

## Budget Work Session

May 14, 2020

Mayor Womack called the meeting to order at 5:00 p.m. Councilman Dykes gave the invocation. Mayor Womack turned the meeting over to City Administrator, Stephen Steese for the City of Easley FY 20/21 budget presentation.

The budget shows a 1.6% increase from last year most of that is local option sales tax. We are on track for 3.0 million-3.1 in revenue.

Surplus funds from the local option sales tax are returned each year, those funds continue to climb. This year it is going up about \$200,000. Next year we are not counting on it going up any.

Councilman Robinson commented, "you have anticipated 11% increase in sales tax". Fines are down 25%. Mr. Steese commented that it is because we have not had court in three months.

There is no anticipated use of fund balance. Councilwoman Webb asked about the problems on Dogwood, did it make the budget.

Mr. Steese stated that it is in the stormwater section.

We are hoping the property taxes will remain neutral. Local option sales tax goes to offset property taxes. The multiplier went down due to values in the city going up.

The aid to subdivision, local government fund from the state last year they reset that with a new statute. Our base amount for this year is \$474,000 it should go up to \$497,000 next year. It is capped at 5%. It cannot decrease by any more than 5% no matter the state budget.

The interest in building is still high. We have averaged about \$35 million in improvements over the last seven years. We could have as much as \$45 million in commercial construction this year on our tax base. Tommy has issued three times the number of permits than was budgeted for this year.

Capital improvements are in the budget for the new equipment for the public works dept.

The millage rate for 2017 was 65 mils, in 2018 it was 68 mils, in 2019 it was 59 mils due to reassessment. What is recommended for this year is 62 mils. It would still keep the taxes approximately the same. Councilman Dykes asked if he had the chart that shows what the millage is for other cities in the county. Mr. Steese commented that he did not have that research yet.

Personnel: Compared to other cities we are faring well since we are not a tourist-based city. Unlike Clemson and Myrtle Beach they depend on hospitality and accommodations taxes. Those don't affect us on a daily basis. It includes a 2% COLA for employees. Some discussion at the State level about employer contributions of 1% to SCRS, they may hold that for a year. There are no additional positions added in this budget because we don't know what will happen going forward. There were 15 positions asked for at the council retreat. When COVID hit that was all removed.

Expenditures – The fire budget decreased by 14% that was the fire engine they got last year. Solid waste, recycling, streets going up to reflect the financing for their new equipment. Cemetery goes to 0 it has been moved into the street dept with grounds crews.

Capital expenditures – The replacements of computers, lap tops, Christmas lights, some fire SCBA gear which will get them current with replacing their equipment. Planning and Development carries demo money to handle condemned houses within the City. The county has assisted and we have not had to use all the funds.

Some items that were not included in the budget was \$500,000 for trash cans and to retrofit the trucks. This is not the right time to put that much money in something because of the economy. Maybe it can be in next year's budget. The exhaust for the city hall fire department was cut out. Street department got cut out a boom truck. Parks department renovations to facilities that was presented to council last year and will be handled by the hospitality bond. Some items were redoing the walking track, painting, etc.

Councilman Moore asked about the exhaust system for the fire department, is that something that is really needed for safety. It is not currently occupied so as the budget moves forward next year it can be added in. We can look into grants to put that system in.

Debt – This year total debt payments are estimated to be about \$577,000. With the new public works financing of new equipment coming on it will increase about \$85,000-\$90,000 in 21/22 budget. Some debt is coming off. Our debt has dropped of approximately \$450,000.

Councilman Garrison asked what was the state's recommendation for percentage of debt. Mr. Steese stated it is capped at 8%, with a proposed budget of approximately 15 million it would be 3.8% of our total revenue going to a debt payment.

Special Revenue Funds – Revenue side increase comes from the road fee fund that is new that is the money the county sends to maintain roads. On the expenditures side it is a 2% decrease overall from last year. The Police and Fire funds are not controlled by us as to how much comes in and where the money goes.

Councilman Dykes asked if Mr. Steese had confidence in the hospitality number.

Enterprise Debt Fund is the Stormwater Fund and TIF Fund.

Hospitality Tax Fund - We are anticipating a 10% decrease in revenue from last year. This year we were on pace for \$2.3 million until COVID stopped it. This year we are budgeting \$2,025,000. It has gone up continually since 2008. What we are showing for FY20/21 we are showing a decrease in revenue to reflect the unknown. We can operate within that number. We will just be a little tighter on the Parks and Recreation side.

Debt – We issued a bond that was used for the Doodle Trail. We had an overlap of old and new bonds. One bond was paid off this year. We will only have one bond payment of \$770 for the next several years. We are at a lower percentage of our revenue source going to pay the bond.

State Accommodations Taxes – The budget shows a 25% decrease. A lot of this that depends on Clemson and what happens in the fall. If fans get to go, we will see our numbers be there. From 2018/19 we had a decrease because of new hotels in Powdersville and Clemson. It doesn't impact our budget because we get the first \$25,000. The nonprofits will be hit the most. We will need to reevaluate our distributed funds. Funds have been distributed to SLWS, Foothills playhouse, American Legion Baseball, all got funds but are not using the funds.

Local Accommodations taxes is 100% used by the City for our events, and promote our athletics.

Road Maintenance Fund – This is a new fund. We received our first allotment from the county. Based on what we are seeing we could get between \$260,000 - \$270,000. The allotment is based on number of road miles we maintain in within the city limits.

Councilman Dykes commented that we are using those funds and improving the roads. Mr. Steese said yes just finished the Presidents streets, others we are waiting to complete. Some roads have stormwater issues. We have applied to for CFunds, and will be presenting to them to see how much they are willing to help for South 2<sup>nd</sup> Street and Dogwood Lane. If the don't fully fund and we don't have the funds to complete the full project then we will have to look at other options to reduce the cost of the project.

Councilman Webb asked if Dogwood was closed. Mr. Steese stated yes, we closed it after the last council meeting.

Councilman Dykes asked if Huntington South is on there you will be resurfacing, Mr. Steese yes as the money comes in.

With the money coming in this year and next year we should be able to finish all the roads. There are some different options for revenue we can look at moving forward for road maintenance.

TIF Fund – It is about out of money and most projects done. Waiting on clock faces for the clock tower the company measured on the inside and not on the outside, they did not fit so they are having to redo them. They just reopened and hopefully it will be fixed soon. Art for Silo District there may be about \$6,000 in the fund. Each year we normally get about \$25,000 in that account that can go to smaller projects. It did the benches, wall, Amphitheatre and other downtown improvements. Councilman Dykes asked if they have said what the art will be on the silos. Mr. Steese said they have talked to the Mayor and I and they don't want to turn in anything yet until they announce the overall plan.

Stormwater Fund – It is recommended to increase the fee by \$2.00. The budget has approximately \$168,000 to do stormwater improvements. It has a reserve of about \$95,000 that can be used for emergency projects that may come up. We did talk about a stormwater bond to do a lot of the projects; it is not reflected in the budget. The public works department has a list of projects that need to be done and would cost approximately \$800 million.

Councilman Garrison at \$168000 a year is nothing, he has had more than 10 residents in Huntington North call with complaints, there are problems all over town. We have got to come to some long-term solution. We are going to have to have serious conversation about how we are going to handle this.

Councilman Dykes stated he had complaints also. Councilwoman Webb stated she had had complaints too.

Councilman Dykes commented that this was a challenging budget, especially due to the coronavirus. We are making assumptions the revenue will be there. Thank you to all the department heads. The way we are growing I know we need additional people; we will have to do more with less people for the short term.

Councilwoman Webb stated that this was her first budget work session. Appreciates the explanations. Thanks to all department heads, hopefully it is short term. We will come back.

Councilman Garrison thanked everyone for what you do. It is a good budget under horrible circumstances. The way we are growing each department could use additional employees.

Councilman Moore asked about the farmers market opening and the baseball fields opening.

Mr. Steese stated that we talked about opening Pope Field and limiting number of people to use. We don't want 30-40 people showing up for a pick up soccer game. Maybe limiting 10 to a field. We are waiting on the Governor for guidance.

Mayor Womack commented that the COVID 19 numbers have zoomed up in Pickens county.

Councilman Garrison asked about the decision on the farmers market. Chase did a pole did not have enough interest. We also don't enough staff to monitor.

Councilwoman Webb asked if we formed any kind of response to any gyms that don't comply. Mayor Womack stated that Tommy Holcombe, police, fire, have all been out to speak with them. Tommy stated that we are working with our businesses by what the governor says. So far, we have had a good working relationship.

Mayor Womack commented that we have talked more to Senators and House Representative more than we have in years to help us out.

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Councilman Dykes asked about the walking track at the gym. Mr. Steese stated that it is not open yet because we don't want to open the restrooms.

Mayor Womack stated that we take recommendations from council and department heads for guidance and keep a watch on the numbers.

Councilman Garrison motion to adjourn 6:30

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Mayor

ATTEST:

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City Clerk