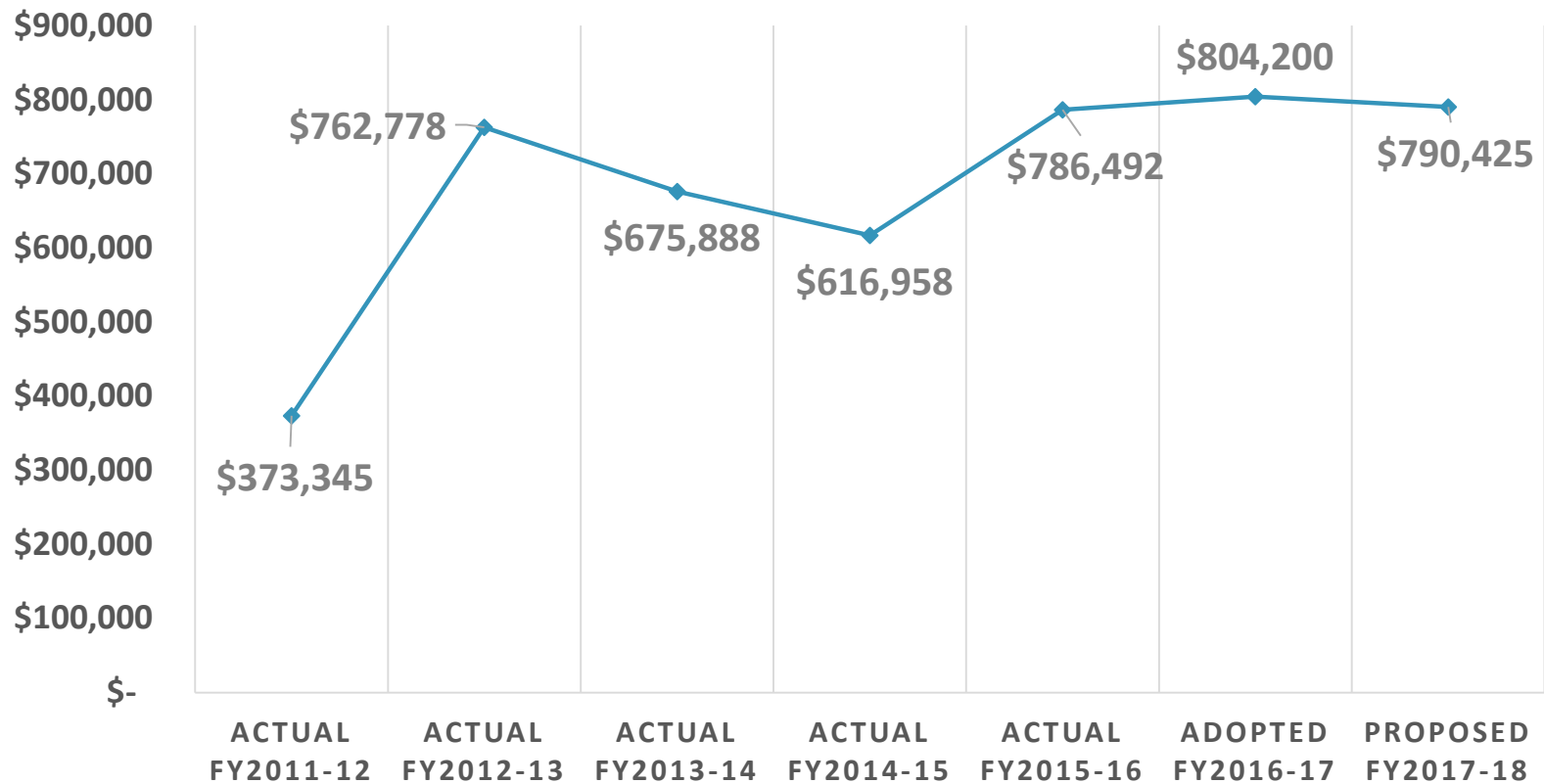
Proposed COLA and Capital Items

- Proposed COLA and capital items budgeted in the General Fund for FY 2017-2018 total \$255,775 and include ...
 - 3% COLA for employees - \$98,275
 - Retirement - \$97,500
 - Dump Truck - \$40,000
 - Gator - \$10,000
 - HVAC - \$10,000

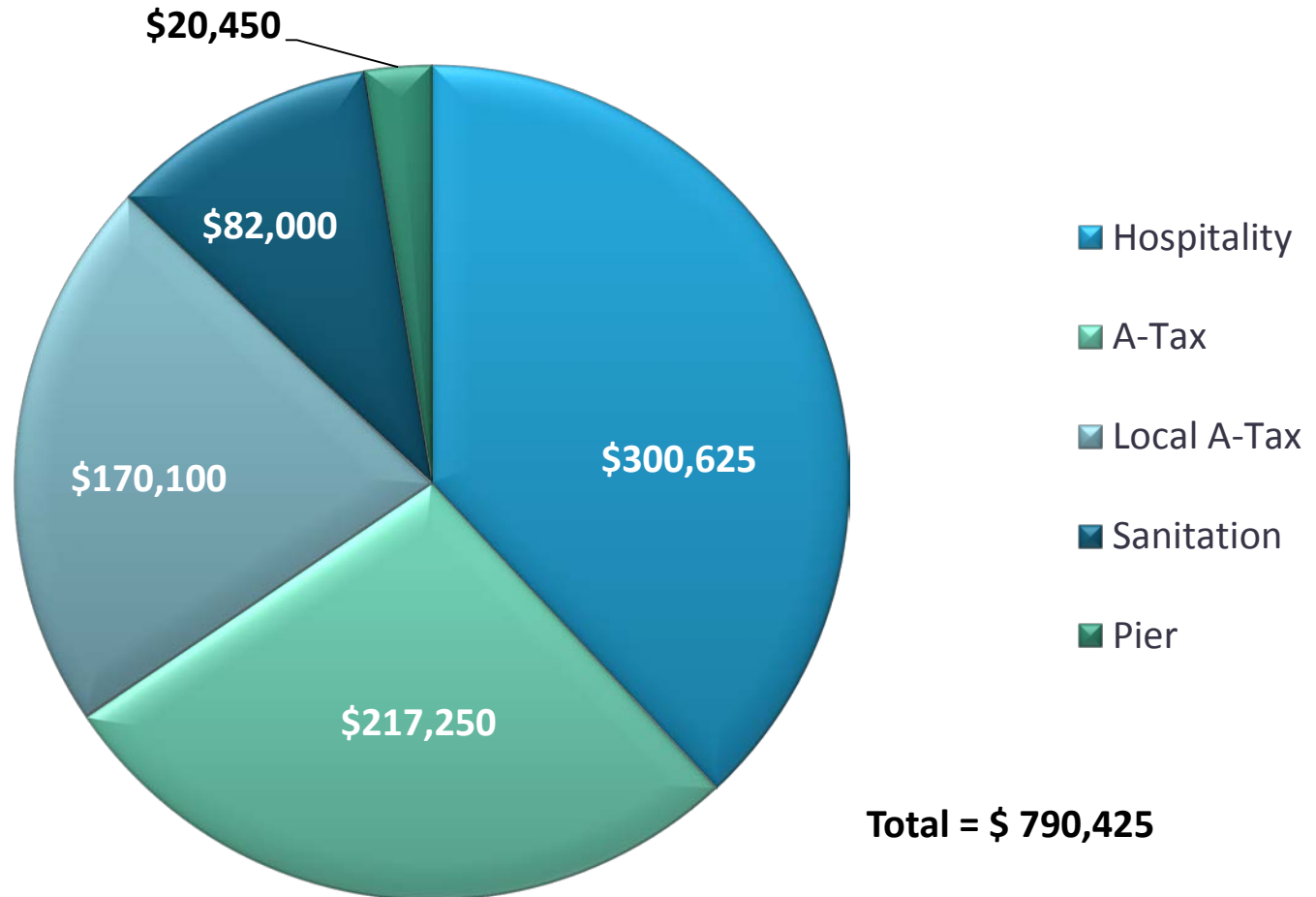
Transfers to the General Fund

- Proposed transfers from other funds to the General Fund for fiscal year 2017-2018 total \$790,425.
- These transfers are to offset the cost in General Fund for services relating to activities eligible for reimbursement from tourist taxes and overhead such as rent from Sanitation.
- For simplicity the expenses and salaries are paid by General Fund, but reimbursed by the other funds.

Total Transfers to the General Fund



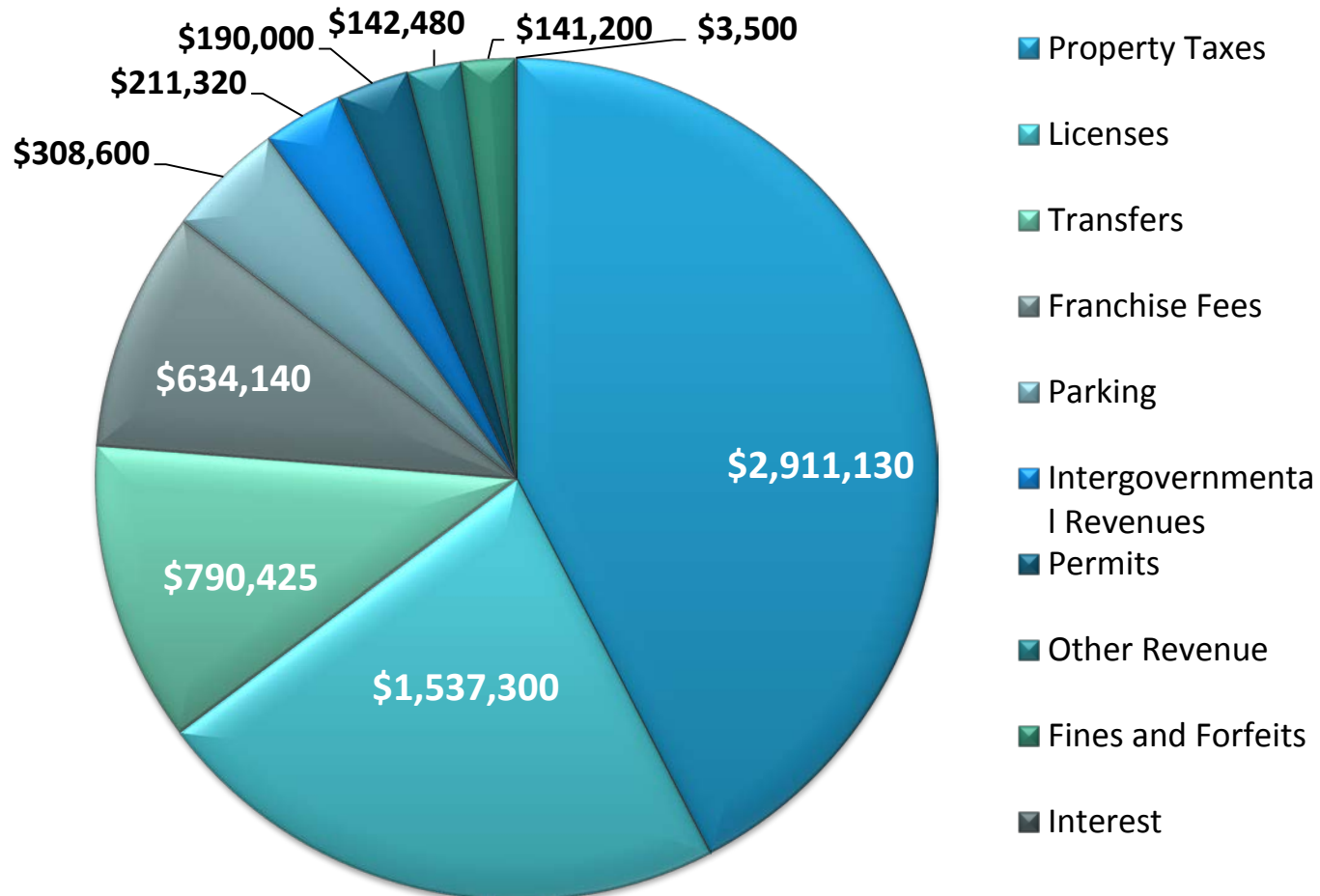
Source of Proposed FY2017-2018 Transfers



General Fund Revenue

- The majority of General Fund revenue is derived from property taxes, business licenses, transfers and franchise fees.

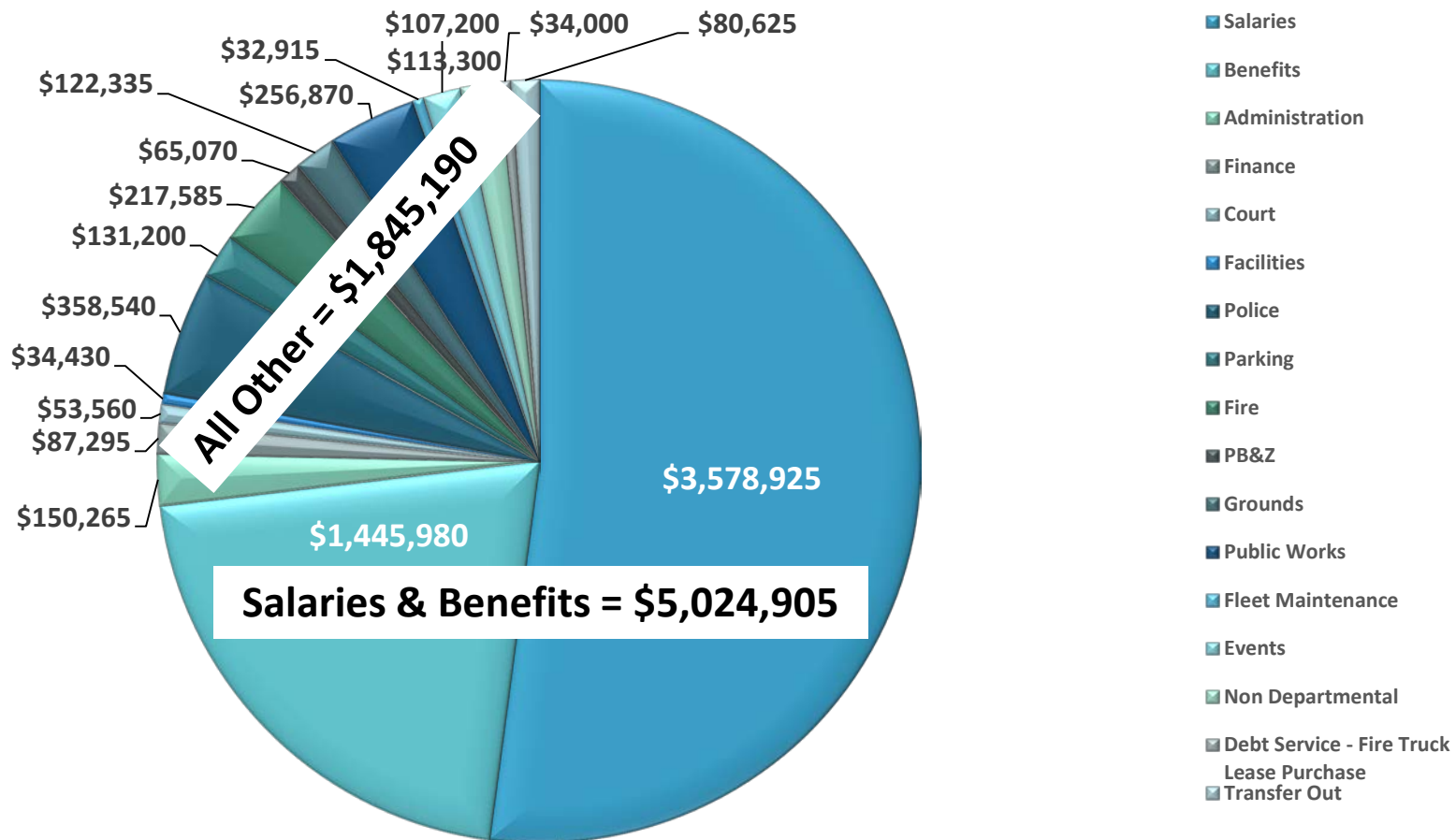
FY2017-2018 Proposed Revenues



Proposed General Fund Expenditures

- Just as revenues are important to understand, so are expenditures.
 - It is critical to know which costs are fixed and beyond the control of the Town and which are not.
 - This determines those funds that can be used for discretionary spending and, consequently, are usually subject to closer scrutiny by staff.

Proposed General Fund Expenditures by Department (Excluding Capital Purchases)



Franchise Fees

- Franchise fees are the rental costs paid by utilities that use the Town's rights-of-way or other Town property to transmit a service.
- Franchise fees are authorized by SC Code 5-7-30.
- The Town has significant franchise agreements with Santee Cooper, Grand Strand Water and Sewer and Time Warner Cable. There are smaller agreements with SCANA and HTC. (All franchise agreements are printed in their entirety in Volume II, Appendix A entitled Franchises in the Town Muncodes which is linked on the Town website at surfsidebeach.org.)
- The total proposed fees for FY 2017-2018 equal \$634,140.

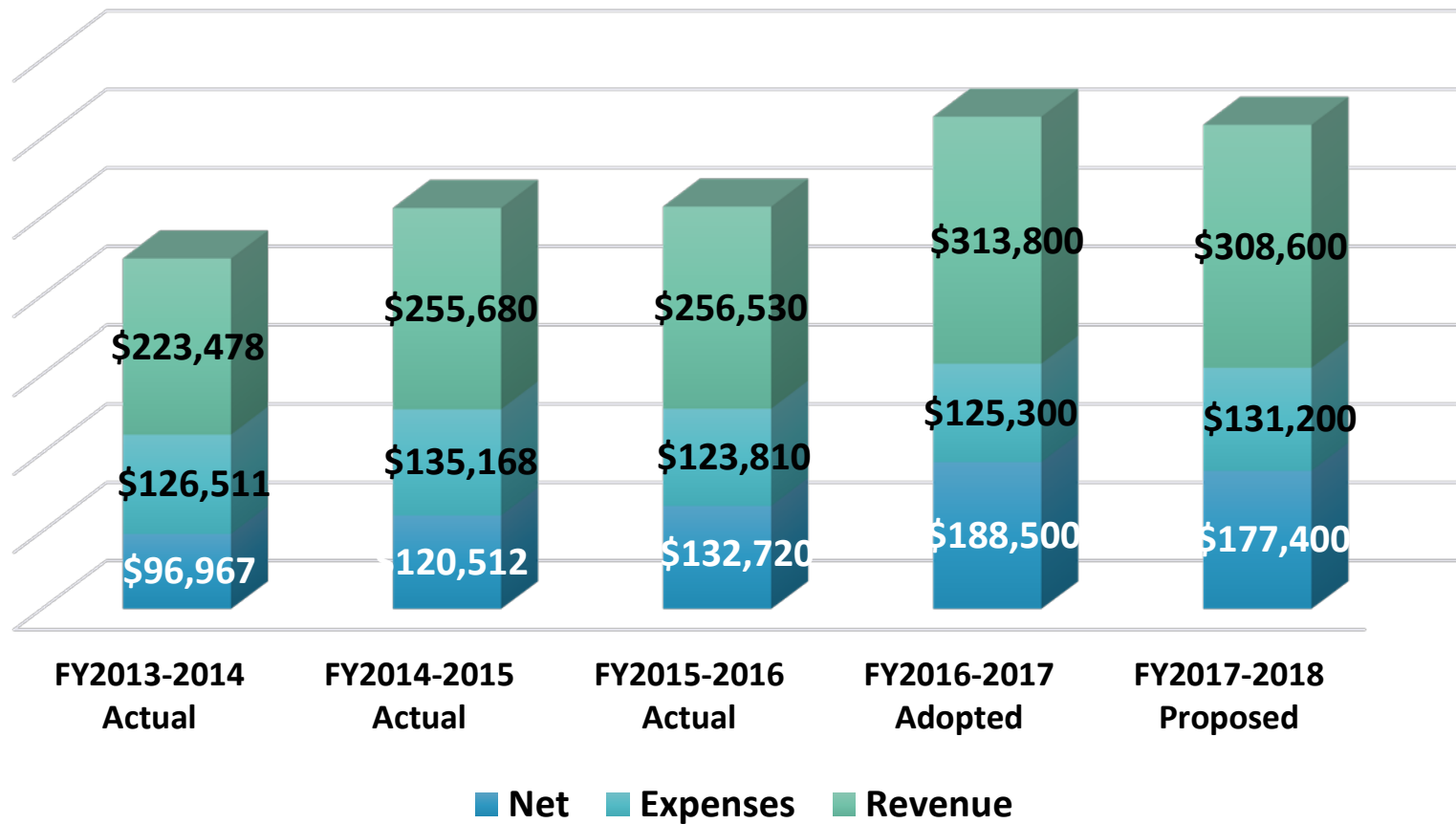
Aid to Subdivisions

- The aid to subdivisions is administered by the State and subject to State Legislature budgeting each year.
- The revenue is derived from seven tax sources (i.e., banks, beer, wine, gasoline, motor transport, alcohol and income taxes) sent directly to the state and then a percentage is returned to the local government based on the collections from the area and the per capita basis of the area based on the latest census.
- Growing Towns get increased funding causing a decrease in non-growing municipalities such as Surfside Beach.
- The total proposed revenue for FY 2017-2018 equals \$84,000.

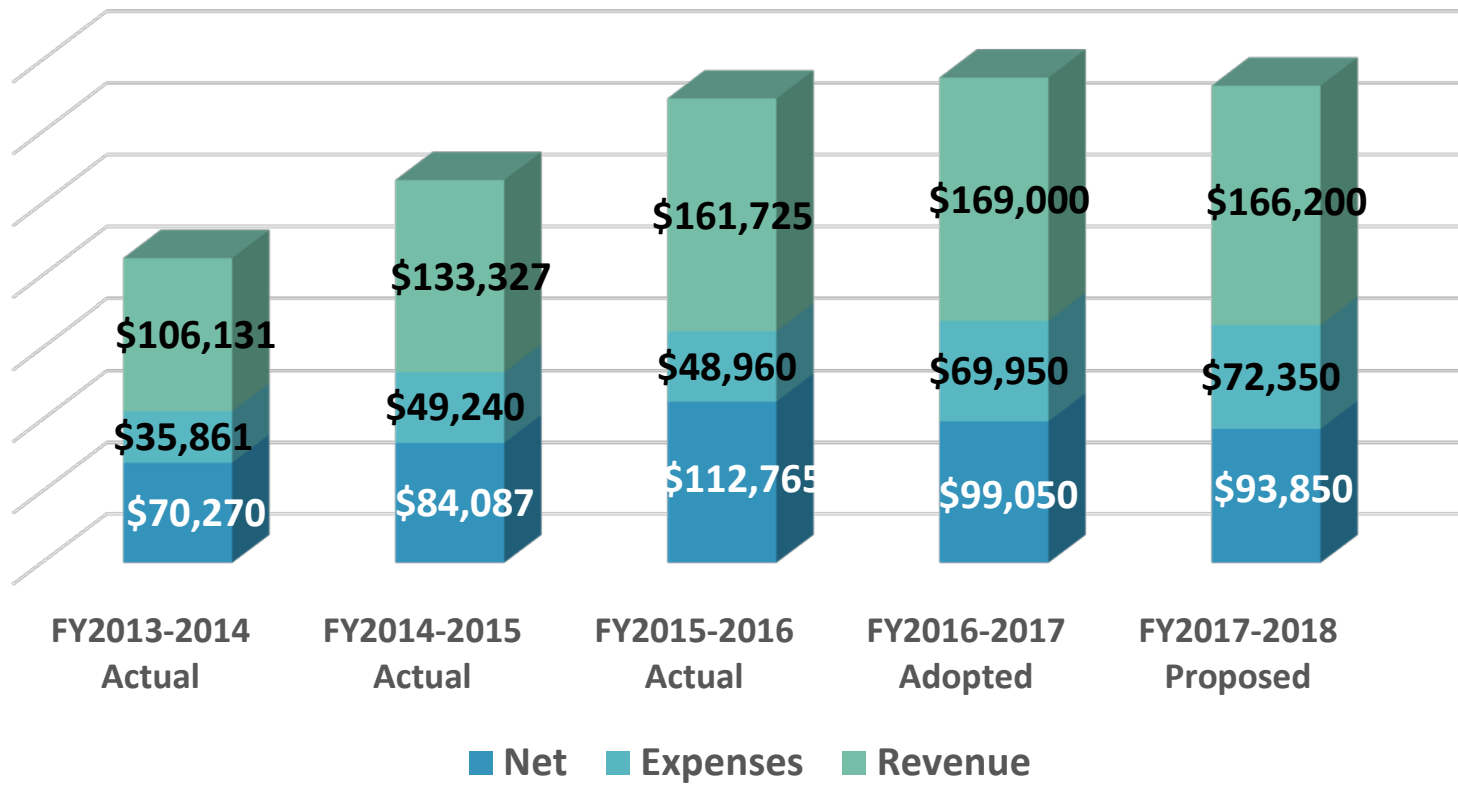
Parking Revenues from Lanier

- Parking funds are currently generated by a contract with Lanier Parking Services.
- The parking funds are reflected in the General Fund for all the parking meters and pay stations except the pier parking lot which is credited to the Pier Fund.
- The total proposed revenue for FY 2017-2018 equals \$308,600 in General Fund and \$166,200 in the Pier.
- The Lanier contract is up after this parking season and it is anticipated that we will need to purchase some additional equipment and parts.

Proposed General Fund Parking Revenue



Proposed Pier Parking Revenue



Land and Parking Reserve

- Each year the net amount derived from sale of decals, meters and pay stations with the exception of the pier parking lot are set aside for land purchases and parking equipment upgrades.
- It is anticipated that some new pay stations will need to be included in the next budget year. This is due to proprietary vendor hardware changes and the discontinuation of parts and service for older models such as those currently owned by the town.
- The Land and Parking Reserve as of 6/30/2018 is estimated to be \$556,910.

Vehicle and Capital Item Replacement Reserve

- Each year 3 mils are transferred directly to this Reserve Fund to be used for replacement of vehicles and other capital items.
- The total is estimated to be \$195,450 in FY 2017-2018.
- The capital replacement reserve will have an anticipated balance of \$755,535 at the close of the next fiscal year on 6/30/2018. This reserve ensures the availability of funds to purchase the next firetruck in FY2018-2019 (approximately \$610,000) and catch up with delayed purchases (approximately \$145,000).

Special Revenue Funds

Hospitality Funds

- The Local Hospitality Fee was authorized by positive majority vote May 28, 1996.
- It imposes a one percent (1%) hospitality tax throughout the municipality.
- The tax is levied on gross proceeds from sales of prepared meals and beverages sold in establishments in Town as well as short-term rental.
- The revenue is kept in a separate fund and used according to the ordinance passed by Town Council.
- The total proposed Hospitality Fund revenue for FY 2017-2018 is \$814,000.

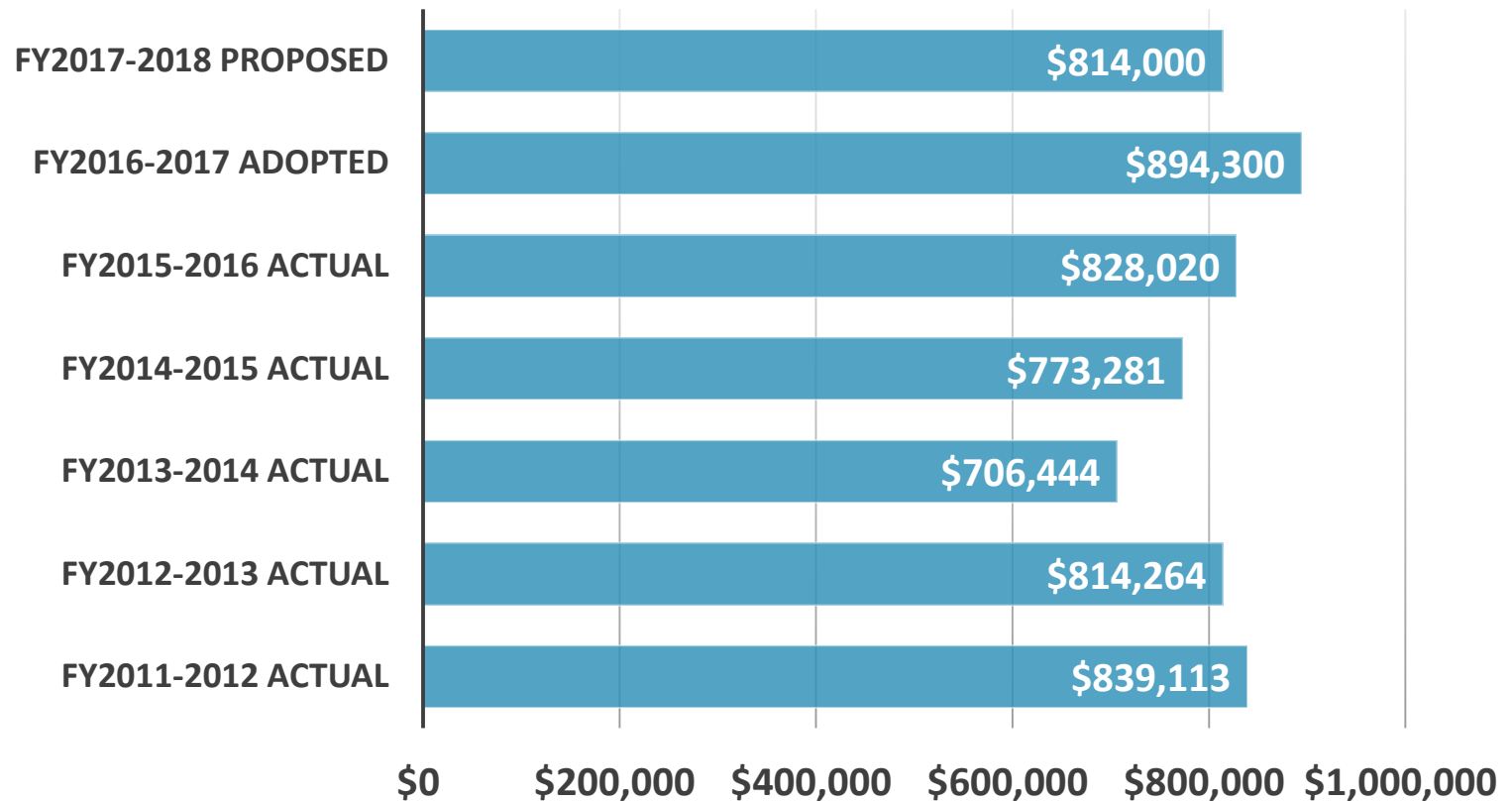
Hospitality Funds May Be Used for ...

- Nourishment, renourishment, and maintenance of the beaches, dunes restoration, including sand fencing, and the planting of sea grass or other vegetation useful in preserving the dune system within the territorial limits of the town.
- Acquisition and maintenance of public beach access.
- Capital improvements to the beaches and beach related facilities which include but are not limited to public beach parks, public parking, public access, dune walkovers, public bathhouses and restrooms.
- Transportation improvements including construction and resurfacing of streets, stormwater drainage, sidewalks, bikeways, landscaping and all associated costs including right-of-way acquisition and engineering design.
- The acquisition of land and the construction of passive and active parks and facilities associated with parks, including playground equipment, sports facilities, and community recreation buildings.
- Acquisition of property and the construction of facilities required for the provision of public safety services and the acquisition of capital equipment for the provision of public safety services.
- The payment of bonded indebtedness required to provide the above-referenced uses.
- Administrative costs associated with collection, accounting for and applying the hospitality fee.

FY2017-2018 Proposed Hospitality Expenditures

- Transfer to Capital Projects for Beach Renourishment - \$75,000
- Transfer to Capital Projects for Stormwater (Myrtle Swash Culvert Bridge and 3rd S. Promenade/Revitalization) - \$300,000
- Transfer for aerial platform lease payment - \$80,625
- Transfer to General Fund - \$220,000
- Walkovers and shower towers - \$19,450
- Passive Park restrooms - \$120,000
- Veteran's Memorial - \$13,700
- Rescue Squad building remodel for police - \$28,000
- One police vehicle - \$33,100
- CAD system - \$24,000
- SLED-related technology mandates for police - \$40,000
- Four Toughbooks for police cars - \$16,000

Hospitality Fund Revenue



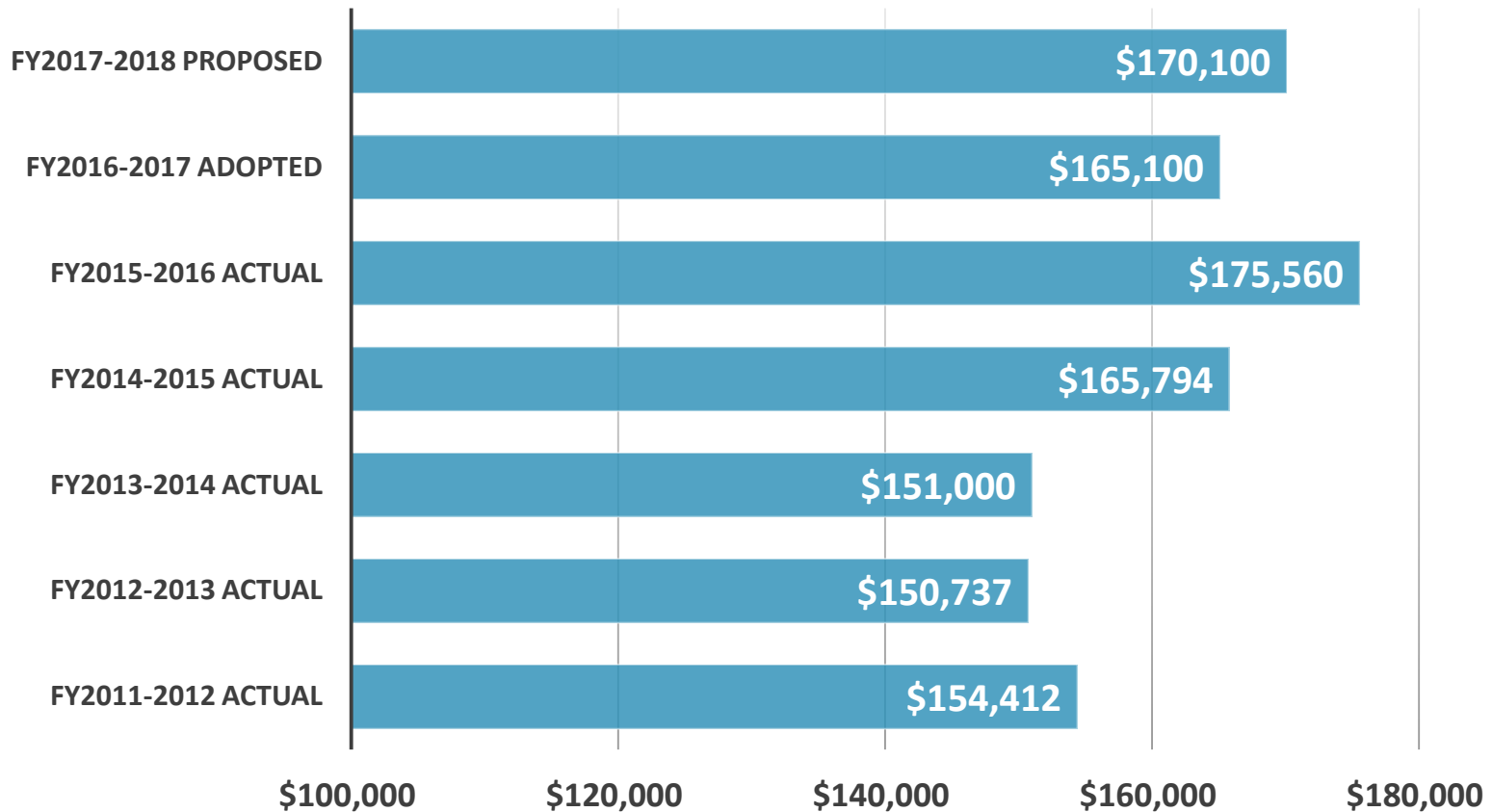
Local Accommodations Fund

- The Local Accommodations Tax Act, effective July 1, 1997, authorizes by positive majority vote imposing a 0.5% fee in Surfside Beach.
- The tax is levied on gross proceeds from rental or charges for accommodations furnished to transients (i.e., 30 days or less) as provided by SC Code 12-36-920(A).
- Revenue from the tax must be kept in a separate fund and used for specific tourism-related purposes.
- The Town enacted the Local Accommodations tax ordinance on September 11, 2001.
- The total proposed Local Accommodations tax revenue for FY 2017-2018 is \$170,100.

Local A-Tax Funds May Be Used for ...

- Tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums
- Tourism-related cultural, recreational, or historical facilities
- Beach access and renourishment
- Highways, roads, streets, and bridges providing access to tourist destinations
- Advertisements and promotions related to tourism development
- Water and sewer infrastructure to serve tourism-related demand
- The resources to operate and maintain the items listed above including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

Local Accommodations Fund Revenue



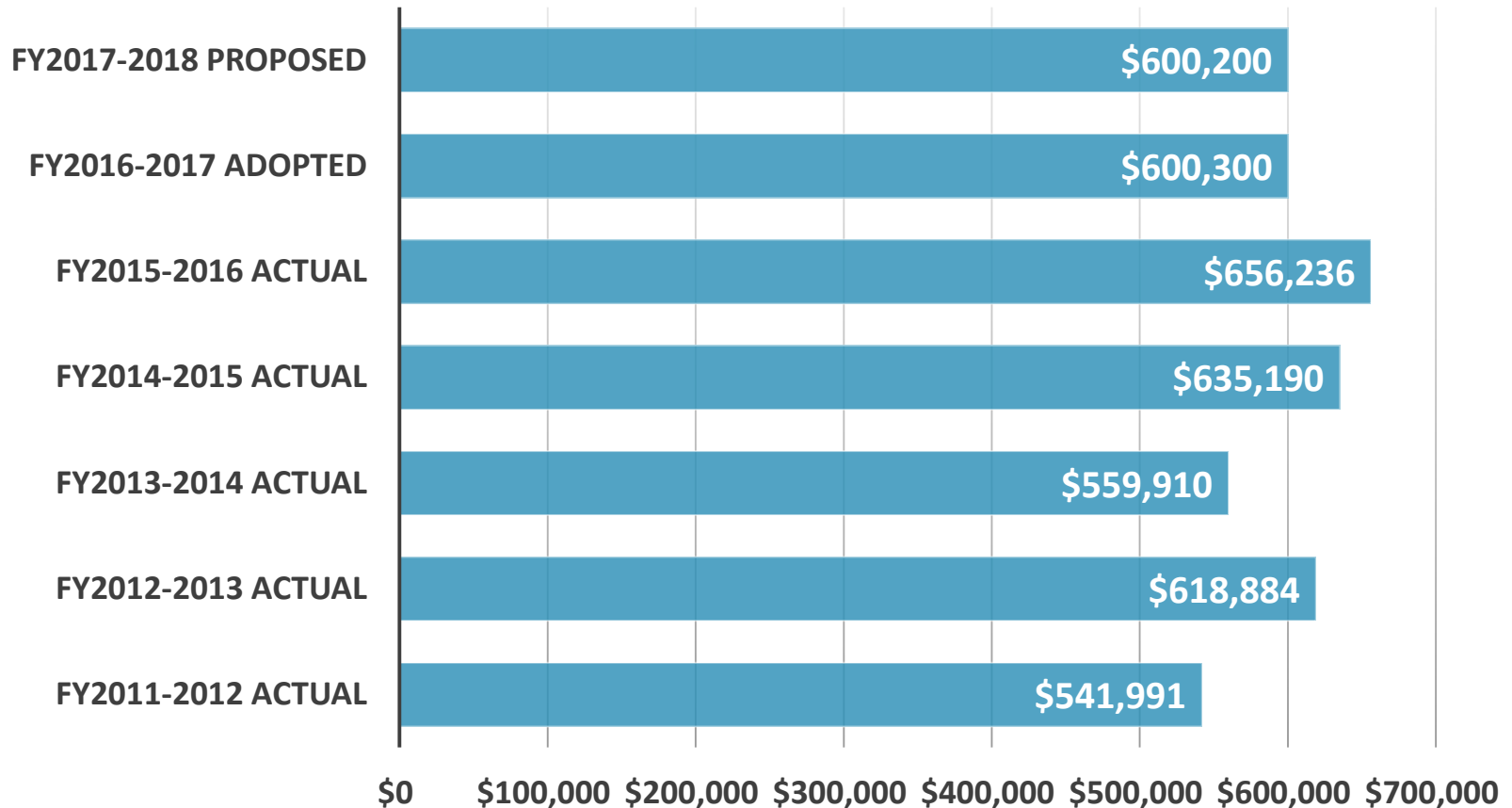
State Accommodations Funds

- A two percent (2%) local accommodations tax on transient rental property (less than 90 days continuous rental) is imposed by the state and credited to the municipality in which it is collected as authorized by SC Code 12-36-2630 (3).
- The first \$25,000 goes to the General Fund
- After this allocation ...
 - 5% goes to the General Fund
 - 30% goes to advertising through the Myrtle Beach Area Chamber of Commerce
 - 65% goes to the Accommodations Tax Fund for which the Accommodations Tax Committee makes recommendations for the use of the funds to Town Council
- The projected revenue for 2017-2018 is \$600,200.
- The 65% remaining in the Accommodations Tax Fund is projected to be \$391,250.

Major Uses of State A-Tax Funds Are ...

- Police service increase due to number of tourists, including Bike Week expenditures
- Raking of the beach
- Upkeep of beach restrooms
- Cleaning of the beach
- Beach renourishment
- Special costs relating to events that attract tourists from more than 100 miles away (e.g., 4th of July fireworks and musical show)

State Accommodations Tax Fund Revenue



Enterprise Funds

SANITATION AND THE PIER

Enterprise Funds

- Enterprise funds are used to account for operations that are financed and operated in a manner similar to private industry.
- The intent is that the cost of providing goods or services to the general public will be recouped primarily through user charges.
- In the Town of Surfside Beach, the sanitation services and the operation of the fishing pier are accounted for through enterprise funds and annual budgets are prepared for each.

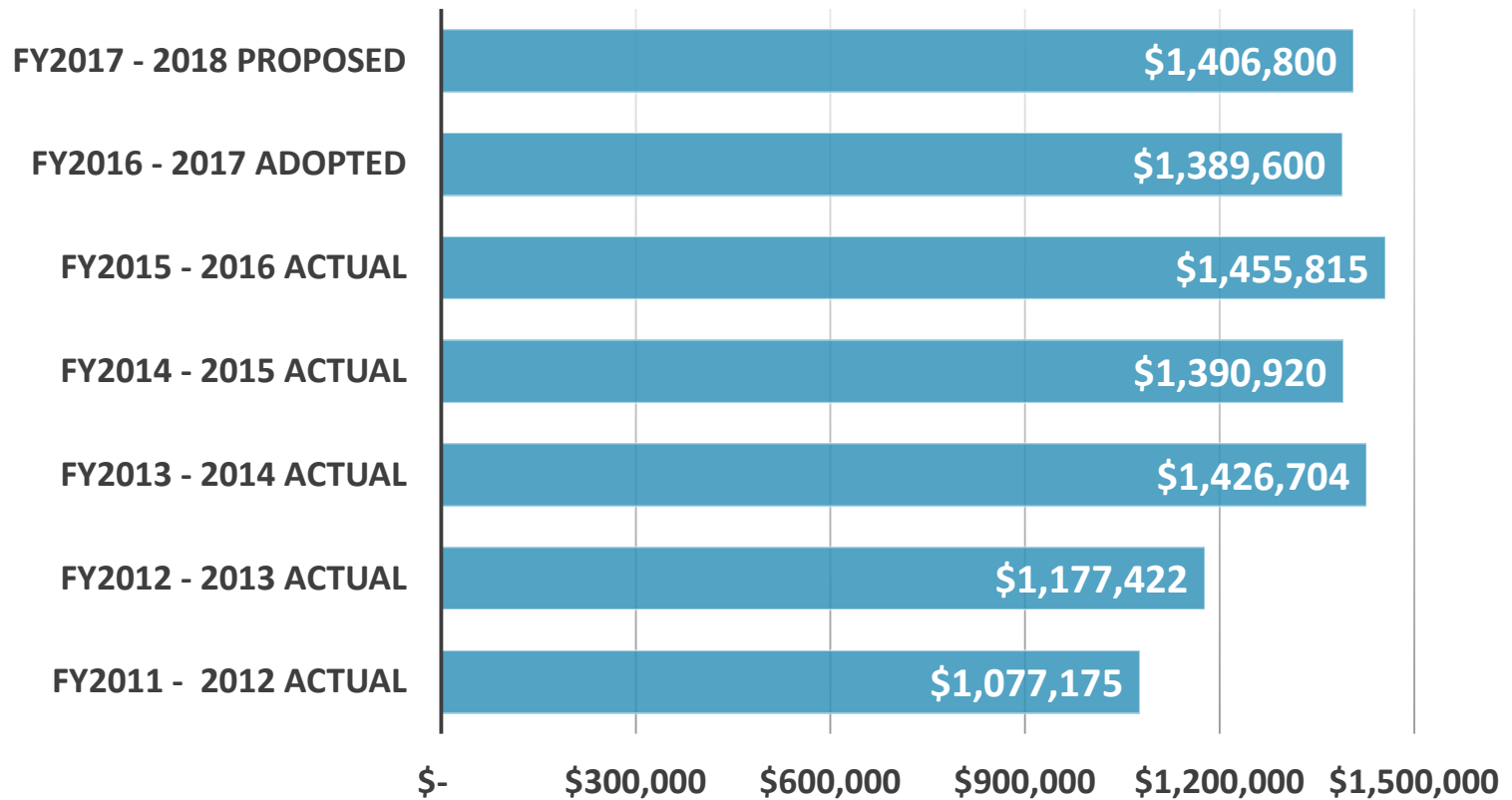
Sanitation Fund

- Sanitation services are provided for all residents including trash, recycle and yard debris pickups.
- Commercial dumpster service is also provided to all in Town businesses.
- Charges for these services are billed on the monthly water bills from Grand Strand Water and Sewer Authority (GSWSA).
- The Sanitation Fund compensates GSWSA \$ 1.25 per account for the billing and collection services. This has proven to be a great service to the Town alleviating the need for the Town to be involved in the associated processes and minimizing billing and collection questions and problems.
Unfortunately, without our own utility we do not have the ability to know who is moving in or out of Town. We do, however, utilize the records of GSWSA to help us track new owners for sanitation service billing purposes and also for local business license follow-up.

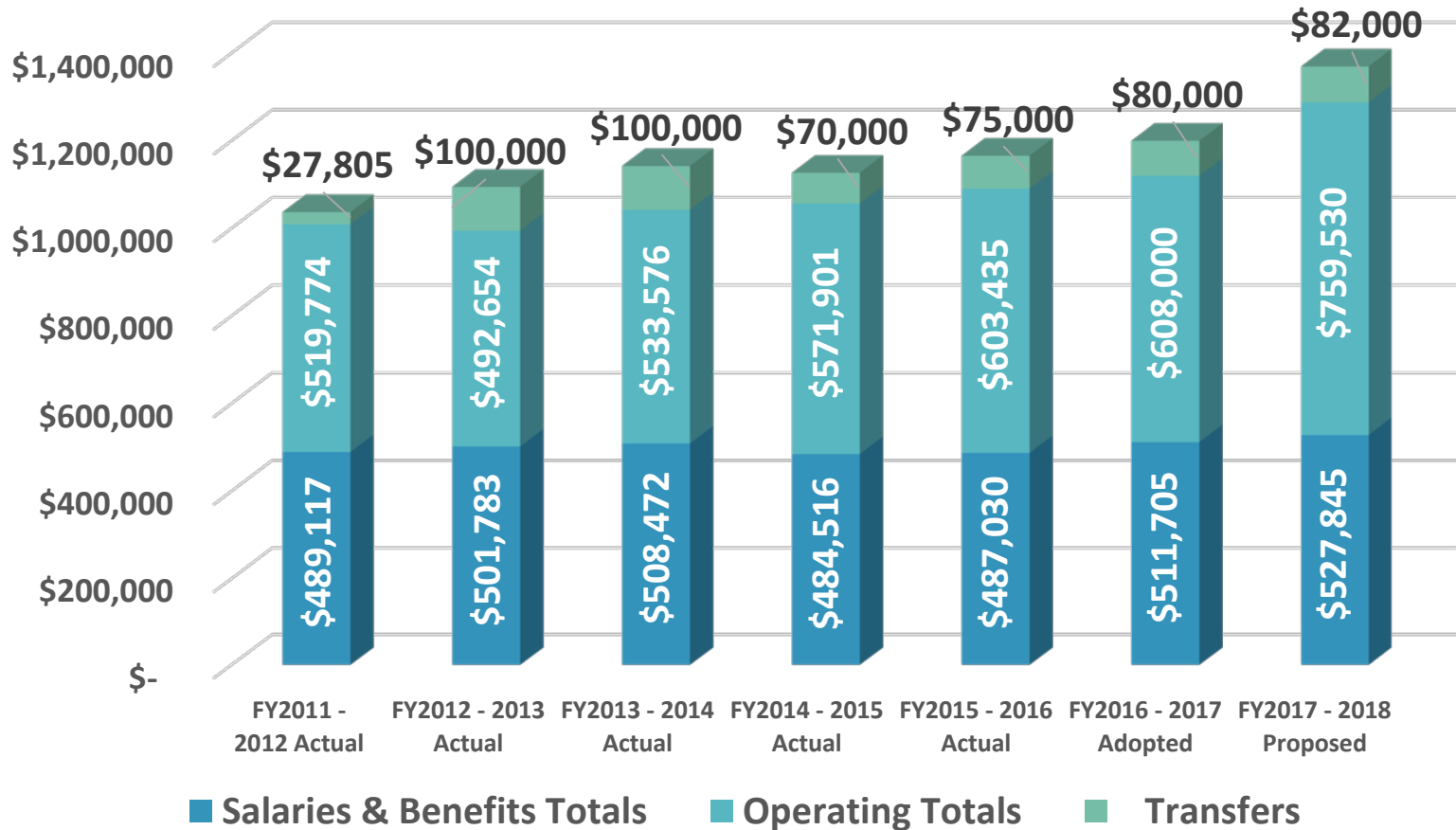
Sanitation Fund (Continued)

- The Sanitation Fund Net Position as of 6/30/16 was \$1,615,429.
- A minimum of 50% of the net position for this fund is earmarked for capital equipment.
- The 2017-2018 revenues are estimated to be \$1,406,800 and expenses \$1,369,375.
- This budget proposes that the Sanitation Fund transfer \$82,000 to the General Fund to cover rent and salaries for support services paid by the General Fund.
- One irregularity is that at the direction of Town Council, the Town is not billed for and does not pay collection fees to the Sanitation Fund as would be consistent in standard accounting practices for an Enterprise Fund. A flat fee that represents the approximate value of these services, town-wide with a volume discount would be approximately \$50,000 annually.

Sanitation Fund Revenue



Sanitation Fund Expenditures



Pier Fund

- The Pier Fund was established in 2008 when the pier was purchased by the Town.
- The fund collects revenue from spectator admissions and fishing licenses in addition to rent from the businesses located on the pier and for parking fees in the pier lot.
- Residents of Surfside Beach are able to access the pier free with a resident pass issued at Town Hall which also entitles them to 50% off all fishing license fees.
- It should be noted that the net position for this fund includes \$2,100,000 in real property value as it is calculated as an asset in an enterprise fund.
- Once the new value of the pier is determined, the net position will be adjusted.

Pier Debt Service

- The Pier Fund is obligated to make payments to the General Fund until it has paid back with interest all funds, other than Accommodations Tax Dollars, that were used for its purchase.
- The payments are made quarterly (i.e., \$40,750 per quarter) to ease cash flow problems and ensure timely repayment to the General Fund.
- The Pier Fund will have a debt to the General Fund totaling \$81,500 as of April 1, 2018.
- The next payment is due July 1, 2017 and the fund currently has sufficient monies to meet all of its financial obligations.
- The last payment should take place on 10/1/2018.

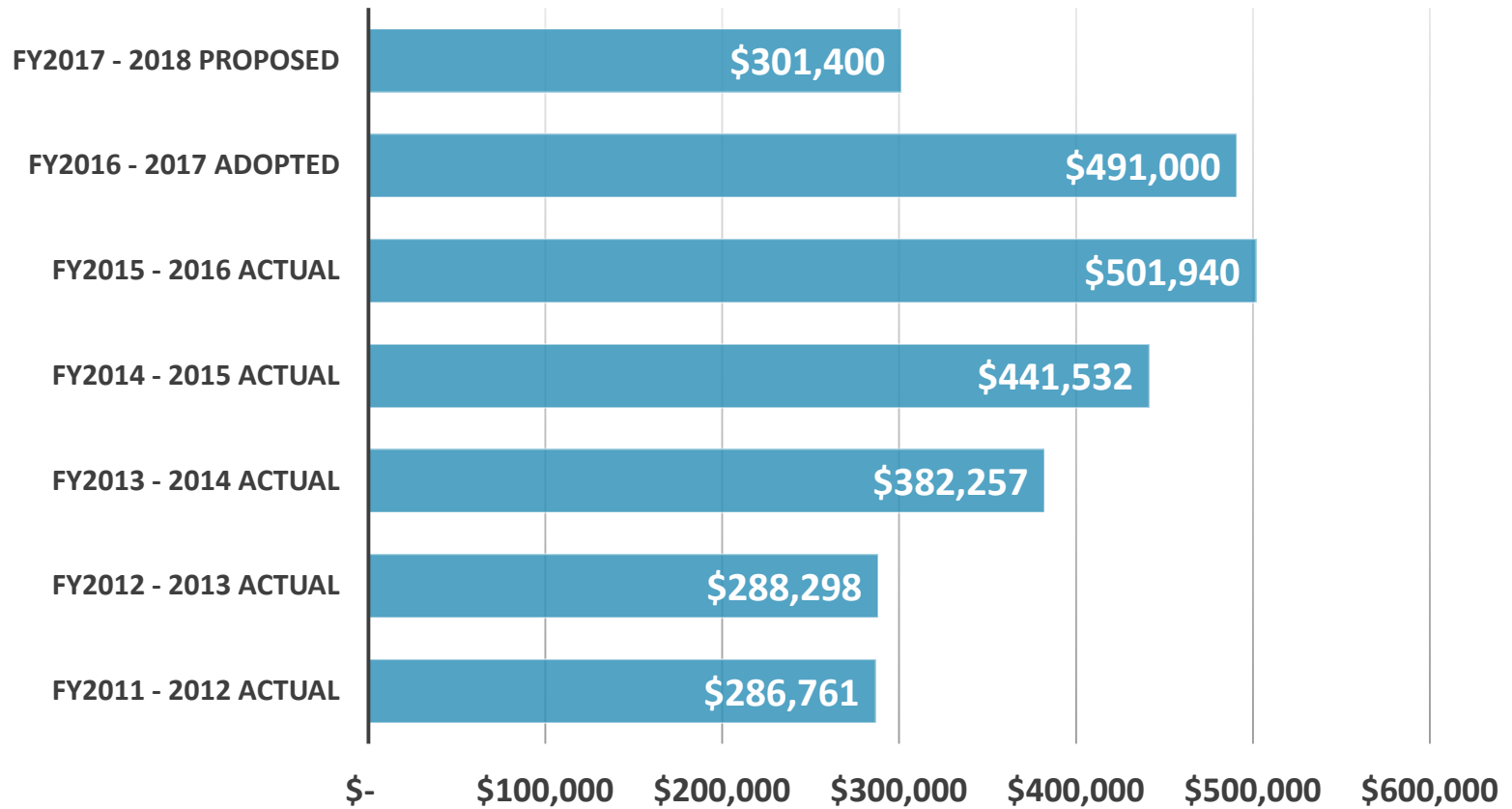
Pier Restoration

- It is anticipated that either a sizeable tax increase or a municipal bond or a combination of the two will need to be taken on by the town for the rebuilding or replacement of the pier.
 - A general obligation bond is a municipal bond backed by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project.
 - General obligation bonds are issued with the belief that a municipality will be able to repay its debt obligation through taxation or revenue from projects. Revenue Bonds are municipal bonds which are issued to fund a specific revenue generating project.
 - In contrast to general obligation bonds which are backed by a taxing power, investors in revenue bonds are paid from the revenues generated from the projects they are issued to fund. Since the pier is capitalized through an Enterprise Fund, a revenue bond might seem the more appropriate vehicle, however, the beginning date of the repayment schedule may require a GO bond.
 - A bond attorney would need to be hired to write the bond and handle the transaction. This budget includes \$25,000 for this purpose.

Pier Restoration (Continued)

- The town has held two meetings to receive public input, thus far, and the overwhelming response to date has been to rebuild the pier including hazard mitigation enhancements.
- The Town hired a consultant to help with the FEMA grant process for the pier and we are currently in discussions with FEMA about what comprises the facility and agreeing on a dollar figure for the proposed scope of work.
- The importance of this is critical so that the Town does not experience a clawing back of funds once oversight reaches the federal level.
- At present the “facility” has been defined as the entire pier with the exception of the two buildings. The destroyed portion is determined to be 55% which means the facility is eligible for replacement rather than repair.

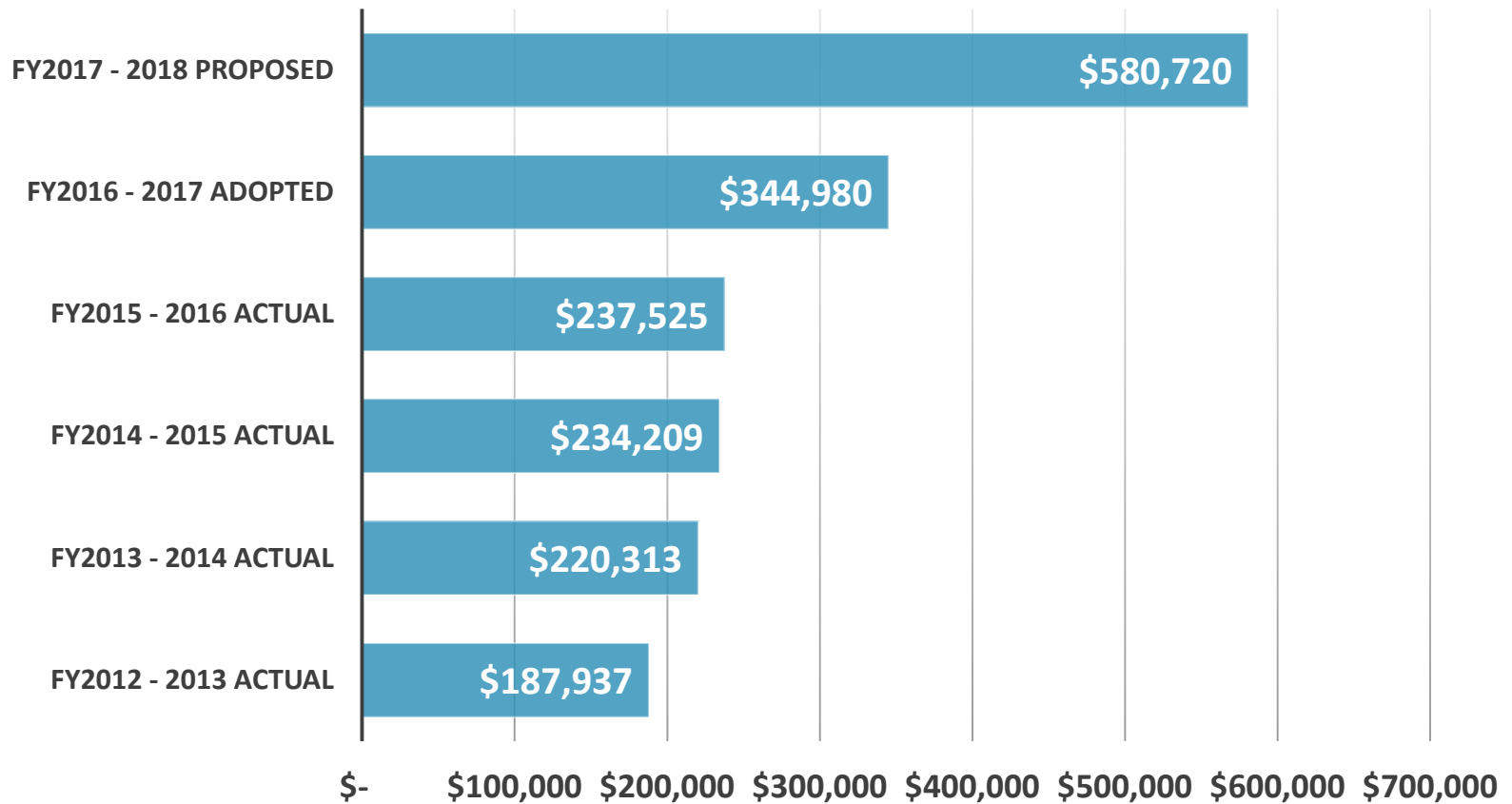
Total Pier Revenue



Proposed Pier Expenditures

- The proposal is for the Pier Fund to continue to make payments to the General Fund until the debt for the pier purchase is retired in the fall of 2018.
- Beginning FY2018-2019 the anticipation is that the Pier Fund will begin to make payments toward a municipal bond used to restore or rebuild the pier.
- This budget year (i.e., FY2017-2018) will include a significant increase in expenditures from the Pier Fund. This is due to anticipated expenses of \$200,000 for design, engineering and construction oversight, payment of Hagerty Consulting, and a bond attorney.
- There are no construction funds currently budgeted until we better understand the scope of the restoration.
- In FY2019-2020, it is also proposed that the Pier Fund will begin to transfer an annual fee of \$50K to the Capital Projects Fund for beach renourishment.

Historical Pier Expenditures

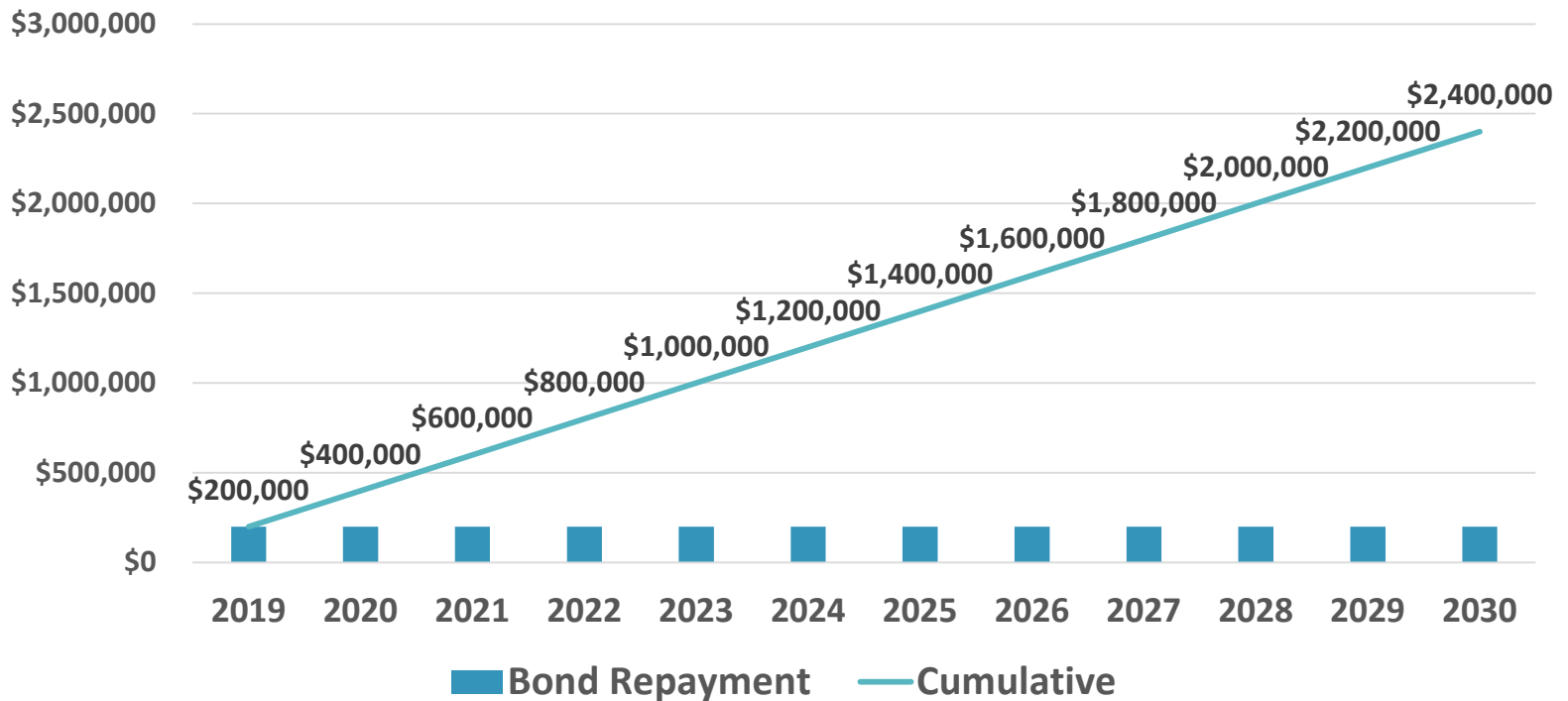


Funding the Pier Restoration

- If the Town did decide to take on a bond for the rebuilding or replacement of the pier the chart below depicts one possible repayment schedule.
- If the pier is rebuilt with the additional square footage authorized in the OCRM amended permit, then at least one additional permanent business could be added to the pier and the repayment schedule shortened.

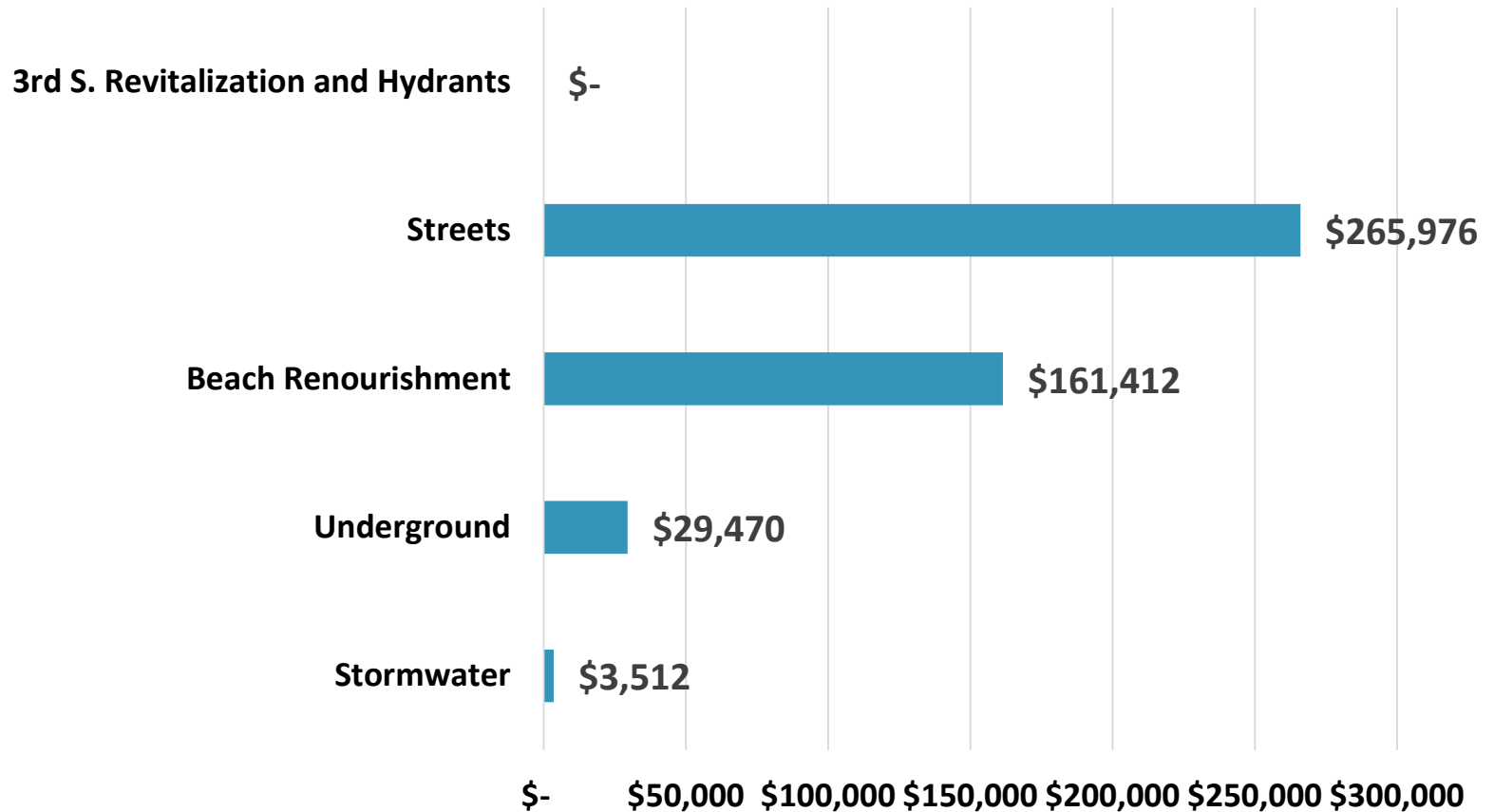
Funding the Pier Restoration

- The chart below assumes that the Town's 25% portion of the FEMA grant would be no more than \$2,400,000.



Capital Projects

FY Ending 6/30/2018



Stormwater

- There exists an ongoing project line item where funding cannot keep pace with needed expenditures, namely, stormwater.
- In any coastal municipality there will always exist stormwater issues and the price tag for these type of projects is almost always huge.
- A two mil dedicated funding source is clearly not enough to keep pace with these projects.
- In addition to the Myrtle Swash Culvert Bridge Replacement and Alignment project that will happen this year, there are currently four other stormwater projects that have been identified as priorities. These projects total over \$2,500,000 and include ...
 - Phase II of the Northside Drainage Project
 - Replacement of the Dogwood Swash Ocean Boulevard Bridge
 - Floral Swash Northern Bulkhead Replacement
 - Elimination of Stormwater Discharge into Garden City on Melody Lane

Stormwater (Continued)

- Moving forward, council may wish to consider either making property in the flood prone areas of town a special purpose tax district or the addition of a stormwater utility fee to fund these types of projects. These would be equitable ways for the town to allocate responsibility for its stormwater burdens.
- In the case of adding a stormwater utility fee, the consultant the town hired has indicated that the first year approximately \$235,000 would be returned to the town and, thereafter, once the fee was adjusted for commercial properties, the revenue would be closer to \$425,000.
- Ultimately, a new revenue source to fund stormwater projects is necessary and to that end council may also wish to consider annexation along the commercial corridor.

Funding Beach Renourishment

- In order to fund beach renourishment going forward, I am proposing that the Town Council adopt changes to the fund balance ordinance.
- Specifically, those would be that A-Tax and Hospitality would each send \$75,000 to the Capital Projects Fund each year to the beach renourishment line item.
- In addition, beginning FY2019-2020, that the Pier Fund send \$50,000 to the same line item.

Funding Beach Renourishment

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
A-Tax	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Hospitality	\$270,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Pier	\$30,000	\$ -	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Per Yr.	\$357,913	\$150,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Cumulative	\$357,913	\$507,913	\$707,913	\$907,913	\$1,107,913	\$1,307,913	\$1,507,913	\$1,707,913	\$1,907,913	\$2,107,913	\$2,307,913

Closing Remarks and Conclusions

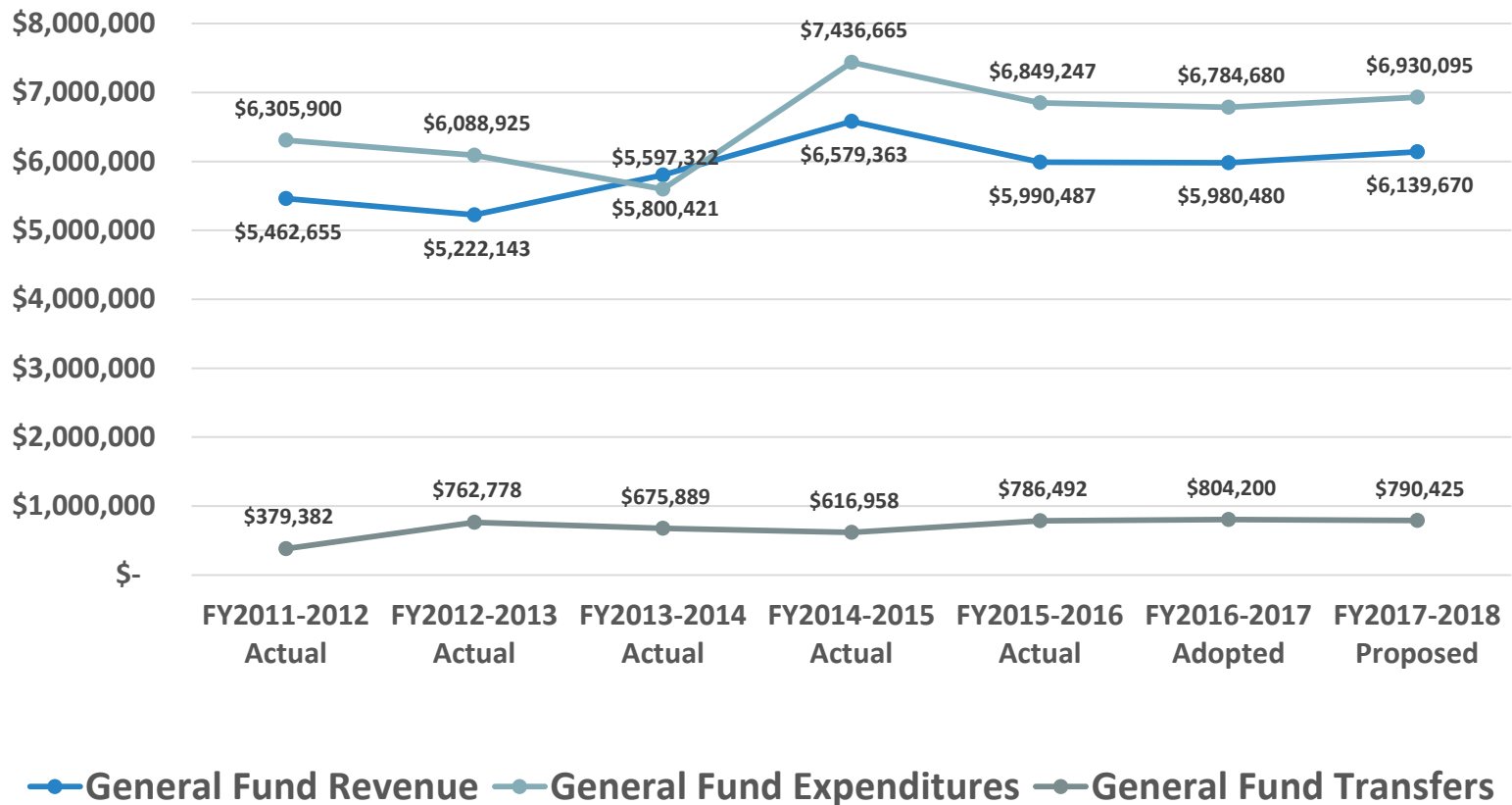
This Budget

- The initiatives used in developing this year's budget were aimed at ...
 - Developing a balanced budget
 - Researching and evaluating alternate funding sources including grants, fees and expansion of businesses in commercial district.
 - Minimizing negative impact to the General Fund reserve balance
 - Striving to comply with the Town's new Fund Balance Ordinance which sets a goal to have unassigned General Fund balance be maintained at 4 months of General Fund expenditures. ... while still maintaining the level of service expected by residents, businesses and the visitors to our community. This, however, results in the continual uses of reserves to meet operating expenditures and/or the escalation of transfers from both special and proprietary funds to make the General Fund whole and balance the budget.
 - As of last year, the Town had only two and one half months' operational reserve which is minimal. GASB standards for acceptable accounting practices call for a minimum of two but our new fund balance ordinance passed by council asks that we strive for four. The FY 2017-2018 budget proposes an unassigned fund balance estimated to be \$1,553,000 which is 2.6 months of expenditures.

This Budget (Continued)

- The struggle to maintain this balance will not become any easier going forward. There will always exist a fine balance between the building up of capital reserves, the advancement of necessary projects and the town's ability to capitalize on financial opportunities. Unfortunately, without additional revenue moving forward, the General Fund will become unsustainable.

General Fund Will Become Unsustainable without Additional Revenue



Note: FY 2014-2015 inflated by transfer to Capital Projects Fund

Who Really Pays What?

TOSB 2015 Tax Assessment (Real Estate Only)				
6% Taxpayers (Resident Not Included)				
	#	\$	%	%
	Notices	Tax	% of 6%	% of Total
Commercial				
residential vacant land	309	77,315	3	3
Res 1 family	1477	1,229,474	53	44
res 2 fam	113	75,204	3	3
res 3 fam	20	15,716	1	1
res 4 family	10	8,494	0	0
common area	10	106	0	0
condo	774	379,769	16	14
townhouse	207	74,353	3	3
patio home	23	16,931	1	1
mobil home	10	1,521	0	0
other	33	32,518	1	1
Apartments	21	13,254	1	0
Commercial	422	390,610	17	14
Total	3429	\$ 2,315,160	100	
Total 4%	1168	\$ 477,206		17
Total 6% and 4%	4597	\$ 2,792,366		100

Engineering Change per Project

3 rd South Project	Appx Hrs.	DDC	Thomas & Hutton
Surveying	37	5000	4625
Soil Testing	20	2000	2000
Preliminary Design	100	15000	19500
Regulatory Permitting	35	3500	3500
Final Design	80	12000	15600
Specifications/Bid Docs	Adm-20, Proj. Mgr-20	4100	5500
Construction Observation	113	8500	13000
Landscape Design	15	1500	1725
Totals		\$51,600	\$65,450
Percentage Upcharge			+21.2%

Recyclables

- There are different costs associated with different materials, and higher costs also for broken items per pound. This is why we do not want an unmanned drop off container.
- DHEC mandates R2 or e-steward certification, to make sure a fly by night company doesn't take the valuable material and throw the rest on the side of the road.
- SC legislation (Section 48-60-140) requires that electronics collected through local government programs must be recovered in a manner that complies with all applicable federal, state and local requirements.
- In addition, local governments must use a recycling vendor (recoverer) that – at a minimum – complies with the responsible recycling practices [\(R2\)](#) or other comparable industry or governmental standards.
- The S.C. Department of Health and Environmental Control recognizes recoverers that have either (1) R2 or (2) [e-Stewards certification](#).
- S & S Salvage has neither.
- Should they become certified they should contact the Director of Public Works.

Why Do We Need a More Stringent Overlay?

- Promote Community Pride
- Protect Property Values by having design standards that have a more positive impact on the town's appearance
- Encourage economic development by providing a more visually inviting atmosphere to attract commerce for existing and potential businesses
- Promote “quality” over “quantity” – Quality development will come if guidelines are in place. These developments will be built to stay and promote what we see as a growing economy.
- Landscapes play an important economic role in directly supporting the tourism
- By NOT having a well written overlay it adversely affects the stability and value of property, promotes deterioration of older buildings and destroys a proper relationship between the taxable value of property and the cost of municipal services.

Looks Make a Difference

- Make a more harmonious design within the town.
- Give tourist a sense of “welcome” and a reason to come back.
- Enhance the town’s appeal to residents and thus support and stimulate business and promote the desirability of investment in the town.



There Exist Many Differences Between Overlays

A few include ...

- Building Designs
- Special design
- Standards for accessory buildings/uses
- Landscaping and buffers are more stringent
- Access management
- Parking
- Signage

A Few Overlay Comparisons

HORRY COUNTY

Gas Stations & Convenience Stores

only gable or hip roof structures; canopies must be attached to main building; meet setbacks; if canopy is forward of principal structure, then support columns & fascia shall be clad in brick or stucco

Dumpsters

screened on all sides w/ 3 solid walls (6' high) of brick, stucco, or split-face block; continuous cap; closing gate w/ 100% solid metal or wood; and placed in rear yard

of Driveways

Any parcel w/ access to an arterial shall have 1 access; 1 driveway may be used per 250' frontage

Vehicle Sales

screened by 3' high x 10' wide berm planted; display pads limited to 200 sf for every 200 ft. of frontage; behind buffer

SURFSIDE BEACH

Gas Stations & Convenience Stores

N/A – no special requirements. General no visible metal and an A framed roof

Dumpsters

screened on at least 3 sides by wall or solid fence with a design compatible with primary structure; located in rear or side yard

of Driveways

N/A

Vehicle Sales

N/A

Police

See slide presentation

Fire and Safer Grant

- This grant allows fire departments to hire additional staff to meet manning requirements.
- The program application period varies every year.
- Approximately 300 grants are awarded each year.
- The grant period runs for 3 years with Federal funding.
- A change for this year was that after the third year the new hires do not have to be retained.
- The Federal portion is as follows, 75% the first year, 75% the second year and then 35% the final year.

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Fire and Safer Grant

	Grant Cost	Federal \$	Town \$ (Salary & Benefits)	Ancillary Costs (Gear, Equipment and Training)	Total Town \$	Total All \$
Year 1	\$ 300,000	\$ 225,000	\$ 75,000	\$ 60,000	\$ 135,000	\$ 360,000
Year 2	\$ 309,000	\$ 231,750	\$ 77,250	\$ 6,000	\$ 83,250	\$ 315,000
Year 3	\$ 318,270	\$ 206,875	\$ 111,394	\$ 6,000	\$ 117,394	\$ 324,269
Year 4	\$ -	\$ -	\$ 300,000	\$ 6,000	\$ 306,000	\$ 306,000

Legislative Initiatives

- Keep focused on the big picture
- Budgetary responsibility is at the fund level so don't get bogged down in operational minutia
- Council decisions
 - Design overlay
 - Declining rates for business licenses
 - Annexation along the commercial corridor
 - Huckabee property
 - Pier
 - Pay for enlarged footprint design and buildout
 - Pay to demo and reconstruct buildings
 - Tax raise or special purpose assessment
 - Possibly first year emergency money from renourishment (don't know how much)
 - GO bond or private loan

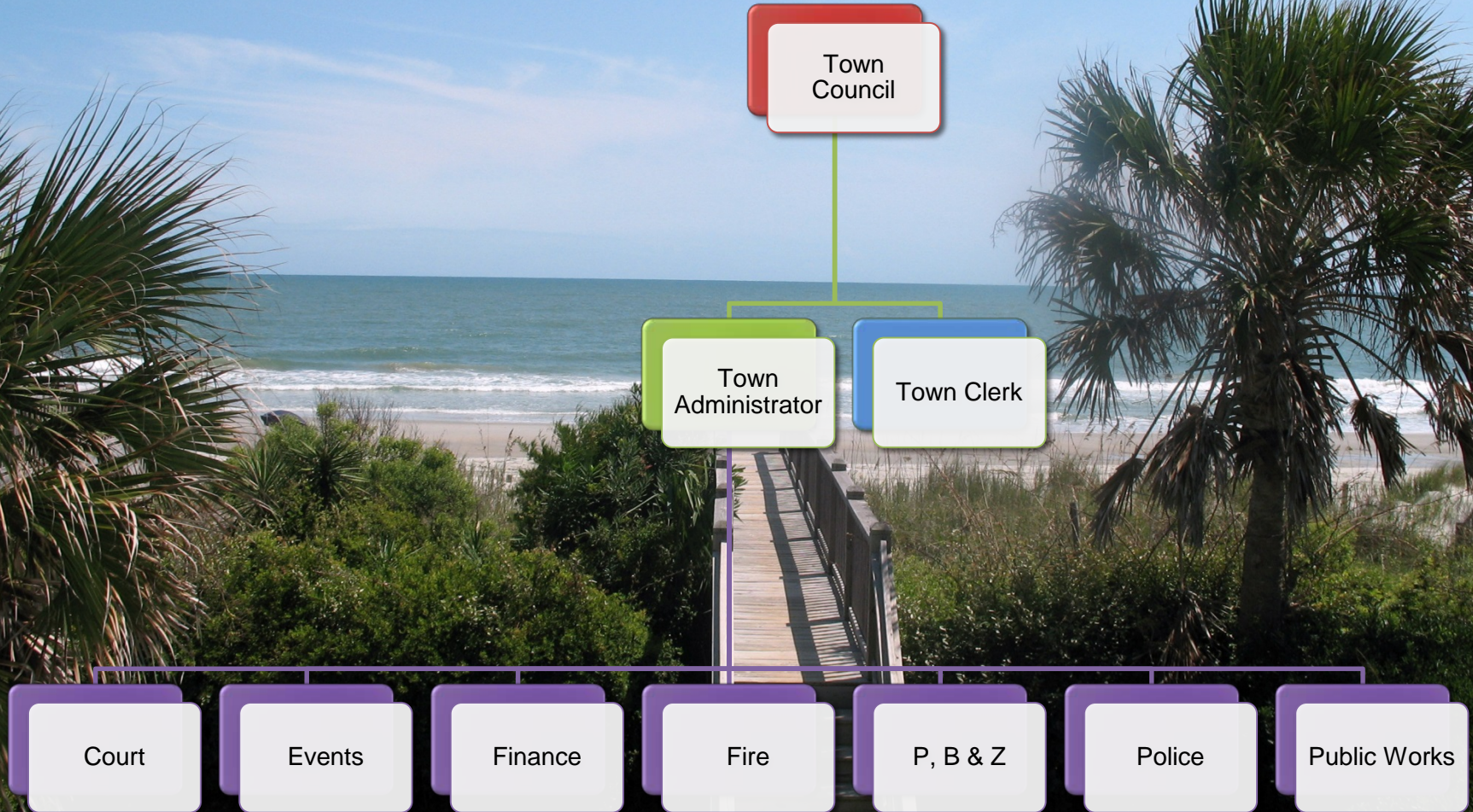
Thank You

- I would like to express my appreciation to staff for their diligent work throughout the budget process.
- I would especially like to thank Director King and her staff who, as usual, have worked tirelessly to meet my innumerable requests for data and statistical information.
- Finally, I would like to thank Town Council and the citizens of the Town of Surfside Beach for their support throughout this past year and hope we can continue to work together to successfully manage growth and services within the Family Beach.

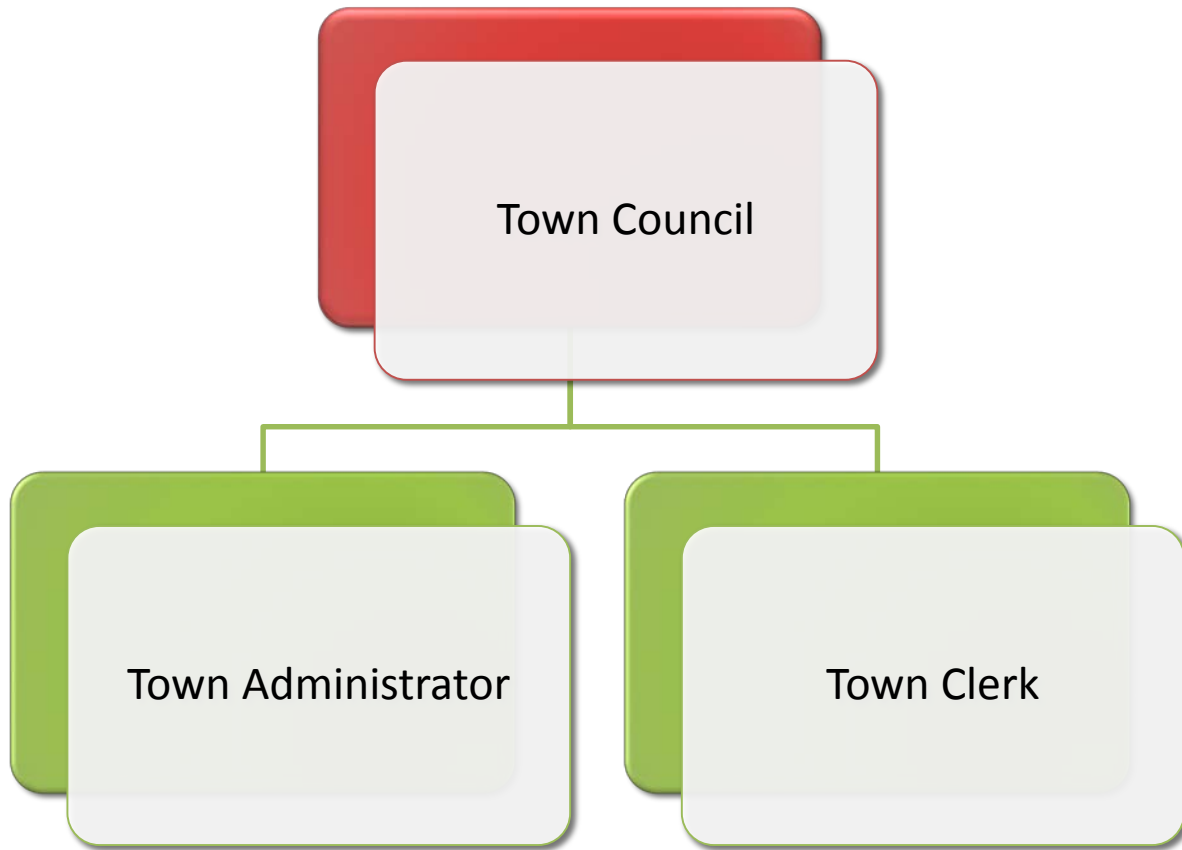
ORGANIZATIONAL CHARTS

FY 2017 - 2018

Town of Surfside Beach, SC FY 2017-2018 Organizational Chart



Surfside Beach Administration
FY 2017-2018



Surfside Beach Finance Department
FY 2017-2018

Finance
Director

Finance
Manager

Payroll and
Accounts
Payable

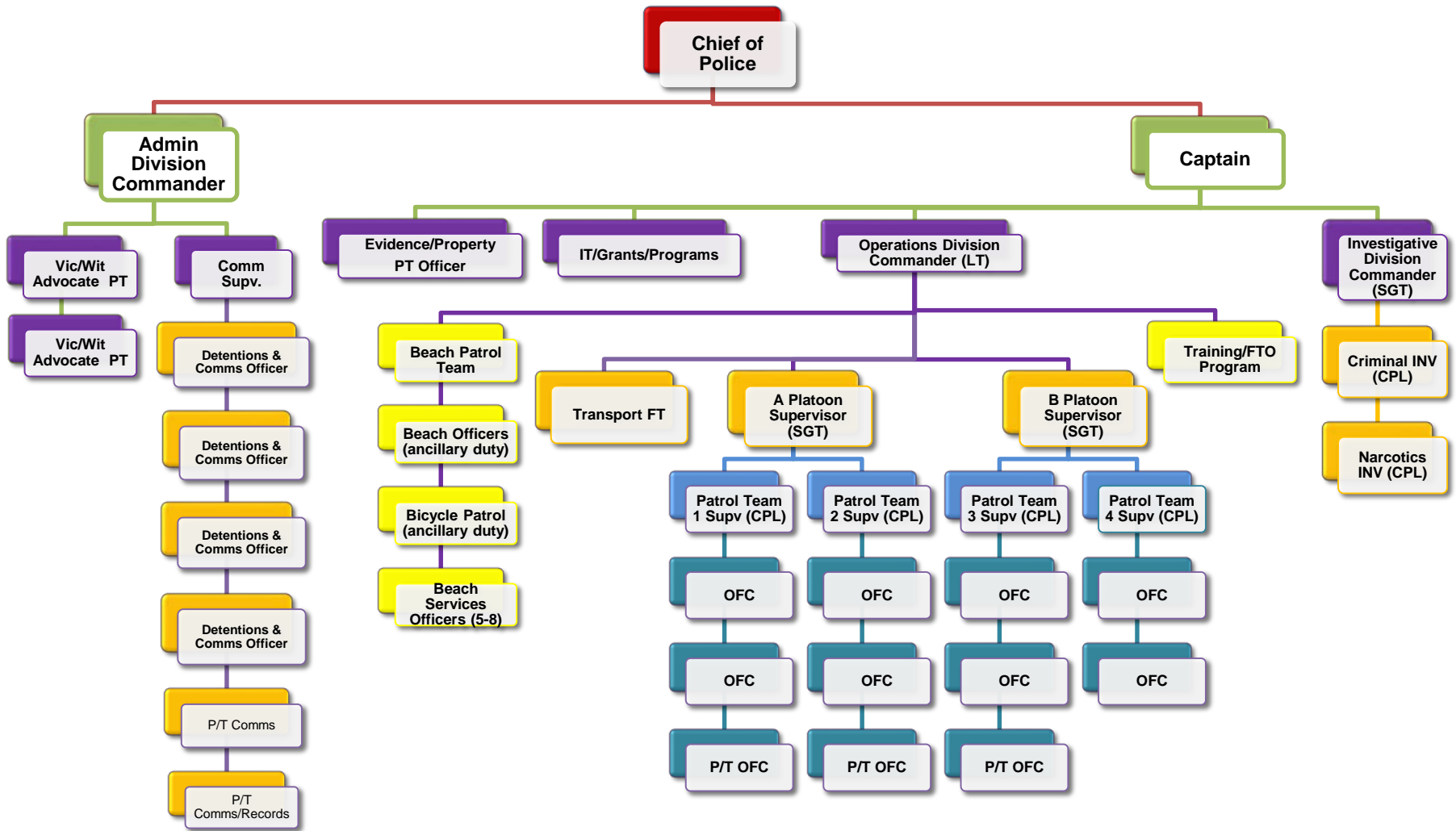
Business Licensing
Official/
Hospitality/A-Tax

PT Finance
Assistant/
Business Licensing
Inspector

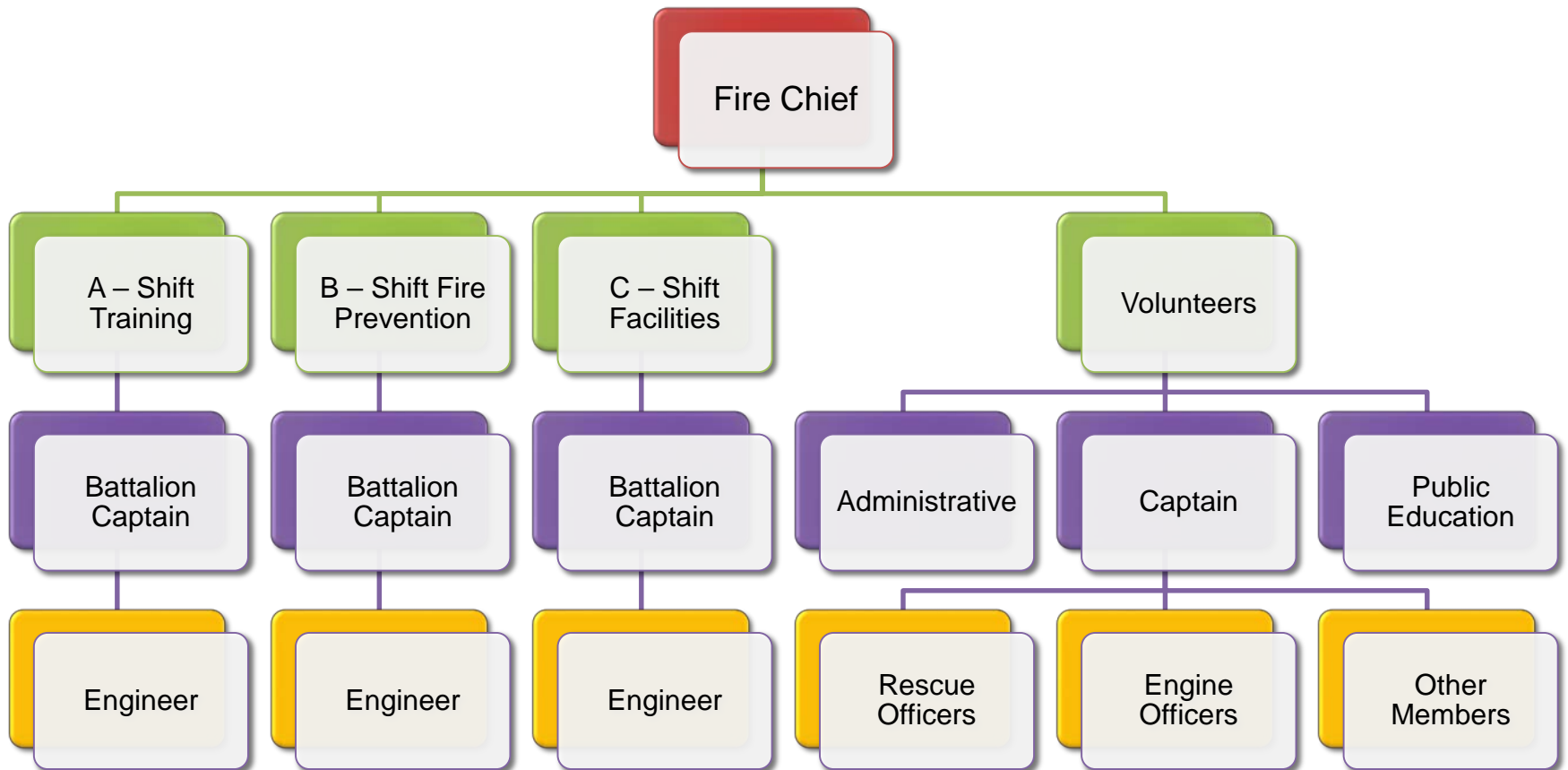
PT
Receptionist

PT
Receptionist

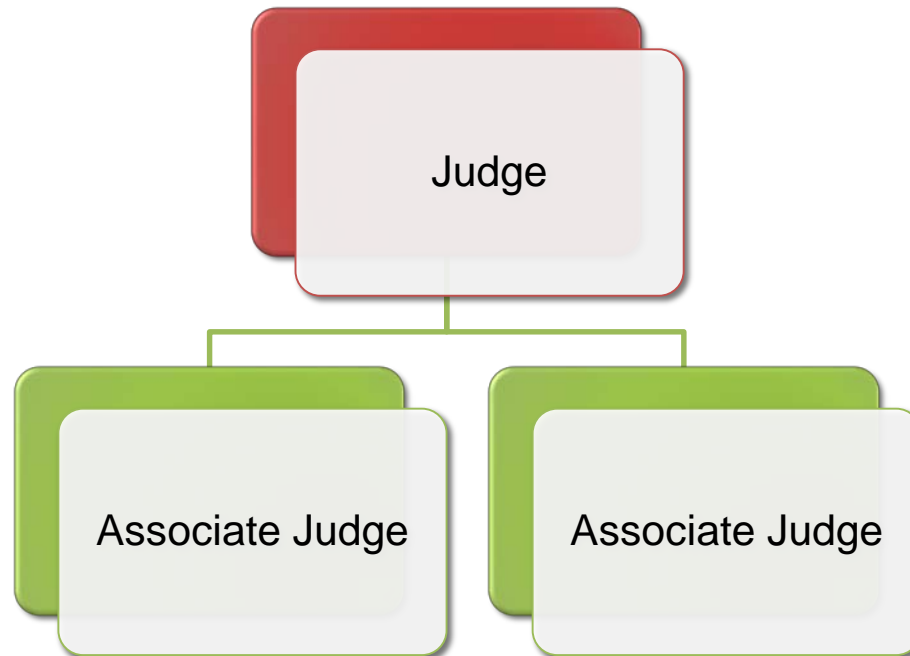
Surfside Beach Police Department FY 2017-2018



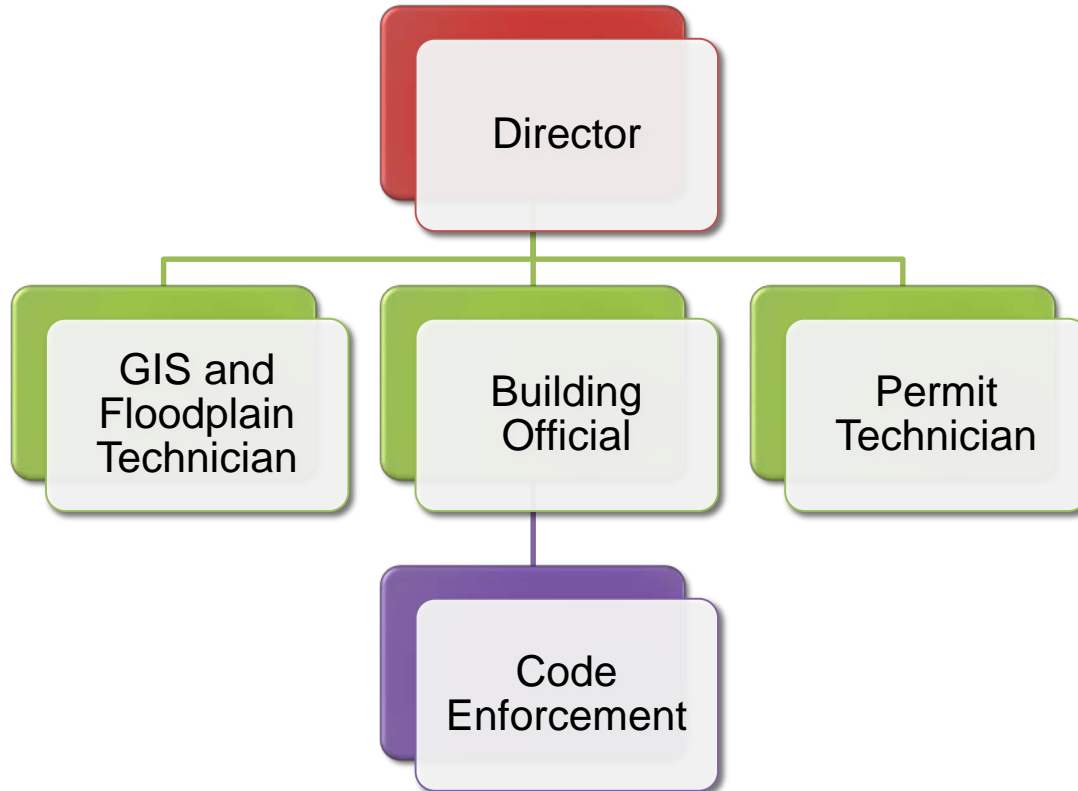
Surfside Beach Fire Department FY 2017-2018



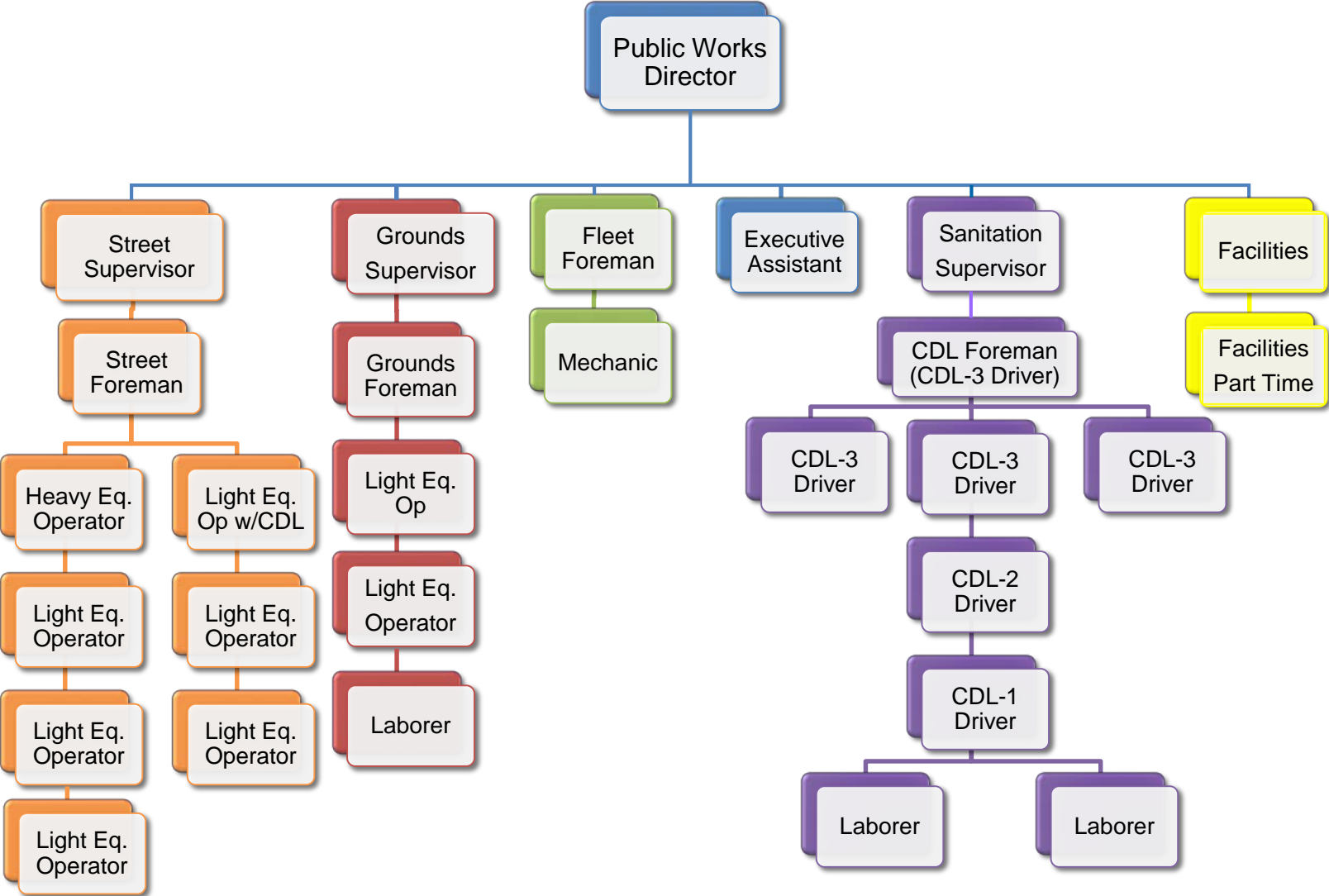
Surfside Beach Court
FY 2017-2018



Surfside Beach Planning, Building & Zoning
Department FY 2017-2018



Surfside Beach Public Works FY 2017-2018



Surfside Beach Special Events Department
FY 2017-2018 Organizational Chart

Events/Recreation
Supervisor