

**TOWN OF MOUNT PLEASANT, SOUTH CAROLINA**  
**FINANCE COMMITTEE**  
**Tuesday, April 3, 2018**  
**Municipal Complex, Committee Meeting Room, 3<sup>rd</sup> Floor**  
**100 Ann Edwards Lane**  
**Mount Pleasant, SC 29464**

**MINUTES**

**PRESENT:** Tom O'Rourke, Chair; Kathy Landing and Gary Santos  
**ABSENT:** Joe Bustos  
**STAFF PRESENT:** Eric DeMoura, Town Administrator; Marcy Cotov,  
Chief Financial Officer

Mr. O'Rourke called the meeting to order at 10:07 a.m.

**1. Approval of Minutes from the December 4, 2017 meeting**

*Ms. Landing motioned to approve the December 4, 2017 meeting; seconded by Mr. Santos. All present voted in favor.*

**2. Public Comments**

**Jack Little and Rich Estes, Affordable Housing Committee**, stated that last week they had a meeting and would like to update what the Committee has accomplished in the past and where they are presently. He stated that they would like to request to be put on the agenda for next month's meeting to bring a budget request to support the new 501c3 that they are forming.

**Rich Estes**, 1300 Appling Drive, stated that he is the Chairman for the Affordable Housing Committee and Mr. Little is the "go-to" Administrator. He stated that they are at a place, after two years of actually forming the 501c3. He said part of the process is actually submitting the budget to the IRS to obtain their certification and making

their filings with the State. He said this is where they are and with the new budget for the Town coming up, they would like to request funding. He said in the next two weeks, they will be submitting materials to the Town, so the Finance Committee is able to review and be prepared for the next meeting. He said they were unable to get on today's agenda, so they would like to advise the Finance Committee that they will be presenting materials at the next meeting.

Mr. O'Rourke stated that he would coach the Affordable Housing Committee as they submit the next time to this Committee. He stated that this Committee was briefly discussed at a previous meeting. He asked if they were filing for their own non-profit status.

Mr. Estes responded in the affirmative.

Mr. O'Rourke stated that if this non-profit committee is formed, and the Town assists with funding to form this Committee, it will then be their Committee. He said he wondered if the Committee has the resources without the Town's involvement.

Mr. Little stated that there is no ongoing funding from the Town, which is why they are requesting funding.

Mr. O'Rourke asked what the funding would be used for.

Mr. Little stated that it would be used to get them started. He stated that they would be applying for grants and also begin making solicitations to potential donors.

Mr. Estes stated that the funding would help them get to the finish line for the formation. He said after that, they would be starting a fresh organization. He stated that backtracking with two years' worth of work, they looked at all the options from being a Town entity to somewhere in between to then being a complete non-profit. He said that the non-profit organization was the best option.

Mr. O'Rourke said the Committee is doing great work with talented members, and the need for Affordable Housing is great. He asked Mr.

DeMoura what the process was to put them on the agenda for next month.

Mr. DeMoura stated that ultimately this Committee and full Council will need to consider this as part of the budget request. He said there is a process for funding of outside agencies. He said the argument could be made whether they are an outside agency or not, because at this time, they are still a part of the Town. He stated that this process has passed, and the Finance Committee will be presented with a request as part of the budget process, which will be addressed at the next Budget Committee meeting. He stated that they will have all the documentation well enough in advance to make a decision at the Budget Committee. He stated that a determination is needed as to how much funding they are requesting and if Finance Committee is willing, this can be handled outside the process that has been completed.

Mr. O'Rourke advised Mr. Little and Mr. Estes that their documentation will need to be received as soon as possible which would help staff in preparation of the Committee's discussions. He said that they would still like for them to be on the next Finance Committee's meeting agenda.

Mr. Santos asked Mr. DeMoura if funding has already been provided to this Committee.

Mr. DeMoura stated that this year, this effort was funded.

Mr. Estes stated that the funding was for Jack Little's position for \$30,000 and then another \$7,500 for the attorneys to form the non-profit and file all the paperwork.

### **3. Budget Review FY 2019**

#### **a. Revenues for all Funds**

Ms. Cotov stated that she will be providing highlights.

##### General Fund Revenue Highlights

Current property taxes are projected to increase 6% and, while we have a real property collection rate of 96.4%, we do have delinquent

tax collections. The projection for delinquent taxes are in line with FY 2017 actuals.

Charges for service are projected to be up 5% overall and include two fees now part of the General Fund and anticipated recreation revenue based on programming.

The Victims Advocate program, which was a stand alone fund, is now incorporated into the General Fund and is included under fines and forfeitures.

The rental of Alhambra Hall is almost double. There is increased interest, and a new process that is more efficient and user friendly along with a solid website.

The proposed use of fund balance includes the transfer of \$1.3 million of prior year millage to transportation projects; and includes the projection for the split of \$2,129,954 between transportation and Stormwater infrastructure projects per Town Policy; the allocation of \$500,000 for the reserve for encumbrances; \$500,000 for the performing arts center at the new Lucy Beckham High School; and \$500,000 for potential litigation judgement and losses.

#### Capital Fund Revenue Highlights

The summary page shows the revenues that support the Capital Fund, both special revenues and General Fund revenues.

Pages 2 through 12 details, by each type of revenue, the use of that revenue source. It begins with new revenue projections, then transfers in from other funds, and then use of fund balances by special revenue type.

#### Highlights:

Hospitality Tax is projected to increase 4.3%, this (\$6.9m) is being used along with \$3.4 million in Hospitality fund balance.

Accommodations Taxes, in total, are projected to increase 6.9% or up to \$3 million.

In all categories of Impact Fees, we are using all of our projected revenue along with significant amounts of fund balances.

Ms. Landing asked about Impact Fees, and if the projections showing is it strictly what the Town knows is coming in due to businesses and developers who have already made themselves known, or is it projected based on the past.

Ms. Cotov stated that this is what makes this figure difficult to arrive at, because it is strictly an estimate. She stated that financial advisors worked with the Town to develop a capital planning model. She said what they have is the same data that Planning is presenting and using as part of the Comprehensive Plan and is being used for Transportation Long Range planning. She said they are recognizing where some of the development is in the County and how that is figured in or where there may already be existing developer agreements. She stated that they have put in place, based on all this, a projection that also discounts amounts to recognize that the increase in fees may hinder people. She stated that as of December, residents were trying to get all their permits in before the next fee increase and in January, looked at the model, what it projected and where the Town was, and the projections were very close to the number. She said they believe it is a valid tool that the financial advisors helped them build that can do the forecasting for the Town.

Ms. Landing asked what the discount was that the Town used in order to try to project the impact of the July increase to the maximum level that has been voted on by prior Council

Ms. Cotov stated that they did a couple of discounts. One was whether some of that building in the Town's planning area might be located on County property. She said they did an overall discount of 10% and worked with Planning on the developers' agreements. She said they did not know when they would come in but knew there were many in Carolina Park. She said they took that property and discounted it across the board. She said for the increase in fees, she believes it was another 10% they did across the board. She said trying to recognize

the money was going to come in, they believed they needed to accomplish things with it and believe their projections were very good.

#### Debt Service Revenue Highlights

The Debt millage (2.9 mills), goes directly to the debt fund. We also transfer in special revenue funds, as appropriate, to support General Obligation (GO) bond and lease purchase repayments. After that point, the General Fund provides support.

This year, General Fund support will increase, because they are looking at the GO bond without a millage increase, so the support will increase up to \$3.9 million to support the debt fund (\$1.7 million).

#### State Accommodations Tax

The is from the 2% mandatory tax on accommodations statewide. This year we are appropriating the State Tourism Advertising Grant (TAG) into this fund where the match is located. The budget also proposes the use of \$360,000 in fund balance.

### **b. General Government Operating Expenditures**

#### General Government

The increase in salaries is reflective of the average 4% merit increase and four (4) additional positions, one of which is proposed to begin in January.

The positions are a Human Resources Generalist, an Information Technology Technician and two staff originally requested by Public Services to support the Town's Geographic Information System (GIS) and related databases. The GIS Analyst is requested for only half the year, to start in January, in order for the GIS Manager to allow for processes to be put in place.

Proposed in audit services is additional funds for contracting out some internal and contract audits.

Contractual services are down because we moved more town-wide technology funding to the technology asset replacement account in

the Capital Fund. This also reflects moving the Town Hall security services contract to the Police Department budget.

### Capital Fund

She stated that there are three CIP (Capital Improvement Projects) projects. She said we have an ERP (Enterprise Resource Planning), which is the second year and the larger amount of funding for it. She said there is also Document Management and the Performing Arts Center at Lucy Beckham High School.

CMP (Comprehensive Maintenance Plan) - Fleet Maintenance of Town's vehicles and equipment.

Asset Replacement - Technology Replacement Plan and two replacement vehicles.

### c. **Non-Departmental Expenditures**

If you go to the non-departmental tab you will see the proposed budget. Of note is the combining of all of our insurance accounts, including premium and deductibles, into one account to expend the funds to the Insurance Management Internal Services Fund that was established this year.

The funds for Economic Development incentives is now located in non-departmental with a proposed increase from \$100,000 to \$160,000. As part of the budget adoption ordinance, we will be requesting that any balance this year carry forward into next fiscal year if not expended.

In FY 2017 vehicle fuel accounts were reduced and a fuel contingency account was created. This budget proposes to reduce that account down to \$50,000, along with the fuel amounts in a few departments to support SRO's (School Resource Officers).

Also, in the non-departmental budget is a limit placed on Community Investments to \$200,000 to support SRO's.

This budget includes a waste water conversion program that Council approved to support conversion from septic tanks to public wastewater system.

Ms. Landing stated that she wanted the public to be aware how hard staff worked to ensure that not only the will of Council was addressed, which was to ensure all schools had an SRO's, but also did not have to come up with additional funding. She said this is very commendable to do something so important for the Town and not have to raise taxes or anything else.

**d. Review of Requests for Donation for conformance with Community Investment Policy**

This is the information for those organizations requesting donations under the Community Investment Policy.

## Community Investment Criteria

- Non-profit
- Performance report included
- Mission statement included
- Statement on use of funds included
- Financial report (990 or CPA Audit) included
- Services provided to Mount Pleasant included
- Total cost of project included
- Other sources of funding included
- % reliance on government funding included
- % of expenses spent on programs included



Ms. Cotov stated that the applications went out in December and were due back on February 1<sup>st</sup>. Per the Town's Policy, the Finance Committee ensures these meet the criteria before sending them to the Budget Committee.

## Community Investment Applicants

NAME OF APPLICANT	AMOUNT REQUESTED	ALL CRITERIA MET
3rd BRIGADE SOUTH CAROLINA STATE GUARD	\$ 50,000	✓
ACCELERATE CHARLESTON	25,000	✓
BANDS OF WANDO HS BOOSTERS	20,000	✓
CENTER FOR WOMEN	5,000	✓
CHARLESTON ANIMAL SOCIETY	50,000	✓
CHARLESTON PORT AND SEAFARERS' SOCIETY	9,000	✓
CHARLESTON SYMPHONY ORCHESTRA	10,000	✓
COASTAL CRISIS CHAPLAINCY	25,000	✓
CRIME STOPPERS OF THE LOWCOUNTRY	2,000	✓
DEE NORTON LOWCOUNTRY CHILDREN'S CENTER	25,000	✓
EAST COOPER FAITH NETWORK	9,500	✓
EAST COOPER LAND TRUST	25,000	✓
ENGAGING CREATIVE MINDS	20,000	✓
IOP CONNECTOR WALK/RUN FOR THE CHILDREN	5,000	✓
ITN CHARLESTON TRIDENT (SENIOR RIDE CHARLESTON)	10,000	✓
LOWCOUNTRY FOOD BANK	5,000	✓
LOWCOUNTRY ORPHAN RELIEF	3,500	✓
MOUNT PLEASANT COMMUNITY ARTS CENTER	32,635	✓
OPERATION HOME	10,000	✓
PET HELPERS INC	10,000	✓
WINDWOOD FARM HOME	6,000	✓
TOTAL REQUESTS	\$ 357,635	



Staff reviewed the applicants and all of the organizations meet the criteria. It is during the next Budget Committee meeting when decisions will need to be made, given the proposed limited funding.

She stated that the requests do total \$357,365; however, in the budget proposed, there is only \$200,000. She said this is the delta she referred to that helped fund the SRO's.

Mr. O'Rourke stated that these will all be discussed at the Budget Workshop.

Mr. DeMoura stated that Council will be provided with all the documentation of their requests and then the decision will come at that meeting.

Mr. O'Rourke stated that Ms. Cotov mentioned \$200,000 as a recommended limit to this spending for this budget year.

Ms. Cotov responded in the affirmative.

### e. Debt Fund expenditures

The debt fund expenditures are for two existing General Obligation bonds; one new proposed General Obligation (GO) bond, a State

Revolving Fund (SRF) for Snee Farm, three existing lease purchases and two new lease purchases.

Mr. O'Rourke stated that the whole psychology of bonding is getting the best interest rate and how to prepare for getting the best rates. He said that the Town has done a great job of maintaining fund balance and are in fact, slightly higher than our own requirement. He asked if some of the fund in the budget that will utilize a substantial amount of fund balance will harm the Town when applying for the new GO bond.

Mr. DeMoura stated that a good portion of the fund balance that is being utilized are special fund, fund balances, capital fund balances that has been waiting for the project to be deployed and utilized. He said that it is money that is ready and planned to be used. He said it does not have much of an impact on the General Fund's fund balance. He said they plan to utilize some of it, but also plan to add to it if projects finish this year, as staff expects that they will.

Mr. O'Rourke stated that he believes the Town's citizens are going to be very happy with the type of interest rate the Town receives. He asked when staff anticipates applying for the GO bond.

Ms. Cotov stated in the fall.

**f. State Accommodations Tax Fund expenditures – 2% mandatory tax**

Just a few highlights of State Accommodations Tax expenditures. The expenditure of the TAG (Tourism Advertising Grant) that I mentioned with the revenues, the proposed first half of donations and the transfer of \$700,000 to the Memorial Waterfront Park, Phase II project.

**g. A Resolution making declaration of intent to enter into Lease Purchase Agreement**

This resolution establishes the Town's intent to enter into 2 lease purchase agreements. One for 4 years for encrypted radios and one for 5 years for Public Service equipment greater than \$100,000. She

stated that previously she mentioned that the radios in reference to Public Safety and what they discovered is that they use state contract pricing. Because the whole region must purchase these, there is a meeting tomorrow for better pricing and believe it will come down 23% which means they may also include Public Services and not have to lease purchase as much. This also allows the Town to reimbursement itself with proceeds, should any expenditures occur before the issuance of funds.

**h. A Resolution making declaration of intent to issue tax-exempt obligations**

This resolution is similar to the prior resolution but deals with the intent to issue a tax-exempt general obligation bond and also allows for reimbursement of expenditures prior to the borrowing up to \$7 million or 20%.

**i. An Ordinance to amend Chapter 114, Accommodations Fee, pertaining to the distribution of funds**

State Code establishes the use of revenue from local accommodations tax. In the Town's adopted Local Accommodations – Chapter 114, it does not reference Section 6-1-530 of the State Code and instead, summarizes the potential uses.

Given that the State is looking at potentially broadening the use of these fees, we felt it was in the Town's best interest to amend Section 114.06 of the Town's Code to simply reference the State Code so that if or when changes occur we can more quickly react to those changes.

Mr. O'Rourke stated that the Town would have to comply with this anyway.

Ms. Cotov responded in the affirmative.

Mr. Santos commended staff on a well-prepared budget.

Ms. Landing stated that it is great to be taking advantage of rates while they are still low. She said this will save the Town a great deal of money in the long run.

Mr. O'Rourke stated that he made a comment when Mr. DeMoura did an overview of the budget. He stated that he would like to take the next year, which will be a little difficult for staff, to try to look ahead 5, 10 or 15 years, project the growth, project the needs and have those done in such a way that we know what the Town's number is to fund to. He said we do this year by year; however, if we know the projection and are able to work through it, understand it and relay it to the rest of Council and the public, they will understand that we are working on the infrastructure, which has had much discussion. Such as, how many roads do we need, fire and police, and parks, and how do we project what they are, figure out the number if how the Town will come up with the funding. He said the Town does not have the funding to do what it takes to run this Town in possibly five years; however, none of us know this. He said if the Town can have a public process of how to get there with staff's help, he believes it will be difficult for staff, but easier after the work is complete and easier on Council who have to determine how to generate the funding. He asked staff to get together prior to the next meeting and at the next Finance Committee meeting, propose a methodology to get this accomplished.

Mr. DeMoura stated that this is excellent; however, staff will need to employ several assumptions. Some of those assumptions will be that Council and the public will continue to expect a very high level of service in just about every area. He said we see this in the "calls for service" to the Town every year, which skyrocket.

Mr. O'Rourke stated that it is not so much that people vote "no" for bond referendums, it is because they do not know and if they knew what the needs of this community are, and they want high standards, he believes they will understand. He stated that staff will be working hard to accomplish this.

Ms. Landing stated that at the very least, a five-year plan would at least let the residents know what it is going to take financially to accomplish certain projects. She stated that this will dovetail well with the Economic Development Committee's efforts, as the ongoing

strong revenue is going to be have great companies and industries here in the Town.

Mr. O'Rourke stated that he sees the Finance Committee working with all Committees, as well as Council and the Mayor to accomplish this. He asked for a motion to take this to the Budget Workshop.

*Mr. Santos so moved; seconded by Ms. Landing. All present voted in favor.*

Mr. O'Rourke stated that the Finance Committee unanimously moves this forward to the Budget Workshop and thanked staff for their hard work.

#### **4. Consideration of a Resolution authorizing a loan application to the State Authority by Mount Pleasant Waterworks**

**Mark Coffin**, Chief Financial Officer of Mount Pleasant Waterworks, stated this is a recycled SRF (State Revolving Fund) that they are applying for which is to accomplish force main work in Park West and it is a loan not to exceed \$6 million dollars, with the interest at 2.1%, which is a good rate. He said this would be to rehabilitate a force main that runs from pump station 119 to Highway 17 in the Park West Boulevard area, which has been experiencing failures.

*Mr. Santos made a motion to approve consideration of a loan application to the State Authority by Mount Pleasant Waterworks as discussed by MPW's Chief Financial Officer; seconded by Ms. Landing. All present voted in favor.*

#### **5. Request to purchase Town property near Walt Miller Street**

Edward Oswald, 885 Tupelo Bay Drive, said that he and his business partner, Benji Cook, own their office at 874 Walt Miller Street which is on the northern side of Highway 17 behind the old Cadillac dealership. He said their office backs up to what appears to be the old Lansing Drive extension. He said their office is on the .57 acre piece, which used to be an old daycare that they purchased in 2014 and renovated into an office space. He said the old Lansing Drive extension is behind their property

and currently an abandoned roadbed, not being used for anything and is overgrown. He said that 870 Walt Miller is the .33 acre piece of property and the old Lansing Drive extension is behind that property as well.

Mr. O'Rourke asked if Mr. Oswald and his business partner own 874 Walt Miller Drive and are under contract for the 870 Walt Miller Drive and are expected to close on that property the first week of May. He said that they would like to approach the Town and offer to purchase the old Lansing Drive extension, which would increase their ability to circulate traffic on the two pieces and provide funding to the Town, as well as be a commercial property. He stated that it appears to be approximately .2 acres (25 feet wide by 340 feet) approximately.

Mr. Santos asked how this process would proceed.

Mr. DeMoura stated that when the Town receives a request to purchase Town property, it first goes to the Finance Committee to see if there is any interest. If the Committee has an interest, the Town usually requires those requesting to purchase, to perform an appraisal on the property, which is paid for by those requesting to purchase. He said this information will then come back to the Finance Committee to see if the Committee has any intent at that time.

## Request to Purchase Town Property



He said the Town entered into a long-term lease on that property in the late 1960's for 99 years, and it will remain the status of that property for a very long time. He said that the first step of disposing of the property in some way, would have to be negotiated with the Armory, who is the tenant. He said that the Armory is not using the property in question anyway and have always been good neighbors. He said that if this is Finance Committee and Council's intent, he does not feel it would be an issue. He said this is the property today and the fence that encloses the Armory property and the old road bed that Mr. Oswald is referring to.

## Request to Purchase Town Property



He stated that if the Finance Committee is interested, staff would ask Mr. Cook and Mr. Oswald to perform an appraisal of the property in order to see its worth.

Mr. O'Rourke asked Mr. Oswald to assure this Committee that he will absorb the expense of the appraisal.

Mr. Oswald stated that he will be willing to absorb the cost of the appraisal and any deed preparation.

Mr. DeMoura stated that the process of the Finance Committee would be to pull together all the information for full Council to consider. He said that it is perfectly appropriate.

*Ms. Landing made a motion to authorize this organization to obtain an appraisal and other documents necessary to come back with a full request for purchasing the property; Mr. Santos seconded the motion to include that it be at the potential buyer's cost. Ms. Landing agreed.*

Mr. O'Rourke stated that he would, for transparency, like for the Committee to be aware that he has a relationship with Mr. Cook and would like to ensure that this is accomplished correctly. He stated that it would be more favorable if the Town selects the appraiser or a disinterested third party selects the appraiser, because he does not feel that the buyer should choose the appraiser. He stated that the purchaser may be involved in the selection of the appraiser and believes it would be more favorable.

Mr. Oswald stated that he is agreeable and asked if there is some type of protocol in selecting an appraiser.

Mr. DeMoura stated that the Town is able to go to an appraiser that the Town utilizes.

Mr. O'Rourke stated that he believes it would be more favorable for the Town to initiate the first step to find out the value of the property.

*All present voted in favor.*

## **6. Adjourn**

There being no further business, meeting adjourned at 10:51 a.m.

Respectfully submitted,  
Barbara Ashe  
April 3, 2018