



TOWN OF SURFSIDE BEACH
115 US Highway 17 North, Surfside Beach, SC 29575
Web: www.surfsidebeach.org
☎ (843) 913-6111 ☎ (843) 238-5432

**TOWN COUNCIL BUDGET MEETING
WAMPEE CONFERENCE CENTER, PINOPOLIS, SC
THURSDAY AND FRIDAY, MARCH 8TH AND 9TH, 2012**

A G E N D A

Thursday, March 8, 2012

- 8:00 a.m. – 9:00 a.m. Breakfast
- 9:00 a.m. – 9:45 a.m. Budgeting: An Overview First and Second Verses
- 9:45 a.m. - 10:00 a.m. Break
- 10:00 a.m. – 12:00 noon FY2012-2013 Proposed Budget (Lots of Pictures)
- 12:00 noon – 1:30 p.m. Lunch
- 1:30 p.m. – 2:30 p.m. Municipal Insurance 102
- 2:30 p.m. – 2:45 p.m. A Look Ahead to 2013/2014 Parking Management
- 2:45 p.m. – 3:00 p.m. Break
- 3:00 p.m. – 3:45 p.m. Northside Drainage Plan, Director Adair
- 3:45 p.m. – 4:30 p.m. Engine 563 Presentation, Chief Packard
- 4:30 p.m. – 5:00 p.m. Open Discussion
- 6:00 p.m. Dinner

Friday, March 9, 2010

- 8:00 a.m. – 9:00 a.m. Breakfast
- 9:00 a.m. – 9:45 a.m. Law Enforcement Management for Lay People, Chief Frederick
- 9:45 a.m. – 10:15 a.m. Sweeper in Action, Director Adair
- 10:15 a.m. – 10:30 a.m. Break
- 10:30 a.m. – 11:00 a.m. Open Discussion and Closing Comments



**SURFSIDE BEACH TOWN COUNCIL
BUDGET MEETING MINUTES
MARCH 8, 2012 AND MARCH 9, 2012
SANTEE COOPER CONFERENCE CENTER, PINOPOLIS, SC**

THURSDAY, MARCH 8, 2012

Mr. Duckett called the budget meeting to order at 9:00 a.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, Treasurer Hursey, Acting Building Director Morris, Fire Chief Packard, and Police Chief Frederick, Public Works Director Adair, and Recreation Supervisor Ellis. Others present: Town Clerk Herrmann, and town residents Ms. Beth Cronin-Kohlmann and Ms. Mary Beth Mabry.

9:00 a.m. – 9:45 a.m. Budgeting: an Overview First and Second Verse

Overview First: Mr. Duckett reviewed the agenda and proceeded to explain the municipal government budgeting process. Meetings generally begin in January with department directors submitting line item operations needs and costs, which usually include additional staff. Revenue projections are usually developed mid-February, which results in a review of current year versus past year operational needs and subsequent line item deletions. Staff did a good job last year preparing operational budgets. As he said last year, staff actually requested less than they did the previous year. This year staff was asked to cut anything that was not absolutely necessary, and they did. Once this was completed, staff met with Ms. Hursey and Ms. Fellner to discuss capital needs. Because staff successfully cut operational needs two consecutive years, they were given the autonomy to move money within their respective budgets. Trust was an issue when he began working with the town. He now believes that trust has been significantly improved based on staff's diligence in managing the budget. There are two police department vacancies that will not be filled until the season begins; public works has a position that will be advertised in about two weeks. There were three subsequent meetings with Ms. Fellner and Ms. Hursey after staff met with them about capital needs.

Second Verse: Mr. Duckett said that during last year's budget meeting he committed to council that the town would not spend the \$109,263 that represented 3-percent of payroll that council agreed to budget for existing staff employees with a proviso that no new staff would be requested. He reported that staff had accomplished its goal and did not spend the full amount. He asked council to commit to the same offer for the upcoming budget year. Allow 3-percent of current payroll which is approximately \$127,000, or an \$18,000 increase. Mr. Duckett committed to council that only \$109,000 would be spent. The majority of councilmembers oppose across-the-board salary increases, and prefer merit increases; some of the funds should be non-recurring expenditures, i.e. \$500 Christmas bonuses for all full time employees, and appropriate amounts for part time employees that amounted to about \$40,000. The remainder was divided among the departments for merit awards; respective directors developed review processes to grade employee performance and determine amounts. Merit increases were awarded to about two-thirds of staff; one-third did not receive an increase. He was happy to report that staff did not use all of the allocated funds, because increases were based on merit and some employees did not receive a raise.

Mr. Duckett said if council would grant the request this year to allow 3-percent of payroll for bonuses and merit increases, the funds will be handled in the same way. Using merit increases is a good tool to motivate employees to perform. Mr. Duckett explained to the department directors that they should be careful to use their budgets wisely as it would be considered when the next year's budget was presented. He expects that an amount closer to the budget would be spent this year, because he believes overall performance will have improved. Mayor Deaton asked how morale was affected when some employees did not receive increases. Chief Packard, Chief Frederick, and Ms. Hursey said there

56 were no problems in their respective departments. Mr. Duckett said the court and recreation departments
57 each received the same amount of money, have the same number of employees, and approximately the
58 same payroll. Each of those supervisors gave their employees more money than they kept for
59 themselves, which speaks well of them and their employees. Mr. Adair said his staff members that
60 received no increase were surprised, but when it was explained why, they understood and efforts have
61 been made to improve. Ms. Blair asked if improvements were seen from those not receiving increases.
62 She believes that is why council opposes across-the-board increases; there is no incentive to perform.
63 Chief Packard said his employee that did not receive an increase has become more conscientious. Chief
64 Frederick reported similar effects and noted that after the standards were explained, it was easy to see
65 employees working harder.
66

67 Mr. Duckett said his was a three-year plan, but a two-year employment contract. Council
68 evaluated his performance and his contract was extended to three-years. He gave notice that in year
69 three of the plan, council will need to consider a cost of living raise (COLA.) The reason is that starting
70 salaries fall behind and the town is not competitive in the market. He may offer a blend of COLA and
71 merit, but at some point at least starting salaries should be adjusted, which might impact existing staff
72 salaries that would also require an adjustment.
73

74 **Moving Parts:** Mr. Duckett said budgets are made up of many moving parts that will be
75 discussed at length next during the FY2012-2013 Proposed Budget session. The general fund is
76 comprised of salaries and benefits, and operational expenses. Proposed salaries and benefits are 4.6-
77 percent higher than last year. This is due to health insurance cost that is up 9.9-percent, and he
78 anticipates another 10-percent increase next year; state retirement contributions have increased;
79 unemployment insurance is \$900/employee (about two times higher than in the past) because seasonal
80 employees claim benefits when the season ends. This year might see changes in beach patrol staffing, if
81 the chief decides to hire off-duty officers. The officers would be certified from the town's department and
82 other agencies. Benefits are they will work for \$15/hour; they are already trained; come to work on time;
83 interact properly with the public; they follow directions, and there would be no unemployment claims at
84 the end of the season.
85

86 In addition to the general fund, the town has capital expenditures, debt service, and fund balance,
87 which can be considered a savings account. New financial terms will be discussed in the next session.
88 He explained, "if the pier enterprise fund has borrowed money from the general fund, then how can we
89 say that that is a part of fund balance, because it is not there; we can't touch it." It could be argued many
90 ways. Now, it is considered differently, even though it remains part of the fund balance. Revenue
91 streams will be discussed, i.e. property tax, business license fees, accommodations (A-Tax) taxes, and
92 hospitality taxes, etc. There are two enterprise funds: one for the pier and one for sanitation. Mr.
93 Duckett said the fund balance has gradually been shrinking, because the department has operated at a
94 deficit. Therefore, a sanitation increase will be proposed next year to replenish the fund that will be
95 reduced by \$100,000 to purchase a new \$275,000 truck to replace a 25-year old truck. Mr. Samples
96 asked if he meant an increase would be proposed in FY2013-2014. Mr. Duckett said yes, there are no
97 recommendations to implement a tax increase or any fee increases for FY2012-2013.
98

99 Mr. Duckett said roads are separated in the new rules. He said 41-percent of the general fund
100 budget for the year is already in the bank, which is "very healthy." In his opinion, the recommended 25-
101 percent is the minimum, but if the amount nears 50-percent, the town would be collecting more money
102 that it needs to operate. Once all things in the budget are considered, the percentage will be 37-percent
103 for this year. Mr. Samples asked if that included the \$1.1 million for the pier. Mr. Duckett said yes. Mr.
104 Duckett said the question was whether the budget was balanced. It would be nice if the town took in
105 more revenue than expenses, but in the real world that just did not happen. That is why the town has a
106 fund balance that could be used when expenditures exceed revenue; the fund balance is not a 'surplus,'
107 but is money that is set aside to be used when it is needed. A \$9 million budget will be presented after
108 the break. Mr. Duckett submitted to council that a \$12 million dollar budget could be presented that would
109 still be balanced, because there are funds in the bank. When the town borrows its own money and
110 repays it over a number of years, the budget is still balanced. This is done when the town purchases
111 things like fire engines and police cars. He personally did not like lease/purchase agreements, because

112 two-thirds of the debt is deferred. With the town's healthy fund balance there is no reason to
113 lease/purchase.

114 **BREAK 9:48 a.m. to 10:04 a.m.**

115
116
117 **10:00 a.m. – 12:00 noon FY2012-2013 Proposed Budget (Lots of Pictures)**

118
119 Mr. Duckett presented a 66 page slide presentation, a copy of which is on file. An overview was
120 presented of the town's organization, with specific position details set out for the various departments.
121

122 Mr. Duckett noted that Ms. Morris, the code enforcement official and acting building director, had
123 recently received a one-year provisional building official certification, during which time the second part of
124 the exam can be taken. She has rights and privileges of a certified building official. Mr. Duckett said
125 things had gone "extremely smoothly" during the building official's medical leave. Plan reviews were
126 performed by the City of Myrtle Beach with full cooperation of its staff and at no cost to the town, usually
127 in one- to two-days. Mr. Childs asked if Ms. Morris could review plans. Mr. Duckett said she could review
128 plans now, but there is limit the amount of work that can be done during a day. Using Myrtle Beach's staff
129 gives the town another opportunity to see problems, because building officials can overrule a plan review.
130 When the building official returns from medical leave, she will be told that no decision made during her
131 absence will be reviewed or changed in any way.
132

133 Mr. Duckett said the police department organization chart showed a sergeant position that should
134 have been and is now corrected to lieutenant, which is necessary to allow proper chain of command
135 when the director and captain are out. Mr. Samples asked if the two vacant positions were shown on the
136 chart. Mr. Duckett said they were. Mr. Samples asked if there is additional part time staff. Chief
137 Frederick said there are part time beach service officer positions funded through accommodations and/or
138 hospitality taxes that are not noted. Ms. Blair asked if the two vacancies were officer positions. Mr.
139 Duckett said yes. Mr. Samples asked if beach services included parking. Chief Frederick said parking
140 enforcement is seasonal and not on the chart.
141

142 Mr. Duckett said the public works department is organized very efficiently. The executive
143 assistant is in charge during the director's absence; she has acted as interim, and is knowledgeable. The
144 chart accurately reflects the chain of command. The facilities position is vacant and funded in the budget.
145 The plan is to fill the position after July 1st. The current part time employee has temporarily been made
146 full time without benefits. The employee understands that once the full time position is filled, he will return
147 to part time.
148

149 Mr. Duckett said the part time athletic aide position will remain in the recreation and special
150 events chart. The position is vacant and is being kept in the event a public administration student is
151 seeking an internship, which would not only benefit the student, but would give the town some low-cost
152 help. This position normally relieves the front desk during lunch time, five hours per week, which was
153 worked out internally at no additional cost. A volunteer actually came forward to cover during lunch.
154

155 Mr. Samples asked if all the flow charts were funded by general fund operations, except the
156 sanitation positions that were funded by the sanitation enterprise fund. Mr. Duckett said some positions
157 were funded by other revenue streams, i.e. A-Tax revenue. Ms. Hursey said there were no additional
158 staff members except beach service staff. Mr. Samples asked to be clear, that his understanding was
159 there is one full time police officer position and part time positions that are A-Tax funded vacant. Ms.
160 Hursey said there is a position funded by hospitality tax revenue.
161

162 Mr. Duckett introduced and reviewed the accounting language changes: *Unassigned*; *Assigned* -
163 is the fund balance; *Committed (Reserve was old term)*; *Restricted (Designated was old term)* - includes
164 victims advocate program and street improvements. A balance of \$427,000 is available, although he did
165 not anticipate spending all that money; *Non-spendable (Reserve was old Term)* - includes inventory
166 (diesel and postage) and prepaids (insurance), and *Advances (pier.)* Mr. Samples asked hypothetically, if
167 the town was to budget funds for beach renourishment for future use... Mr. Duckett interrupted saying

168 that would be restricted funds. Ms. Hursey said if the funds were designated by council's intention, they
169 would be assigned; an ordinance would require the funds to be restricted. Mr. Samples asked what
170 would happen if an exact dollar amount was adopted in the budget. Ms. Hursey said the amount would
171 be committed funds; emergency cash flow is no longer allowed.
172

173 Mr. Duckett referred to the summary of all activities on page 15, saying adopted revenue is
174 approximately \$8.5 million compared to proposed revenue of approximately \$8.6 million, about \$150,000
175 increase. The treasurer is tasked to be as conservative as possible. He personally believed revenue
176 would be much higher than estimated. Expenditures were about \$8.4 million; next year is about \$9.3
177 million. Considering all revenue and expenditures last year resulted in an estimate of \$88,262 fund
178 balance. Staff debated the proper time and method for presenting next year's projection. Mr. Duckett
179 referred to page 16 saying the projection for next year including all accounts is (\$601,374) based on:
180 general fund (\$488,798); capital projects (\$168,625); hospitality \$15,000; A-Tax (\$27,508); local A-Tax no
181 change, and the pier \$169,580.
182

183 Mr. Samples asked how much the annual payment is on the pier. Ms. Hursey said \$163,000. Mr.
184 Duckett said the FY1012-2013 interest payment of about \$18,000 was paid. Mr. Samples said no
185 payment was approved this year. Mr. Duckett said the proposed budget does include a payment. Mr.
186 Samples said the pier owes \$1.1 million to the general fund. Ms. Hursey said that was right. Mr.
187 Samples said the unassigned fund balance is \$1.1 million. Ms. Hursey said the \$1.1 million is non-
188 spendable fund balance. Mr. Duckett told him that the debt was separated from the fund balance. It is a
189 coincidence that the two numbers are the same.
190

191 Mr. Duckett referred to page 23 and said businesses provide about 27-percent of the town's
192 revenue, which is very close to the 39-percent received from property taxes. Mr. Samples asked if figures
193 were available separating 4-percent versus 6-percent property tax assessments. Ms. Hursey said raw
194 data was available; reports were requested in the past, but were not received. Mr. Samples said
195 businesses pay based on 6-percent. Ms. Blair was interested in knowing how much the rates fluctuated
196 between second homes and owner occupied properties. Mr. Duckett believed it was flat.
197

198 Mr. Duckett referred to page 25 explaining that this was a complete comparison of the FY2011-
199 2012 and FY2012-2013 budgets that broke out the individual funds. The state adopted a law establishing
200 the local government fund that grants funds to counties and cities based solely on population. Over the
201 past three years, the funds have been systematically reduced. He said the town's year-round population
202 has helped keep the payment amount stable, and he hopes that Ms. Hursey's estimate is low. The
203 projected local government fund revenue for next year is \$65,000; down about \$25,000. All other
204 intergovernmental projections are flat. Other revenue projections are down slightly. Other financing
205 sources project increases. Mr. Johnson asked what precipitated the dramatic increase in the hospitality
206 fund. Mr. Duckett said more hospitality funds are being deposited into the general fund. Mr. Samples
207 asked what the total hospitality revenue amounted to this year. Ms. Hursey said \$625,000. Mr. Samples
208 said two-thirds of that is put into the general fund. Mr. Duckett said yes; it is a revenue stream that can
209 be assigned and used as council directs.
210

211 Mr. Duckett referred to page 26 and said the 40 mils tax assessment is composed of 22.4 mils to
212 general fund; 9.6 mils to debt service; 5 mils to stormwater, and 3 mils to capital replacement. He said it
213 was "brilliant to have key funding assigned to specific purposes." He noted that the debt service would
214 reduce from 24-percent to 12-percent, which really benefits the general fund. Page 27, total general fund
215 expenditures by fiscal year includes FY2010 that was a 15-month year when the town changed its fiscal
216 year. FY2011 has the entire cost of a fire truck purchase. Page 29 sets out operating expenditures,
217 excluding salaries and benefits, showing a proposed increase of about \$77,500 for FY2013.
218

219 Mr. Smith asked if the totals included gas prices. Mr. Duckett said yes; he preferred to make
220 recommendations based on the best information available instead of asking for midyear adjustments.
221 The town used more gasoline during the off-season than normal because calls for service in the police
222 department never dropped after the summer ended.
223

224 Mr. Duckett said page 31 states that salaries (55-percent) and benefits (21-percent) make up 76-
225 percent of the town's operating budget. Page 33, "Net Revenue (Expenditures) Before Debt and Capital
226 Expenditures" shows a surplus of \$327,245.
227

228 Mr. Smith asked if capital budget funds were being spent. Mr. Duckett said capital funds can be
229 borrowed to be spent; they are not considered operating expenses. When total revenue is compared to
230 total expenditures, there is a surplus. Council could choose not to make any purchases; including no
231 police cars, trucks, tractors.
232

233 Mr. Samples said 3-percent is set aside for capital purchases. Mr. Duckett said the proposal is to
234 spend more than the amount set aside for this year; there is a fund balance. Mr. Samples said that
235 decision would be made by council.
236

237 Mr. Duckett said the police department needs to replace a 12-year old car with 100,000 miles; the
238 detective car is rusted out and also needs to be replaced. The proposal is to purchase a black and white
239 fully equipped police cruiser (\$27,000) and two unmarked vehicles through state contract (\$17,000 each)
240 for a total cost of 54,000.
241

242 Mr. Duckett said public works needs a single-cab F150 truck (\$20,000) for the grounds
243 department; a new John Deere tractor (\$25,000), and a new Mack 10-wheel dump truck (\$125,000.).
244

245 Mr. Duckett said court proposes new computer and monitoring equipment (\$14,000) that will
246 eliminate the need for transporting prisoners for bond hearings. Mr. Johnson thought that was a good
247 idea that would save gas and employee time.
248

249 Mr. Duckett said new carpet (\$6,500) is proposed for town hall and a new HVAC unit (\$8,000)
250 was included in non-departmental expenditures. Proposed capital expenditures total \$252,500.
251

252 Mr. Duckett referred to page 45 and said this is the last year of general obligation bond. He said
253 the payments were correct even though it was an anomaly for a payment amount to reduce. He said that
254 it was unbelievable that a town of any size would not have debt. Page 48 shows the debt service on the
255 fire truck that was purchased two years ago. Page 53, hospitality revenue was reduced by \$20,000 that
256 was previously included to solicit funds for festivals. Mr. Duckett did not recommend that staff ever try to
257 raise money; he believed that was a severe conflict of interest. Page 55 sets out hospitality expenditures.
258 It was impressive for a town to pay cash for a building. Hospitality police revenue projections are down
259 because parking revenue was lower.
260

261 Mr. Samples asked why parking meter funds were placed in the hospitality budget. Ms. Hursey
262 said that was the administrator's decision, because it was related to tourism. Mr. Samples said there
263 were state laws regulating those funds. Ms. Hursey said there were laws for A-Tax revenue, but not
264 hospitality revenue, which is a local ordinance.
265

266 Mr. Duckett referred to page 63 and explained that the sanitation fund is an enterprise fund that
267 operates like a business. Operating costs increase, revenue is depleted, and charges are increased to
268 cover the costs.
269

270 Mr. Smith asked if a proposed increase would be offered for sanitation. Mr. Duckett said councils
271 are more likely to increase fees or taxes after elections. There is no emergency, therefore, no fee
272 increase will be recommended at this time. The fund balance is to be spent; rates are not increased until
273 necessary. After this year, rates will need to be increased because the fund balance will need to be
274 replenished. Mr. Smith said if gas prices go down, the town might have a surplus. Mr. Duckett said yes.
275 Mr. Smith said maybe a year from now council may need to consider an increase. Mr. Duckett said a
276 year from now he would recommend a rate increase, and said the increase should be sufficient to remain
277 in effect for several years without adjustments.
278

279 Mr. Johnson asked how much out-of-town collections cost. Mr. Adair said 10- to 15-percent more
280 than residents.
281

282 Mayor Deaton said the town contracted with Grand Strand Water and Sewer Authority to collect
283 sanitation fees, which significantly increased collections. Adding Caropines resident service increased
284 the revenue stream; he believed all aspects should be considered to avoid an increase.
285

286 Mr. Samples asked when the 5 mils for stormwater expired. Ms. Hursey said next year.
287

288 Mr. Duckett said this presentation was completed ahead of schedule and ended the session for
289 lunch at 11:27 p.m. He said the afternoon sessions would begin at 1:00 p.m. instead of 1:30 p.m. since
290 the morning session ended early.
291

292 **1:00 p.m. – 2:00 p.m. Municipal Insurance 102**
293

294 Mr. Duckett presented a 16 page slide presentation, a copy of which is on file. The town pays
295 into insurance and risk financing funds to limit the financial exposure of its assets. South Carolina
296 Municipal Insurance Risk Fund (SCMIRFF) is the fund for property and liability claims. The workers
297 compensation fund is the South Carolina Municipal Insurance Trust (SCMIT), which is not typically
298 subject to lawsuits since workers compensation is a no-fault coverage. Mr. Duckett explained how the
299 two agencies operated and the coverage types provided by SCMIRF, i.e. auto liability; auto physical
300 damage; property; inland marine (equipment and machinery not covered under other policies); crime and
301 fidelity; equipment breakdown, and general liability (bodily injury liability, property damage liability, law
302 enforcement liability, public officials liability.) An "experience multiplier" is used to adjust the annual
303 premium that is based on the loss experience that occurred during the previous three years.
304

305 Mr. Duckett referred to page 10, saying that the town had submitted 42 claims that accounted for
306 32 files with dates of loss that occurred during 2009, 2010 and 2011. Of these, payments were made on
307 11 of the files that account for 16 claims. The experience factor only includes "incurred(s)." Incurred(s)
308 are the total of payments and reserves on a given date. More serious claims have a bigger impact on
309 premiums, because they have larger "incurred(s)." Page 11 set out the various claims paid. Mr. Duckett
310 noted that the settlement amount did not reflect the actual cost that also included attorney's fees, and
311 other expenses. Four files accounted for 93-percent of the payments; three of the four were employment
312 claims, which have historically been the most expensive to defend. For the purposes of premium
313 calculation, losses are capped at \$75,000. Mr. Duckett said the real cost of a lawsuit is the resulting loss
314 experience which can have a negative impact on premiums; the greater the loss severity, the higher
315 likelihood that premiums will increase in years to come. Mr. Duckett referred to graphs on pages 14, 15,
316 and 16, and said he did not recommend any changes in coverage, because to achieve significant
317 savings, the town's risk exposure would be too high. Mr. Samples said whatever the cost, it is worth it.
318

319 Mr. Johnson asked how the pier is insured. Mr. Duckett said the pier is insured by a separate
320 policy through Lloyds of London. The pier tenants have individual policies on their contents. Ms. Hursey
321 said the pier policy cost \$4,500/year. Mr. Samples asked Mr. Duckett to find out what the pier policy
322 covers. Mr. Johnson suggested shopping rates to see if better rates were available. Ms. Blair asked if
323 other pier owners were contacted to ask about their coverage. Mr. Duckett said he would be glad to
324 check, and a report made at a future council meeting.
325

326 **2:00 p.m. – 2:30 p.m. A Look Ahead to 2013/2014 Parking Management**
327

328 Mr. Duckett presented a 10 page slide presentation, a copy of which is on file, which focused on
329 the pros and cons of outsourcing. Sometimes he hears from councilmembers that not enough
330 information is provided on which to base a decision to outsource a function. There was no way to present
331 this information for action during this season; so it is for consideration for future action. The town has old
332 equipment that must be updated at the cost of \$1,200 each. Myrtle Beach and Horry County outsource
333 their parking services. The town could piggy-back on their plans, which would result in each entity saving

334 on management cost, because one management member would cover the territory. Regardless of
335 whether the function is outsourced, funds were included in the budget to be spent after the season ends.
336

337 Mr. Samples asked if the parking stations had to be replaced, and how old they are. Mr. Duckett
338 said they needed to be replaced. Ms. Hursey said purchases were made over the past three to five years
339 ago. Of the nine stations, the two newest are at the pier; this will be the third season of use at the pier.
340 Mr. Duckett said seven years is the maximum life for pay stations.
341

342 Mr. Johnson asked if the vendor would provide equipment. Mr. Duckett said the town would buy
343 the equipment, which is advancing technologically and can be programmed to give festival notices and
344 show various parking rates. Ms. Fellner said the town bought refurbished equipment, so it would not last
345 seven years. Staff has no expertise to maintain and repair the equipment.
346

347 Mr. Smith said the town would spend \$125,000 or more, if it kept its own equipment. Mr. Duckett
348 said the cost would be about the same with the benefit of having 24/7 IT support at a flat fee to repair
349 machines.
350

351 Mr. Samples asked if this was for the pay stations. Mr. Duckett said pay stations and 109 parking
352 meters. Mr. Samples asked what \$35,000 would purchase. Ms. Fellner said 69 meters, some with
353 double meters; cost is \$500 each.
354

355 Mr. Duckett said the theory is that \$20,000 per year should be allocated for equipment cost that
356 occurs every seven years. According to the vendor, the town would gain 25- to 35-percent additional
357 revenue using their services. In his opinion, some things are best handled by experts.
358

359 Mr. Samples asked if there were problems other than maintenance. Mr. Duckett said personnel
360 problems, aggressive ticket writers, signage issues, and staff time (finance and others) to manage
361 parking problems. The vendor aggressively pursues ticket collections nationwide, because they earn 8-
362 to 10-percent of the amount collected.
363

364 Mayor Deaton said the town does not have qualified staff to manage parking issues. He believes
365 a vendor could handle it more efficiently and more economically. Mr. Duckett agreed, but councils are
366 often reluctant to give up control of any service.
367

368 Ms. Blair believed the pros outweighed the cons. After further discussion about pros and cons,
369 council agreed that more information should be presented for its consideration.
370

371 **Break 1:56 p.m. to 2:10 p.m.**

372
373 **2:10 p.m. – 2:45 p.m. Northside Drainage Plan, Director Adair**
374

375 Mr. Adair presented a 21 page slide presentation, a copy of which is on file, and proceeded to
376 explain the history and the proposed drainage projects scheduled for the north end of town: 2nd Avenue
377 North and Cherry Drive; 3rd Avenue North; Magnolia spillway, and 16th Avenue North.
378

379 Ms. Dodge asked if the projects would eliminate the Kawa family's problems. Mr. Adair said it
380 would; he met with them several times, and photographs were included of their property.
381

382 Mr. Adair showed photographs of evidence flooding in the streets and in several residents' yards.
383 He said the Magnolia spillway at 16th Avenue North will be beautified, but no seating would be
384 constructed because it is not a typical gathering place. Schematics of typical swale details, and specific
385 projects were shown. Backyard easements are not effective, because homeowners fill in the swales,
386 build pools, sheds, etc. He encourages and proposes roadside easements to convey water where town
387 staff can better control the rights-of-way. Low Impact Development (LID) meets NPDES post-construction
388 requirements; improves water quality; controls erosion; eliminates homeowner flooding issues, and can
389 be implemented in small or large phases.

390 Mr. Adair said tasks like lowering Magnolia Lake, which directly influenced flooding on 14th
391 Avenue North, were performed by town staff at zero extra cost instead of \$2,500 that was estimated by
392 the engineer, and he planned to continue completing as many projects as possible without vendor
393 assistance. His recommendation is to infiltrate water instead of conveying it into the lake system and
394 eventually the ocean. Soils in the town are very conducive to infiltration. The 50/50 program now uses
395 infiltration pipes with six inches of stone on all sides of the pipe that allow water to seep into the soil.
396

397 Mr. Adair's request for FY2012-2013 is to budget \$350,000 for drainage improvements, plus
398 \$20,000 for engineering. The most serious problems will be addressed first; work will be performed by
399 staff as often as possible to keep costs down, and as already stated, infiltration models will be utilized on
400 all appropriate projects.
401

402 Mr. Samples asked if a list of the streets and estimated costs could be provided. Mr. Adair said
403 that information would be provided.
404

405 Mr. Smith asked what occurred during a 25-year storm event. Mr. Adair said 8- to 9-inches of
406 rain. When standing water disappears within 24-hours in a coastal beach community, the system is
407 working well.
408

409 Ms. Blair believed staff should emphasize the positive work being when speaking with the public.
410 Mr. Adair said the standard for municipalities is that no water will damage the house; water might remain
411 in the swales for three hours.
412

413 Mr. Adair reiterated that the two or three critical blocks would be addressed first, then Poplar
414 Drive near the industrial area.
415

416 **2:45 p.m. – 3:30 p.m. Engine 563 Presentation, Chief Packard**
417

418 Chief Packard showed an eight page slide presentation, a copy of which is on file. He explained
419 that Engine 563 was built before the 2003 National Fire Protection Association (NFPA) edition was
420 adopted and it does not meet the standards of NFPA1901 nor 1911 (2009 Edition.) Engine 563 will be
421 20-years old in 2014. Even though Engine 563 has low mileage of 23,000 miles, and 3,500 engine hours,
422 its age and numerous other non-compliant features do not meet current standards. When an engine no
423 longer meets ISO requirements, the town's rating is impacted, which affects insurance premiums. Chief
424 Packard said it will take approximately 10- to-12-months to replace the engine once the bid is awarded;
425 estimated replacement cost if around \$450,000. In order for the town to meet the NFPA standards and
426 keep its Insurance Services Organization (ISO) rating, he recommends that town council consider
427 approving the bid process during the FY2012-2013 budget year and authorizing purchase in FY2013-
428 2014. Chief Packard said there are many other financial needs in the town; but at minimum, funds should
429 be available to make repairs.
430

431 Mr. Duckett asked if the agencies would work with the town, if an upgrade or purchase was in the
432 process. Chief Packard said they would allow some extra time and work with the town. Once notice is
433 given, there will be a follow-up to insure compliance.
434

435 Ms. Dodge asked if fire engines could be leased. Chief Packard said they would at a cost of
436 about \$73,000/year, and explained that the City of Myrtle Beach leases its trucks and replaces them
437 every seven years. Leasing will be researched, if council so desires. Mr. Duckett instructed Chief
438 Packard to wait for council directive prior to researching lease options.
439

440 Mr. Samples understood safety is the primary concern, and asked how Chief Packard felt about
441 the engine. Chief Packard said more repairs are regularly being made; during the past eight-to-nine
442 months repairs have been made to the pump. Mr. Samples stated that it is a reserve engine. Chief
443 Packard said yes, to be used in the event Engine One, which is 12-years old, or Engine Two, which is
444 brand new, were out. Mr. Samples said the town also has a ladder truck.
445

446 Mr. Smith asked how much the ISO rating affected insurance rates. Chief Packard said several
447 insurance companies told him the benefit of a "3" versus a "4" rating was as little as \$25/person/ year up
448 to \$250/person/year. Ms. Fellner asked how certain it was that ISO would adopt the NFPA standards.
449 Chief Packard said 100-percent. NFPA staff and ISO staff have both indicated that this has been
450 proposed over the past five-to-six years in an effort to standardize requirements and eliminate opposing
451 standards. Once ISO adopts NFPA standards, Engine 563 will no longer meet the standards.
452

453 Mr. Samples appreciated the information in anticipation of a future recommendation and
454 resolution to proceed for the next budget year. Mr. Duckett said "as fast as we can, but as slow as we
455 have to." Chief Packard said costs have increased significantly since the last engine purchase; to
456 refurbish Engine 563 will cost between \$295- and \$350-thousand. However, the truck engine and body
457 will still be considered 20-years old. NFPA informed Chief Packard that the 2011 updates will amend
458 length of service for trucks from 15-years front line and 5-years in reserve to 20-years front line and 5-
459 years in reserve. The terms of service will not be retroactive, and will not impact Engine 536.
460

461 **3:30 p.m. – 3:35 p.m. Open Discussion**
462

463 Mr. Duckett said the presentations were completed for the day. He asked if there were any
464 questions. Mr. Johnson asked when copies of the proposed budget would be given out. Mr. Duckett said
465 tomorrow; all information will be published on-line within a few weeks, and a public review copy will be
466 available at the reception desk.
467

468 Mr. Duckett announced that supper would be at 6:00 p.m. and adjourned the meeting at 3:35 p.m.
469

470 **FRIDAY, MARCH 9, 2012**
471

472 Mr. Duckett called the budget meeting to order at 9:00 a.m.
473

474 Mayor Deaton, Mayor Pro Tempore Childs, and Councilmembers Blair, Johnson, and Smith were
475 in attendance. Councilmembers Dodge and Samples were absent. A quorum was present. Staff
476 present: Administrator Duckett; Deputy Administrator Fellner, Treasurer Hursey, Acting Building Director
477 Morris, Fire Chief Packard, and Police Chief Frederick, Public Works Director Adair, and Recreation
478 Supervisor Ellis. Others present: Town Clerk Herrmann.
479

480 **9:00 a.m. – 9:45 a.m. Law Enforcement Management for Lay People, Chief Frederick**
481

482 Chief Frederick presented 19 slides, an organizational chart, and department stationery to show
483 council a sample of the department's branding. He explained what and how the department
484 accomplishes its mission, and then why things were done. Key areas of emphasis were "service, service,
485 service," excellence, leadership, governmental transparency, communication (internal and external), and
486 branding. "Service level and excellence do not (necessarily) correlate to Agency Size." There are some
487 tasks the department cannot perform and other tasks that are done very well because of its size, i.e.,
488 response time of less than two-minutes. There is no other agency in the area that can surpass that time.
489 Officers are using innovative investigation techniques that are resulting in crime convictions. The
490 Surfside Beach Police Department won the Santee Cooper Excellence in Law Enforcement Award, a
491 prominent award that gives the officers great external recognition. The department's standing in the
492 community has improved to the point that other agencies now consider it a partner and there is inter-
493 agency cooperation. Technical proficiency and interrogation methods have improved in the department
494 resulting in major cases being solved. The department has improved its reporting and transparency by
495 creating a Freedom of Information Act initiative that enhances media access and reduces or eliminates
496 fees; reporting to elected and appointed officials; making communication and media relations a core
497 competency. Chief Frederick said branding is important to identify the department and remind the public
498 of its mission and competencies. In closing, Chief Frederick said the mission is to eliminate crime and the
499 fear of crime; to insure the town is safe, and that service is the absolute best. He showed a video clip
500 from WMBF television that cited "Surfside Beach is the safest place to live in Horry County."
501

Mr. Childs said insofar as the public works, police, and fire departments are concerned, the overwhelming majority of the people he speaks with believe they all do a great job.

9:45 a.m. – 10:00 a.m. Sweeper in Action, Director Adair.

Mr. Adair showed a 10 page slide presentation and explained that the street sweeper was working very well. Sweeping began on the south end of town and the business districts. Multiple sweeps are being done initially, because they streets have never been swept. Once the initial cleaning is finished, the process will move much faster. As much as three-feet of debris and sand are being cleaned off the street edges, which restores them to their original width making them safer to travel. The truck sides were marked "Clean Streets...Help Keep our Beaches Clean." Street sweeping removes debris that would eventually work its way downstream into town lakes and ocean, which improves water quality. The truck front has "The Family Beach" to help promote the town's image.

Mr. Smith asked how much the tipping fee was for the sweeper. Mr. Adair said the same cost as yard debris.

10:00 a.m. – 10:03 a.m. Open Discussion and Closing Comments

Mr. Duckett thanked town council for their attention, and staff for their hard work preparing for the meeting. He believed the presentations today show how well the town is being operated and was a respite from the complicated budgetary matters discussed on Thursday.

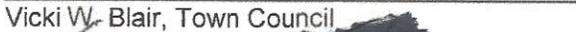
There were no other comments. Mr. Duckett declared the meeting adjourned at 10:03 a.m.

Respectfully submitted,


Debra E. Herrmann, CMC, Town Clerk

Approved: April 10, 2012


K. Allen Deaton, Mayor


Vicki W. Blair, Town Council


Robert F. Childs III, Mayor Pro Tempore


Ann Dodge, Town Council


Mark L. Johnson, Town Council


Douglas F. Samples, Town Council


Roderick E. Smith, Town Council

Clerk's Note: This document constitutes minutes of the meeting, which was audio taped. This meeting was transcribed by Town Clerk Herrmann. In 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 office. The agenda was posted on bulletin boards outside Council Chambers and in the Town Hall reception area. Meeting notice was also posted on the Town marquee. When (***) is used a section of the transcription is inaudible.