



**SPECIAL MEETING OF FLORENCE CITY COUNCIL
MONDAY, APRIL 24, 2023 – 3:00 P.M.
FLORENCE SOCCER COMPLEX PAVILION
1000 SOCCER WAY
FLORENCE, SOUTH CAROLINA**

MEMBERS PRESENT

Mayor Teresa Myers Ervin, Mayor Pro Tempore George Jebaily, Councilman J. Lawrence Smith, II, Councilwoman Lethonia Barnes, Councilman Chaquez T. McCall, Councilman Bryan A. Braddock and Councilwoman LaShonda NeSmith-Jackson.

ALSO PRESENT

Mr. Randall S. Osterman, City Manager; Mr. James W. Peterson, Jr., City Attorney; Mrs. Casey Moore, Municipal Clerk; Mr. Scotty Davis, Deputy City Manager; Mr. Clint Moore, Assistant City Manager of Development; Chief Allen Heidler, Florence Police Department; Chief Shannon Tanner, Florence Fire Department; Mr. Jerry Dudley, Director of Planning; Mr. Michael Hemingway, Director of Utilities; Mrs. Jennifer Krawiec, Director of Human Resources; Mrs. Amanda P. Pope, Director of Marketing/Communications and Municipal Services; Mr. Chuck Pope, Director of Public Works; Mr. Glenn Bodenheimer, Controller; and Mr. Adam Swindler, Public Works Manager

MEDIA PRESENT:

Mr. Seth Taylor with the Post and Courier and Ms. Shania Butler with WBTW were present for the meeting.

A notice of the meeting was sent to the media and individuals requesting a copy of the agenda, informing them of the date, time and location of this special city council meeting.

CALL TO ORDER

Mayor Ervin called the April 24, 2023 special meeting of Florence City Council to order at 3:00 p.m.

INVOCATION

Mayor Ervin provided the invocation for the meeting. The Pledge of Allegiance to the American Flag followed the invocation.

BUDGET WORKSESSION

The following agenda items will be discussed:

- **Budget Totals by Fund**
- **Compensation/Benefits Changes**
- **General Fund Budget Highlights**



**FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023**

- **General Fund**
- **Community Programs Funding**
- **Hospitality Special Revenue Fund**
- **Water & Sewer Enterprise Fund**
- **Stormwater Utility Enterprise Fund**
- **Water/Sewer & Stormwater Utility Construction Funds**
- **Utilities Equipment Replacement Funds**
- **CDBG Budget**

OVERVIEW OF FY 2023-24 BUDGET

Mr. Randy Osterman, City Manager, began by introducing the objectives of the FY 2023-24 General Fund Budget.

General Fund Budget Objectives:

- **Balanced Budget**
- **Meet Council Objectives**
- **Meet Service Delivery Needs**
- **COLA Increase for Employees**
- **Community Programs**

General Fund Budget Highlights:

The following is a list of highlights from the FY 2023-24 General Fund Budget.

Initial budget requests were \$6,793,668 greater than revenue estimates. This shortfall was resolved through adjustments to capital requests, department operational requests, cost of living as well as adjustments based on attrition trend savings and delayed hiring.

**FY 2023-24
General Fund Budget Highlights**

- ▶ **Initial budget requests were \$6,793,668 greater than revenue estimates**
 - ▶ **Shortfall resolved through:**
 - ▶ **Adjustments to capital requests**
 - ▶ **Adjustments based on attrition trend savings and delayed hiring**
 - ▶ **Adjustments to Cost of Living**
 - ▶ **Adjustments to department operational requests**

Compensation/Benefits Highlights:

The following is a summary of FY 2023-24 compensation and benefits.

- ▶ **8% Cost of Living pay increase eligibility effective January 1, 2024 included in the budget.**
- ▶ **Annual Longevity Recognition Pay.**
- ▶ **Effective January 1, 2024, the City's Health Insurance premium is projected to increase between 3% and 4% for the City. The City maintained an experience rating of zero.**



**FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023**

- ▶ Retirement System contribution increases for the City effective July 1, 2023:
 - ▶ SCRS: City contribution increases 1.00% (from 17.56% to 18.56%)
 - ▶ PORS: City contribution increases 1.00% (from 20.24% to 21.24%)

Note: The 1% increase above assumes that the 1 percent pension employer contribution credit in the FY 2023 State budget is funded at the same level in the FY 2024 State budget. If this credit is not included in the state budget, both the SCRS and the PORS contribution will increase by 2% instead of 1%.

Below are new positions proposed in the FY 2023-24 budget. The Office Assistant III position in Finance will be a floater position to provide assistance to Court Administration and Business License. The Sanitation positions are necessary due to the continued growth of the City and the Distribution and Collection positions are new crews that will be utilized to assist in maintaining infrastructure throughout the City. Stormwater revenues are currently not enough to sustain the additional crew proposed.

FY 2023-24 Budget
New Positions

Added Positions

- Office Assistant III (Finance)
- Sanitation
 - ▶ Sanitation HEO
 - ▶ Sanitation Worker
- Distribution Operations
 - ▶ Team Leader
 - ▶ Special Const. Equip. Op.
 - ▶ Distribution Collection Op.
- Collection Operations
 - ▶ Team Leader Equip. Op.
 - ▶ Special Const. Equip. Op.
 - ▶ Distribution Collection Op. (2)

Positions Not Included

- Stormwater
 - ▶ Team Leader
 - ▶ Special Const. Equip. Op.
 - ▶ Heavy Equip. Op.

Budget Totals by Fund:

Total for all funds is \$115,246,530. The following chart illustrates the proposed FY 2023-24 budgets listed by fund:

<u>Proposed FY 2023-24 Budgets by Fund</u>		
General Fund	\$	48,661,500
General Fund Debt Service Fund		694,000
Hospitality Fund		5,699,000
W/S Utilities Enterprise Fund		43,899,980
Stormwater Utility Enterprise Fund		1,814,050
W/S Utilities Construction Fund		12,279,000
Stormwater Utility Construction Fund		204,000
W/S Utilities Equipment Replacement Fund		1,745,000
Stormwater Equipment Replacement Fund		<u>250,000</u>
ALL FUNDS	\$	115,246,530



**FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023**

General Fund:

Mr. Osterman began a presentation with the General Fund, the largest fund for the city. For the FY 2023-24 General Fund Budget, original expenditure requests were \$6,793,668 higher than the original revenue projections.

	<u>Balancing the FY 2023-24 General Fund Budget</u>	
Original Revenue Projections:		Original Expenditure Requests:
\$46,083,235		\$52,876,903
	Difference:	
	\$6,793,668	
	Final FY 2023-24 Balanced Budget	
	\$48,661,500	

The proposed budget assumes every position is funded every day of the year. Compensation and benefits cost reductions are projected at \$2,084,217.

**General Fund Compensation and Benefits
Cost Reductions Made in Balancing Proposed FY 2023-2024 Budget**

Extended hiring timeline & other compensation savings	\$	2,084,217
Total	\$	2,084,217

The following chart illustrates Operational and Capital Funding reductions in balancing the proposed FY 2023-24 budget:

**General Fund Operational & Capital Funding Reductions
Made in Balancing Proposed FY 2023-24 Budget**

Department	Operations	Capital
Legal Services	\$ 200	\$ 0
City Court	1,000	0
City Manager	4,000	0
Finance & Accounting	1,000	0
Human Resources	1,000	0
Community Services	1,000	0
Police	11,000	515,000
Fire	13,000	78,000
Beautification & Facilities	18,000	135,000
Sanitation	34,500	335,000
Equipment Maintenance	0	5,000
Recreation	6,000	96,500
Athletics	25,000	30,000
Planning, Research & Development	20,000	0
Building Permits & Inspections	1,000	0
Non Departmental	399,993	0
Subtotal	\$ 536,993	\$ 1,594,493
OPERATIONS AND CAPTIAL TOTAL	=	\$2,131,186



FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023

This chart outlines the reductions that were necessary to balance the budget. The reductions totaled \$4,215,403 and are detailed below.

Summary of Expenditure Adjustments
To Balance General Fund Budget

Expenditure Increases/(Reductions)		Amount
Compensation and Benefits Cost Reductions	\$	(2,084,217)
Operational Funding Reductions		(536,693)
Eliminated Capital Cost Reductions		<u>(1,594,493)</u>
Reductions to Balance Budget	\$	4,215,403

This a recap of how the FY 2023-24 General Fund Budget was balanced. Revenue projections were adjusted by 1,478,265. This increase in revenues can be accomplished by increasing the landfill fee and passing along the fees associated with credit card payments.

Balancing the FY 2023-24
General Fund Budget - Recap

GF REVENUES

Original Revenue Projections	\$46,083,235	
Use of Fund Balance	1,100,000	
Revenue Adjustments	+ 1,478,265	
FY 2023-24 Adjusted Revenues		\$48,661,500

GF EXPENDITURES

Original Expenditure Projections	\$52,876,903	
Expenditure Reductions	- 4,215,403	
FY 2023-24 Adjusted Expenditures		\$48,661,500

Councilman Braddock expressed concern with raising the landfill fee while the city is still struggling to provide consistent yard waste pick-up. Mr. Osterman said it is desired to return to regular yard waste pick-up. Mr. Osterman explained further struggles with sanitation, saying only 25% of the City’s residents utilize curb side recycling with little to no return. Many municipalities across South Carolina have suspended curb side and Mr. Osterman said the City will likely soon have to decide if curb side recycling is worth the cost associated with it.

Councilwoman NeSmith-Jackson inquired on the City’s cost to recycle. Mr. Chuck Pope, Public Works Director, said the City is charged by the ton. To put the cost into perspective, Mr. Pope said it costs the City \$55.55 per ton for garbage, but recycling costs \$159.50 per ton. On average, it is costing the City \$65,000 per year for recycling, not including personnel and operations costs. If recycling service is suspended, personnel will be utilized for yard waste collection.

Mr. Osterman spoke on credit card fees next. The City is currently absorbing approximately \$350,000 in credit card fees annually. Of the \$350,000, \$50,000 is out of the general fund and \$300,000 is out of the utilities fund.

Even with the increase in landfill fees and passing along credit card fees, the budget is still not balanced. To balance the budget, \$1,100,000 was taken from the fund balance; however, Mr. Osterman said utilizing the fund balance is not sustainable. Mr. Osterman said it is necessary for the City to consider a



**FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023**

millage increase, as the City cannot continue to deplete the fund balance to cover normal operating expenditures. The maximum amount the City can raise millage is 5 mils, which will generate approximately \$950,000. On a \$100,000 owner occupied home, a 5 mil increase will be an additional \$20 per year which will be offset almost half due to the local options sales tax property tax credit. There was discussion on the potential to max out the mileage increase over a specific period of time. Mr. Peterson said Council is able to decide, as part of a budget, that their intentions are to do a steady mileage increase but passing a budget that defines the mileage is required to be done each year.

The following chart illustrates the General Fund Revenue Budget by Source and the percentage of budget for each category. Property taxes and Licenses and Fees are the largest contributors to the General Fund revenues.

<u>FY 2023-24 General Fund</u>		
<u>Revenue Budget by Source</u>		
Category	FY 2024	% of Total
Property Taxes*	\$ 13,524,025	27.79%
Licenses & Fees	15,969,970	32.82%
Governmental Reimbursements	6,273,277	12.89%
Permits and Fees	3,345,700	6.88%
Fines & Forfeitures	281,500	0.58%
Miscellaneous & Other Revenues	616,100	1.27%
Other Funding Sources	1,220,000	2.51%
Interfund Transfers	<u>7,255,928</u>	<u>14.90%</u>
TOTAL	\$ 48,661,500	100.00%

*Local Option Sales Property Tax Credit accounts for 46.00% of the total Property Taxes category.

This is a comparison between this year’s budget and last year’s budget.

<u>General Fund</u>				
<u>FY 2023 & 2024 Revenue</u>				
<u>Budget Comparison</u>				
	Original FY 2023	Budget for FY 2024	Change from Original FY 23	% Change From FY 23
Property Taxes	\$ 12,098,600	\$ 13,524,025	\$ 1,425,425	11.78
Business Licenses	11,098,200	11,517,280	419,080	3.78
Franchise Fees	4,118,000	4,452,690	334,690	8.13
Govt Reimbursements	5,997,000	6,273,277	276,277	4.61
Permits and Fees	2,772,000	3,345,700	573,700	20.70
Fines & Forfeitures	293,500	281,500	(12,000)	-4.09
Other Revenues	2,155,000	2,011,100	(143,900)	-6.68
Interfund Transfers	<u>6,377,700</u>	<u>7,255,928</u>	<u>878,228</u>	<u>13.77</u>
TOTAL	\$44,910,000	\$48,661,500	\$3,751,500	8.35%

Community Programs Funding

The following chart shows the community programs that are included in the FY 2023-24 budget.

Appropriation Requests by



**FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023**

**Agency/Event
FY 2023-24**

<u>Included in the FY 2023-24 Budget</u>		
Agency/Project/Event	Requested	Amount
Boys & Girls Club*	\$ 20,000	\$ 20,000
PDRTA	232,000	218,000
Red Cross	12,000	10,000
Keep Florence Beautiful	5,000	5,000
No One Unsheltered Programs	75,000	75,000
Florence Family Support Ct.	8,805	8,800
My Brother's Keeper	30,000	20,000
Foster Care Clothing Closet	20,000	7,000
Pee Dee Coalition	20,000	<u>5,000</u>
TOTAL	\$ 422,805	\$368,800

<u>Not Included in the FY 2023-24 Budget</u>	
Agency/Project/Event	Amount
Senior Citizens Association	\$75,000
Tenacious Grace Ministries	8,000
Heart of Life	35,000
G-LAB Legacies	15,000

Note: Reference budget request documents provided by requesting agencies in budget notebook.

* In addition, utilities for the Boys & Girls Club is funded at \$21,000 in other departments' budgets.

Hospitality Fund

This is the 2% tax paid on prepared food and beverage purchases in the city. The Hospitality Fund is one of the city's growth funds but it is also a restricted fund. South Carolina Code requires any revenue generated by the hospitality fee must be used exclusively for the following purposes:

- Tourism-related buildings including, but not limited to, civic centers, coliseums, and aquariums.
- Tourism-related cultural, recreational, or historic facilities.
- Beach access and re-nourishment.
- Highways, roads, streets, and bridges providing access to tourist destinations.
- Advertisements and promotions related to tourism development.
- Water and sewer infrastructure to serve tourism-related demand.

However, because at least \$900,000 in accommodations taxes are collected annually in Florence County, State law permits hospitality funds to be spent for operations related to the above stated purposes.

Below is the hospitality fees comparison from FY 2018 to FY 2024.

<u>FY 2018-2024</u>		
<u>Hospitality Fees Comparison</u>		
Fiscal Year	Collections	% Change
2018	4,101,928	1.61
2019	4,342,184	5.86
2020	4,205,349	-3.15
2021	4,722,870	12.31
2022	5,351,385	13.31
2023*	5,415,331	1.19
2024**	5,698,000	5.22

* 2023 Estimated
** 2024 Budgeted

The amount projected for FY 2023-24 is \$5,699,000.



**FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023**

Hospitality Fees	\$ 5,698,000
Interest Earnings	1,000
FY 23-24 Hospitality Fund Estimated Revenues	\$ 5,699,000

This is the list of recommended expenditures for the Hospitality Fund for FY 2023-24.

Hospitality Fund Expenditures

Athletic Facilities Operations	\$ 2,200,000
Florence Museum	100,000
Florence Downtown Development Corporation	54,000
Florence Downtown Economic Development Incentives	75,000
Florence Downtown Promotions	35,000
Sports Complex Debt Service (through November 2035)	151,890
Tennis Center/Performing Arts Center Debt Service (through April 2024)	538,700
Recreation Facility/Gymnasium Debt Service (through June 2034)	408,080
2016 Special Obligation Bond Debt Service Appropriation (through Dec 2046)	300,000
Florence Historic District Street Lighting Operations	30,000
Florence Center (Debt Service effective through April 2040. FY 23-24 DS = \$662,000)	1,488,000
James Allen Plaza Restroom Facilities – 8 th of 10-year Lease Payment	9,000
Contingency	<u>309,330</u>
FY 23-24 Hospitality Fund Estimated Expenditures	\$ 5,699,000

Water & Sewer Utilities Enterprise Fund:

The total Water and Sewer Revenue Fund is \$43,899,980. This chart shows the Water and Sewer Revenues by Source. Other Revenue comes from reconnection fees, tap fees, etc.

**Water and Sewer
Revenues by Source**

Water Fees & Charges	47%
Wastewater Fees & Charges	51%
Other Revenue	2%

This chart shows the Water and Sewer Expenses by Department.

**Water & Sewer Expenses
By Department**

Utility Finance	\$ 2,844,081	6.48%
Engineering	1,637,229	3.73%
WW Treatment	5,717,894	13.02%
Surface Water Production	3,219,488	7.33%
Ground Water Production	2,594,847	5.91%
Distribution Operations	3,473,867	7.91%
Collection Operations	2,209,119	5.03%
Compliance	405,244	0.92%
Maintenance	831,486	1.89%
Debt Service	9,681,385	22.06%
Non-departmental	<u>11,285,340</u>	<u>25.72%</u>



FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023

B. Projects Approved and Added in FY 2022-2023

1. Mars Hill Gravity Sewer Project	\$ 600,000
2. S. Wallace Road Water Line	209,000
3. Water Line Renewals/Replacements/Upsizing	2,118,000
4. Lead and Copper Removal Rule Compliance	1,042,000
5. Water Line Interconnection on Florence Harlee Blvd.	130,000
6. Lead and Copper Removal Rule Compliance	442,000

C. Proposed Projects for FY 2023-24

1. Williamson Road Water Line Extension (Old Marion Hwy to Glendale)	\$ 500,000
2. Northeast Area Elevated Water Tank	500,000
3. Whitehawk Water/Sewer Line Extensions	250,000
4. Waste Distribution System Improvements #2	500,000

D. Other

1. Utility Line Engineering/Legal/Professional Services	\$ 150,000
2. Reserved for Other Projects	<u>1,854,000</u>

Total W/S Construction Fund Expenses \$12,279,000

Stormwater Utility Enterprise Fund

The total Stormwater Utility Enterprise fund is \$1,814,050.

Stormwater Revenues by Source

Stormwater Fees (\$1,659,850)	91%
Other Revenue (\$154,200)	9%

Stormwater Expenses by Category

Operations (\$941,178)	52%
Debt Service (\$538,100)	30%
Nondept./Const. Fund Trf. (\$34,772)	18%

This a recap of how the FY 2023-24 Stormwater Utility Fund Budget was balanced.

Stormwater Utility Fund Revenues

Original Revenue Projections	\$1,778,550	
Revenue Adjustments	<u>+ 35,500</u>	
FY 2023-24 Adjusted Revenues		\$1,814,050

Stormwater Utility Fund Expenses

Original Expense Requests	\$2,097,108	
Expense Reductions	<u>- 283,058</u>	
FY 2023-24 Adjusted Expense		\$1,814,050

Stormwater Utility Construction Fund

Mr. Clint Moore, Assistant City Manager of Development, provided an update on current stormwater projects. In 2021, City Council authorized the issuance of a \$7 million bond to fund new stormwater projects to include Saint Anthony/College Park, Sandhurst, Tarleton Estates, Pennsylvania Street, Dargan



FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023

and Elm Street, Malden Drive, Cannon Street, Rebecca Street, Cheves Street, Wisteria Drive and the Stormwater Masterplan.

Phase I has been completed in the Saint Anthony Drive, Sandhurst, Tarleton Estates areas with cleaning of existing stormwater infrastructure. The engineering drawings for Rebecca Street have been completed and the City is still working with property owners to acquire the proper easements on private property. The city was awarded an additional \$2.6 million from the Office of Resilience for the Pennsylvania Street project, which is still in the engineering phase. The Stormwater Masterplan is moving along with public meetings scheduled for the next couple weeks. The City was also awarded an additional \$9 million in grants from the Office of Resilience for the Cedar/McQueen Street and the North Church and Oakland Street projects.

Utilities Equipment Replacement Fund

The Equipment Replacement Fund is a fund to replace utility equipment. This fund allows for the replacement of equipment when it is needed and does not require that the purchase be deferred.

W/S Equipment Replacement Fund
Budget by Department

Department	Amount
Wastewater Treatment Plant	\$ 880,000
Surface Water Production	115,000
Ground Water Production	90,000
Distribution Operations	560,000
Collection Operations	<u>100,000</u>
W/S Capital Equipment Fund Total	\$ 1,745,000

There is \$250,000 in the Stormwater Equipment Replacement Fund.

Stormwater Equipment
Replacement Fund
Budget by Department

Department	Amount
Stormwater Operations	<u>\$250,000</u>
Stormwater Capital Equipment Fund Total	\$250,000

CITY OF FLORENCE CDBG BUDGET FY 2023-24

Mr. Scotty Davis, Deputy City Manager, gave a presentation on the City of Florence Community Development Block Grant (CDBG) Budget for FY 2023-2024. The City will receive \$304,546 for FY 2023-24 in CDBG allocations. In FY 2022-23, the City received \$319,283.

Each eligible activity must meet one of three national objectives: benefit low-to-moderate income persons, aid in the elimination of slum or blight, and meeting a need having particular urgency. A formula is utilized to determine CDBG allocations. The CDBG formula allocation is based on total population, percentage of low to moderate income persons, and the unemployment rate of a jurisdiction. There is a 20% cap of total allocation for planning and administration expenses and a 15% percent cap of total allocation for public service, which includes subrecipients.



FLORENCE CITY COUNCIL
SPECIAL MEETING – APRIL 24, 2023

Below is the proposed CDBG budget for 2023-24.

Proposed Budget 2023-2024

Planning and Admin.	\$ 60,000
Emergency Rehab	224,546
Downpayment Assistance	20,000

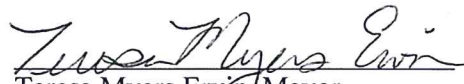
ADJOURN

Without objection, the special meeting of Florence City Council was adjourned at 5:00 p.m.

Dated this 12th day of June, 2023.



Casey C. Moore, Municipal Clerk



Teresa Myers Ervin, Mayor