

**MYRTLE BEACH CITY COUNCIL
FY 2020-2021 BUDGET RETREAT
June 4, 2020 at 9:00 A.M.
TED C. COLLINS LAW ENFORCEMENT CENTER**

CALL TO ORDER: 9:17 A.M.



Roll Call.

Present: Mayor Brenda Bethune, Michael Chestnut, Gregg Smith, Jackie Hatley, John Krajc.

Via Telephone: Philip N. Render.

Absent/Excused: Mike Lowder.

1. Mayor and Council Welcome and Statement of the Meeting Purpose

Mayor Bethune welcomed everyone to the meeting and thanked everyone in attendance for practicing safe social distancing. Mayor Bethune stated this is a very important budget meeting and turned it over to Mr. Pedersen.

2. Reports from City Staff

- **Mini-Budget Retreat:**

- **Manager's opening remarks**

- Mr. Pedersen stated that this is his 44th budget and it is the most uncertain. Mr. Pedersen thanked Michelle Shumpert and her staff for the hard work they have put into this budget. With the uncertainty in the budget this year the keyword is flexibility and adjustments will be made as needed.

- **Background information from the CFO.**

- Chief Financial Officer, Mike Shelton explained what the economic outlook for 2020-2021 would be in terms of how the pandemic will play out and how will the economy respond. Mr. Shelton spoke to what was learned during past recessions and how can those methods be applied in our current situation. Mr. Shelton discussed what the shape of recovery may look like; a W-shaped recovery is predicted by analysts but for financial planning, think 'W' but hope for a "V". Mr. Shelton made reference to the study performed by Magma Global of Travel Post COVID-19 Survey Results, specifically the 54% of those who would take a vacation that's within driving distance. A full financial recovery is not expected until the end of 2021 but above all, it is important to be flexible and monitor trends to be able to adapt quickly.

- **FY 2019-20 – Weathering the pandemic.**

- Financial Management and Reporting Director, Michelle Shumpert reviewed how the City will be weathering the pandemic in FY 2019-2020. This will be done through managing personnel costs, reducing operating and capital spending, reassess internal service funds, reductions in service levels and re-designate reserves. Ms. Shumpert explained how the City had strong tourism driven revenues through the first 9 months of FY 2020 and how a lot of revenue generators were up over last year. The

revenue expectations and assumptions are that the tourism driven revenues will be low, business license revenue should not be impacted in FY 2020, Sports Tourism, Recreation and MB Convention Center revenues will be impacted from facility closures and event cancellations from March through June and that water and sewer revenues may be impacted due to the decrease in business activity March through May.

▪ **FY 2020-21 Budget:**

Michelle Shumpert presented the FY 2020-2021 Budget and stated that the three main highlights for this budget are: to maintain flexibility, sustain essential services to the community and visitors and to maintain the fiscal health of the City.

○ **Flexibility.**

Michelle Shumpert stated that there will be flexibility through continuous monitoring of revenues and expenses. It was explained what would happen if revenues are impacted to a greater degree than expected and what would happen if revenues are impacted to a lesser degree than expected.

○ **Strategies used and strategies avoided.**

Michelle Shumpert spoke to the various strategies used and strategies that were avoided when preparing the proposed budget for FY 2020-2021. Michelle reviewed several graphs and breakdowns of the general fund expenses, tourism and business driven revenues, the overall budget in terms of revenues and expenses and 2021 staffing by department.

○ **Rate, fees, and property tax increase proposals**

Michelle Shumpert explained that with the uncertainty of the budget there will not be any proposed property tax increases, no proposed rate increases for Recreation, Sports Tourism and MB Convention Center and there will not be a proposed rate increase for storm water or water and sewer.

○ **Service Implications – limited new services.**

Michelle Shumpert spoke to making acceptable reductions in service levels especially for nonessential services. Reductions are based on the depth of the financial challenge and guidelines as set at the State level. Eliminating some services that are recognized as 'nice to have' but are not essential would be the limitation of new services.

○ **Solid Waste cost re-allocations.**

Public Works Director, Janet Curry reviewed her presentation on providing a fair allocation of costs of service to customers within the proposed schedule of solid waste fees and charges. Janet described the standard units of service, containers and associated fees for both residential and commercial locations. There will be separate service charges for additional containers, increased collection frequency and scheduled call back services. There will

be container fees for commercial customers using roll carts, dumpsters and compactors. The compactor container fee allocates capital investment and annual maintenance/repair of compactor assets across all compactor users. There will be descriptive ordinance violations and fines that the Solid Waste Code Enforcement Officer shall address through the Quality of Life Court.

- **FY 2021 – 2025 Capital Improvement Program.**
 - **Overall theme of CIP.**

Michelle Shumpert stated the overall theme of the Capital Improvement Plan this budget year is to: maintain flexibility, no new general capital projects planned for FY21, limit new projects in Enterprise funds to those that are necessary, continue the hold on existing projects and to hold projects planned for FY2021 until late fall.
 - **CIP review.**

Michelle Shumpert explained the funding sources for the project totals in administration, buildings and grounds, culture and leisure facilities and transportation system infrastructure for the general capital improvement plan. Michelle also broke down the funding sources and project totals for the Historic Oceanfront Boardwalk District, the MB Convention Center, the Baseball Stadium, water and sewer projects and stormwater management projects.
 - **Stormwater & Transfer Station Update.**

Janet Curry gave a transfer station update. Included in the update Janet explained several projects such as the clean water project, drinking water project, the 25th Ave South header pipe construction and the hazard mitigation project at highway 501 and Balsam Street.
- **Public Safety Update**

Chief Prock gave a public safety presentation update focusing on the distribution of additional resources in the wake of the Memorial Day Weekend incidents and the recent protests. Chief Prock explained steps that have been previously taken along with strategies that have already been implemented along with new strategies to consider to create a safe environment for the community, visitors and public safety personnel.
- **Covid-19 Update**

Emergency Operations Manager Bruce Arnel gave a statistical update on COVID-19 and how those numbers affect the state and the county. Bruce Arnel also provided statistics on COVID-19 in local hospitals and nursing homes. There will be 118 testing centers available prior to July 2nd.

3. City Council Discussion Items:

- **Drainage issue at the corner of Woodside and Calhoun.**

Councilman Render inquired about the drainage issue at the four way stop at Woodside and Calhoun and was addressed by Deputy City Manager, Fox

Simons and Public Works Director Janet Curry. Both of the roads are state owned and the issue is a ponding issue which is more of a nuisance, it is not a property issue. A thirty day traffic study will be performed by SCDOT to see what can be done to resolve the issue.

- **Progress on improvement of the 911 Memorial.**

Councilman Render inquired about the progress of the 911 Memorial and was addressed by Mayor Bethune that the improvement on this memorial has been put on hold for right now.

- **A-Tax Allocations**

Michael Price thoroughly presented and explained the accommodations tax allocations and a breakdown of each tourism expenditure application along with the recommendations made by the Accommodations Tax Committee and recommendations by City staff for Council to review.

4. Public Input (3-minute limit per speaker, 30 minute max).

Ann Dunham, City Resident and Business Owner asked questions about the budget and asked where the information was relating to the City's debt and the Tourism Development Fee and stated there should not be an ambassador program put into place.

5. Executive Session

Motion: To Enter Executive Session to discuss a legal briefing pending litigation with Accommodations Tax and Horry County, a personnel issue with Executive staff and a contractual matter on proposed negotiations, **Moved by** Michael Chestnut, **Seconded by** Gregg Smith.

Vote: Motion carried by unanimous roll call vote (**summary:** Yes = 6).

Yes: Mayor Brenda Bethune, Michael Chestnut, Philip N. Render, Gregg Smith, Jackie Hatley, John Krajc.

Absent/Excused: Mike Lowder

4:07 P.M.

6. Adjournment

Motion: To Exit Executive Session and Adjourn, **Moved by** Michael Chestnut, **Seconded by** John Krajc.

Vote: Motion carried by unanimous roll call vote (**summary:** Yes = 6).

Yes: Mayor Brenda Bethune, Michael Chestnut, Philip N. Render, Gregg Smith, Jackie Hatley, John Krajc.

Absent/Excused: Mike Lowder

4:41 P.M.

ATTEST:

BRENDA BETHUNE, MAYOR

LINDSEY HARING, ACTING CITY CLERK