



TOWN OF SURFSIDE BEACH
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**TOWN COUNCIL REGULAR MEETING
COUNCIL CHAMBERS
TUESDAY, FEBRUARY 28, 2012 ♦ 6:30 P.M.**

AGENDA

1. **CALL TO ORDER** - Mayor K. Allen Deaton
2. **INVOCATION AND PLEDGE OF ALLEGIANCE**
Pastor Scott Wachter, Surfside United Methodist Church
3. **AGENDA APPROVAL**
4. **MINUTES APPROVAL** - Regular Meeting February 13, 2012
5. **PUBLIC COMMENTS – AGENDA ITEMS**
Please address Town Council from the podium; 3-minutes per speaker
6. **COMMUNICATIONS**
 - A. Employee Recognitions
 - i. Robert Altman, 5 Year Service Award
 - ii. Massimo Pugliese, 10 Year Service Award
 - B. Department Reports
 - i. Finance
 - ii. Recreation
 - iii. Public Works
 - C. Administrator's Report - Update on Current Events
7. **BUSINESS**
First Reading Ordinance #12-0710 Budget Amendment FY2011-2012
8. **DISCUSSION**
9. **PUBLIC COMMENTS**
Please address Town Council from the podium; 5-minutes per speaker
10. **COUNCIL COMMENTS**
11. **ADJOURNMENT**



**SURFSIDE BEACH TOWN COUNCIL
REGULAR COUNCIL MEETING MINUTES
FEBRUARY 28, 2012 ♦ 6:30 P.M.
TOWN COUNCIL CHAMBERS**

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1. **CALL TO ORDER.**

Mayor Deaton called the meeting to order at 6:30 p.m. Mayor Deaton, Mayor Pro Tempore Childs, and Councilmembers Blair, Dodge, Johnson, Samples, and Smith were in attendance; a quorum was present. Staff present: Administrator Duckett; Deputy Administrator Fellner; Police Chief Frederick; Public Works Director Adair, and Treasurer Hursey. Others present: Town Attorney Moss and Town Clerk Herrmann.

2. **INVOCATION AND PLEDGE OF ALLEGIANCE.**

Pastor Scott Wachter, Surfside United Methodist Church, gave the invocation. Mayor Deaton led the Pledge of Allegiance.

3. **AGENDA APPROVAL.**

Mr. Smith moved to approve the agenda as presented. Mr. Johnson seconded. **All voted in favor. MOTION CARRIED.**

4. **MINUTES APPROVAL.**

Mr. Samples moved to approve the February 13, 2012 regular meeting minutes as presented. Mr. Childs seconded. All voted in favor. **MOTION CARRIED.**

5. **PUBLIC COMMENTS – AGENDA ITEMS.**

"John Ard, Cypress Drive, Surfside. I was going over the budget today, what y'all are going to have in a few minutes or so, I think, and I noticed on here that we got ninety thousand dollars for some capital project expenditures and transfers; land purchase, ninety thousand dollars, purchase of two parcels of land adjacent to fire station parking lot to facilitate road closing. Could you tell us which two parcels of land and what road y'all talking about closing?" Mayor Deaton, "Sir, you can make an appointment with the administrator, and he can give you any details that you need to know about that. That's already, that's already in the process; it's already been done, and we'd be happy to share that with you on an individual basis." Mr. Ard, "Okay. I figured I'd get the same answer." Mr. Samples, "Mr. Ard, I'll ask that question when we get to that item. Thank you."

6. **COMMUNICATIONS.**

A. Employee Appreciation

i. **Robert Altman, 5 Years of Service.** Mayor Deaton thanked Mr. Altman *in absentia* for his five years of service to the town and its citizens then presented his service plaque, anniversary pin, and service award check to Mr. Adair for delivery.

ii. **Massimo Pugliese, 10 Year Service Award.** Mayor Deaton thanked Mr. Pugliese for his ten years of service to the town and its citizens then presented his service plaque, anniversary pin, and service award check as his three young sons, Rocco, Sonny, and Nicco, stood with him in their town logo work shirts. Mrs. Jessica Pugliese and their baby daughter, Sofia, were also introduced.

56 B. Department Reports

57
58 i. Finance.

59
60 Mr. Duckett presented the finance report, a copy of which is on file in the clerk's office. Mr.
61 Samples asked if any revenues would exceed the budget forecasts. Mr. Duckett said based on receipts
62 early in the budget year that revenue is up. Revenue is primarily received later in the fiscal year. Mr.
63 Samples asked if most property tax receipts were received. Mr. Duckett said Horry County had delayed
64 sending property tax notices for some categories, which makes it more difficult to forecast. Mr. Samples
65 explained that the expenditure forecast would be addressed later during the meeting. In his opinion, it
66 was clear which funds were being spent faster than might be desired, i.e. hospitality. He was trying to
67 reconcile the revenue side of the equation, because he could not identify revenue that might be received
68 in excess of what was budgeted.

69
70 ii. Recreation.

71
72 Mr. Duckett presented the recreation report, a copy of which is on file in the clerk's office. Ms.
73 Ellis was absent due to try-outs at Huckabee field, and her assistant was out on medical leave. Mr.
74 Johnson asked what economic impact the Baseball Dreams Women's College Softball tournament would
75 be. Mr. Duckett said according to the tournament organizer, there are 412 college women players
76 comprising 24 teams, which is an increase from the original eight teams the tournament hosted four years
77 ago. Each player spends between \$500 and \$600. Overall, the town can expect about one-half of the
78 money to be spent in town totaling over \$100,000. This amount does not include monies spent by
79 parents, friends, spectators, etc.

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81 iii. Public Works.

82
83 Mr. Duckett presented the public works report, a copy of which is on file in the clerk's office. He
84 noted that the town's recycling program was touted as the best in Horry County during the recent South
85 Carolina Department of Health & Environmental Control recycling conference. Mr. Johnson asked
86 whether town residents could request larger recycle bins. Mr. Adair said for the time being, requests
87 would be reviewed individually. Mayor Deaton asked if the number of residents using multiple carts was
88 being evaluated. Mr. Adair said yes; 65-gallon containers were placed in the rental district. Eventually
89 everyone would have larger recycle bins, but they are not currently budgeted. Mayor Deaton said the
90 town had one of the first curbside recycling programs and he was extremely proud of the progress public
91 works has made in that area.

92
93 C. Administrator's Report – Update on Current Events.

94
95 Mr. Duckett presented his report, which is on file in the clerk's office. Mr. Duckett asked for
96 council consensus to treat federally mandated changes to narrow banding as a 'sole source' situation,
97 because there are only two companies that provide the services required for the town's equipment. The
98 current contractor's cost is \$2,000 less than the other company. Mr. Samples asked if the town could
99 cooperate with another agency to get a better price. Ms. Fellner said the town's equipment would have to
100 be replaced at a cost of about \$40- to \$50- thousand to allow cooperation with another agency. The
101 current equipment can be upgraded and a license purchased for a cost of \$9- to \$12-thousand. Mr.
102 Johnson said this information was presented to council a few years ago. Ms. Dodge asked whether the
103 town's equipment should be replaced. Ms. Fellner said the equipment is in good condition; there is no
104 need for replacement. A company in Illinois was the next closest company that could work with the town's
105 equipment. Their cost was over \$4,500 higher than the current service provider. Ms. Blair asked if there
106 is a deadline to complete this and whether it would be completed sooner in light of possible storm events.
107 Ms. Fellner said January 2013 is the deadline. Staff expects to have everything in place to initiate the
108 changes in October when the FCC license takes effect. **COUNCIL CONCURRED.**

112 7. **BUSINESS.**

113
114 First Reading Ordinance #12-0710 Budget Amendment FY2011-2012. Mr. Duckett presented the
115 ordinance and explained that it was customary in municipal government to adopt a mid-year budget
116 amendment to update expenditures that were either planned or had already been made. There is about
117 \$565,000 in amendments, many of which will be fully or partially reimbursed, and proceeded to detail the
118 various funds as set out on the draft ordinance attachment, a copy of which is on file. He assured council
119 that the year-end totals would exceed the budget projections, i.e. expenditures versus revenue would
120 have no greater difference that initially approved.
121

122 Mr. Samples said, "Just for the record, based on the January 31 report, finance report that you
123 provided a few minutes ago, A-Tax revenue is, is exceeding last year by \$14,000; \$353,000 to \$339,000.
124 Currently, expenditures are also exceeding last year's. Expenditures are \$291,000 versus \$250,000,
125 okay. And, I don't want to argue the merit of each individual item. That's not what I want to do. What I
126 understood you to say, and correct me if I'm wrong, you started out by saying the general fund budget
127 that we adopted at the beginning of the year, which you can go to the website, you can pull it down,
128 shows that we're, we adopted a budget that was \$439,000 in the red, okay, when we adopted general
129 fund budget; it's on our website. You can go see it. And, what you're suggesting is that, and I'm glad that
130 you said what you said in the beginning. Many of these expenditures have already occurred, or they
131 must occur, right? (Mr. Duckett said right.) Mr. Samples continued, "Fact of life, we can deal with that.
132 My question earlier with respect to the revenue projection, which is not addressed in the ordinance as it
133 was last year, has to do with the level of detail that is provided by the finance director that supports the
134 ordinance. My question is, are any of those projected reimbursements that are spoken to in the detail,
135 are they included in the budget? When we adopted the budget with respect to...so none of those, none
136 of those?" Mr. Duckett said that was correct. Mr. Samples said there are some reimbursements that
137 were budgeted. He asked if Mr. Duckett was saying that the town would not end the year any worse than
138 the initial projected shortfall of \$439,000. Mr. Duckett said that was correct. Mr. Samples said the trend
139 since 2008 based on the audit reports is that the town has spent more money every year than it has
140 received. He suggested that this trend cannot continue. At some point he said, "We have to get our
141 house in order."
142

143 Mr. Duckett said staff spent a great deal of time in recent weeks preparing for next week's budget
144 presentation. Slides will be presented that are very similar to last year's where council may compare
145 "apples-to-apples." More presentations will be made this year, more material will be covered. On
146 Thursday information will be presented that should be 'absorbed.' On Friday the sessions will include
147 several presentations that are less intense on which decision can easily be made. Fund balances
148 accumulate because of very fiscally responsible decisions made by council. This town's financial stability
149 is very strong, and will continue to be strong, not only in the upcoming budget year if council would follow
150 staff's recommendations, but better things will follow in coming years. Mr. Duckett told council that he
151 would be happy to have sessions with interested members of the public to discuss government
152 budgeting. He believed local government funding was fairly simple, but he had many years of
153 experience.
154

155 Mr. Samples said it was a simple fact that revenue had to be balanced with expenditures. One
156 reason the town is in its great financial condition is that past councils were extremely conservative and
157 there was a good economy. His only point was that he looked forward to a budget retreat where the
158 administrator would propose a balanced budget. Mr. Samples said there has not been a balanced budget
159 since 2007, and referred to the Comprehensive Annual Financial Report, pages 61 and 62. Mayor
160 Deaton asked Mr. Samples if he believed the town was in violation of the law. Mr. Samples said, no, he
161 was not suggesting the law was being violated; the town is obviously spending monies that accrued in a
162 different time. He was stating a financial fact that the spending trend cannot be sustained.
163

164 Mayor Deaton said the town went through a horrendous recession that hadn't been experienced
165 in his lifetime, and weathered it well, "batting down the hatches appropriately." He believed revenue
166 streams were difficult to project. Mayor Deaton said the finance department did a wonderful job; had
167 received awards for its work, and he could not say enough about how accurate the projection amounts

168 were. Projections were based on experience and skill. He believed the town was doing a pretty good
169 job. The town is in great shape. Mr. Samples said no question about it.

170
171 Mr. Johnson agreed with much of what had been said and appreciated the mid-year reviews and
172 appropriations that were not offered in the past. He asked what would happen if council did not approve
173 the ordinance. Mr. Duckett said infrastructure cannot be torn up, some bills have already been paid; he
174 didn't think there was much choice, because all of the expenditures were planned by this council. These
175 amendments are normal and necessary during the course of doing business. There may still be one or
176 two minor adjustments prior to the end of the budget year. The law requires that at the end of the year
177 that the budget must be approved as it was spent. In some small towns, the mayor has a very large
178 discretionary fund that is used; at the end of the year all the expenditures are approved by the council.
179 The process used by the town is legitimate. Ms. Hursey's explanations are thorough. Mr. Duckett said
180 basically, he did not see that council had a choice. Mayor Deaton said his understanding is that this is
181 financial housekeeping. Mr. Duckett said yes.

182
183 Mr. Smith moved to adopt first reading of Ordinance 12-0710. Ms. Blair seconded.

184
185 Mr. Samples moved to amend the motion to include updated revenue projections. Ms. Dodge
186 seconded. Mr. Samples explained that only expenditures were included now, and he believed that
187 including revenue would make it clearer for the public. Mr. Duckett said that could be done, but a
188 projection is simply a projection. A prognosis was presented based on considerable study that the end
189 result would work. When the budget was being developed, a question was asked about end-of-the-year
190 numbers. He explained at that time that accurate end-of-the-year numbers would not be available until
191 six-to-eight weeks after the year ended. The expenditure numbers were accurate; he was not
192 comfortable making new projections about receipts. Mr. Samples' concern was that current revenue
193 projections for the accommodations tax fund were much less than the expenditure amount being
194 approved. He said that did not make sense on a state regulated fund for council to authorize
195 expenditures in excess of what the council has approved in revenue. Mr. Samples said there is no fund
196 balance in A-Tax; if there was a fund balance then it would make sense to him. He believed council may
197 be taking an action that might reflect poorly on the town with respect to the state A-Tax monies. Ms.
198 Hursey said the accommodations tax fund has an \$83,552 balance from last year. The budgeted amount
199 was \$13,653. Mr. Samples stood corrected and asked if the money was in the A-Tax general fund, not
200 the local fund. Ms. Hursey said it was in the A-Tax general fund.

201
202 Mayor Deaton explained that revenue streams fluctuated throughout the year. Ms. Hursey said
203 that was correct. Mayor Deaton said it was very difficult to gage hospitality and A-Tax money because
204 revenue is based on tourism activity; the amount of food purchased, the number of heads-in-beds,
205 successful rentals, etc. He said there were no guarantees about the tourist season. At this time the
206 season looked positive, but he did not believe staff should be expected to make such projections.

207
208 Councilmembers Dodge and Samples voted in favor of the amendment. Mayor Deaton, Mayor
209 Pro Tem Childs, and Councilmembers Blair, Johnson, and Smith voted against the amendment.

210 **MOTION TO AMEND FAILED.**

211
212 Mayor Deaton, Mayor Pro Tem Childs, and Councilmembers Blair, Johnson, Samples, and Smith
213 voted in favor of the motion to adopt first reading of Ordinance #12-0710. Councilmember Dodge voted
214 against. **MOTION CARRIED.**

215
216 Mr. Duckett suggested that council consider whether it wished to cancel the March 13th regular
217 meeting since it would be meeting next week for budget retreat and the only business to be on that
218 meeting agenda was second reading of the budget amendments. Mr. Smith moved to cancel the first
219 regular meeting in March. Mr. Childs seconded. Mr. Samples believed council should take advantage of
220 the meeting date to hold a workshop to discuss establishing a special events/recreation committee that
221 was deferred at the last meeting. In his opinion, a committee made up of councilmembers and citizens
222 would benefit the town. Mayor Deaton, Mayor Pro Tem Childs, and Councilmembers Blair and Smith
223 voted in favor. Councilmembers Dodge, Johnson, and Samples voted against. **MOTION CARRIED.**

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8. **DISCUSSION.**

There was no discussion to come before this meeting.

9. **PUBLIC COMMENTS.**

There were no public comments.

10. **COUNCIL COMMENTS.**

Ms. Blair, "Thank you all for coming. I just wanted to thank staff for all your work and (**) you know this would be agonizing for me, but it's second nature to you, but thank you for all the work on the budget. Thank you all for coming. I hope you have a great week."

Mr. Johnson, "Once again, ladies and gentlemen, thank you for coming out. I really do appreciate seeing your wonderful faces. I just would like to address one issue. Last meeting I mentioned I would like to bring back the hours of the pier for access to the pier. What I, I met with Mr. Duckett since then, one of the rare occasions that I meet with Mr. Duckett, to discuss that, and my concern was in the off-season, not specifically during the time that pier outfitters operates. So, and I agreed to bring, that the request be brought back at a later date closer to the off-season. You know, a lot of people come down to the beach on a sunny Sunday afternoon and would like to go out on the pier and lo-and-behold, everything's locked up, and closed down and you can't get there. So, I just wanted to let people know that's why it was not on the agenda tonight. Thank you again for coming out."

Ms. Dodge, "First of all, I want to thank the town and every citizen here for making it possible for councilmembers to attend training classes, and also the Municipal Association meetings. That's where I was at the last meeting, and why I was not here. At that meeting, I completed their training program for municipal officials. I received my certificate of graduation. I can tell you it was a very proud moment. I worked at it and I think every new council person should follow that and do that. There, those classes are invaluable in providing information regarding various issues which come before council, and being informed makes for an effective council. The second thing I want to talk about tonight is citizen involvement in committees. We were talking about the special events committee. There are a number of committees and I am, as you all know, a strong proponent of citizen involvement, and citizens who volunteer to serve the town have my deepest respect and appreciation for their willingness to give of their time and expertise to make this town even better, because the town belongs to the citizens. They have a vested interest in it and serving on a committee is a great way to take an active role in the process. Right now, I'm serving as a councilmember on the ad hoc parking committee. Everybody on that committee is working really hard to come up with new ideas about parking to pass on to the council. They also know that their suggestions may be paid attention to or they may not be. But, they are willing to give their time to try to make this a better town and I give them all the credit in the world. Also, I wanted to bring up something that people have been asking me. We table things up here on the dais, and we say that we'll put them on the next agenda, and that doesn't happen. I think we should pay close attention to doing that. Bring it back, discuss it, and get it settled for the citizens. Thank you very much."

Mr. Smith, "I'd like to congratulate the public works for being the best recycling in the county, and to pass along a comment I heard from a citizen today about yard waste. They, they are always real pleased when the yard waste man comes by, because he seems to be very prompt and efficient in picking up their yard waste. And thank you finance for your budget presentation. And I too, was last week [sic] attended the Municipal Association and I was a graduate, so I got a certificate saying that I am now an educated council person. Thank you."

Mr. Samples, "Thanks for coming out tonight. A couple of comments; one, you know, just to remind councilmembers that if they ever vote in the affirmative on, on an issue and then have second thoughts about it, they can make a motion to reconsider their vote, and then it has to be dealt with. And so, sometimes, you know, we may vote hastily and have second thoughts and if we ever want to change that vote. You can't if you vote against an item under *Robert's Rules*. But, if you vote in the affirmative,

280 you always have the opportunity to make a motion to reconsider that vote. My, it is pretty well known that
281 I spend quite a bit of time actually looking at the expenditures and the revenues. I do that because, really
282 that's my area of expertise, and I did it for many, many years in the federal government, also dealt with
283 contracts, contracting. It's very, we all recognize that projections are projections. That's not the issue.
284 The issue is that we need to consider the information, the best information that we can possibly gather,
285 and then we as the leaders, in my opinion, of the town need to insure that we never drive the town into
286 the ditch. There are plenty of towns in South Carolina, since I've been here, that have done that to
287 themselves. We're never going to be one of those, if we provide adequate oversight. That's all I have to
288 say. Thank you."

289
290 Mr. Childs, "Mr. Mayor, I'd like to congratulate Mrs. Dodge and Mr. Smith for their graduation.
291 Mrs. Blair, Mr. Johnson, Mr. Samples, and myself [sic] were last year graduates, and now we have all
292 completed the courses. So, congratulations."

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294 **11. ADJOURNMENT.**

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296 Mr. Smith moved to adjourn the meeting at 7:40 p.m. Mr. Childs seconded. All voted in favor.
297 **MOTION CARRIED.**


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299 Respectfully submitted,

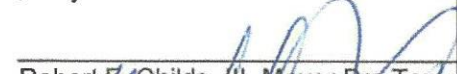
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301
302 Debra E. Herrmann, CMC, Town Clerk


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304 Approved: March 27, 2012

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308 _____
309 K. Allen Deaton, Mayor

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312 Vicki W. Blair, Town Council

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315 Robert F. Childs, III, Mayor Pro Tempore

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318 Ann Dodge, Town Council

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321 Mark L Johnson, Town Council

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323 Douglas E. Samples, Town Council

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325 Roderick E. Smith, Town Council

326 Clerk's Note: This document constitutes minutes of the meeting, which was audio taped. This meeting was transcribed by Town Clerk Herrmann. In
327 accordance with FOIA, meeting notice and the agenda were distributed to local media and interested parties. A complete list is on file in the clerk's
328 office. The agenda was posted on bulletin boards outside Council Chambers and in the Town Hall reception area. Meeting notice was also posted on
329 the Town marquee. When (**) is used a section of the transcription is inaudible.