



City of Myrtle Beach Budget Overview

FISCAL YEAR 2011-12 MANAGER'S RECOMMENDED BUDGET

FIRST READING, APRIL 26, 2011
STATUTORY PUBLIC HEARING, MAY 10, 2011
SECOND READING PROPOSED, MAY 24, 2011

Public Hearing



S.C. Code Sec. 6-1-80 requires:

Notice of a Public Hearing on the City's operating budget must be published

- ✦ in at least one newspaper of general circulation in the area
- ✦ not less than fifteen days in advance of the public hearing
- ✦ minimum of two columns wide with a bold headline
- ✦ including contents as described in 6-1-80 (B).

The City published the required notice in the Sun News on Monday, April 24, 2011.

Sec. 6-1-320 Limit on Millage Levy for Operations



- SC Budget & Control Board has not advised the City regarding its operating millage limit for 2011-12 per Sec. 6-1-320
- The budget includes no increase in the millage rate
- Debt Service Millage is not subject to the limit; must be set at a rate sufficient to provide sufficient funds to pay debt service

FY 2011-12 Manager's Recommended Budget



	Governmental Funds	Enterprise Funds	Capital Projects	Grand Total
Revenues and Other Financing Sources	<u>126,948,350</u>	<u>34,848,412</u>	<u>8,784,185</u>	<u>170,580,947</u>
Expenditures/ Expenses and Other Financing Uses	126,948,350	34,848,412	8,784,185	170,580,947
Non-expense items: Enterprise Capital Projects	--	--	5,207,000	5,207,000
Total Financing Uses	<u>114,017,995</u>	<u>35,368,792</u>	<u>13,991,185</u>	<u>175,787,947</u>
Less: Interfund Transfers	(22,075,737)	(1,148,300)	--	(23,224,037)
Total Mgr's Recommendation	<u>104,872,613</u>	<u>33,700,112</u>	<u>13,991,185</u>	<u>152,563,910</u>

Comparison of 2011 and 2012 Budgets

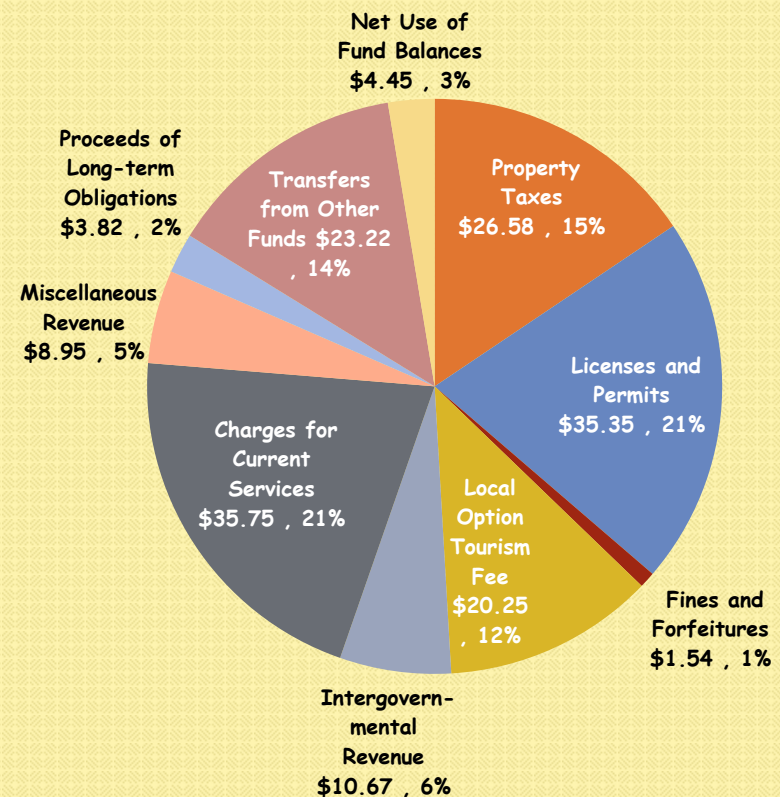


	FY2010-11 Budget	FY2011-12 Budget	Percent Change
Governmental Operations	\$114,066,221	\$126,948,350	11.3%
Enterprise Operations	<u>35,368,792</u>	<u>34,848,412</u>	(1.5%)
Total Operating Budget	<u>\$149,435,013</u>	<u>\$161,796,762</u>	8.2%
General Capital Project Authorizations	<u>1,404,500</u>	<u>8,784,185</u>	525.4%
Enterprise Capital Projects	<u>4,974,500</u>	<u>5,207,000</u>	4.7%
Gross Budget, All Funds	<u>\$155,815,013</u>	<u>\$170,580,947</u>	9.5%
Less: Interfund Transfers	<u>(19,717,266)</u>	<u>(23,224,037)</u>	17.8%
Grand Total FY2010 Appropriations	<u>\$136,096,747</u>	<u>\$152,563,910</u>	12.1%

Revenue and Other Financing Sources, 2011-12

- Property Taxes and several minor sources are projected to be flat; property taxes make up 15% of sources
- Licenses and Permits show brisk recovery on strength of hospitality-related revenues and retail sales and account for 21% of base
- Local Option Tourism Fee mirrors increases in retail sales of approx. 8.5%
- Charges for services fund Water & Sewer, golf course, stadium and solid waste management and provide partial funding for other parks and recreation programs, ambulance and library services
- Long-term obligations issued and uses of fund balances finance capital improvements and make up a combined 5% of base

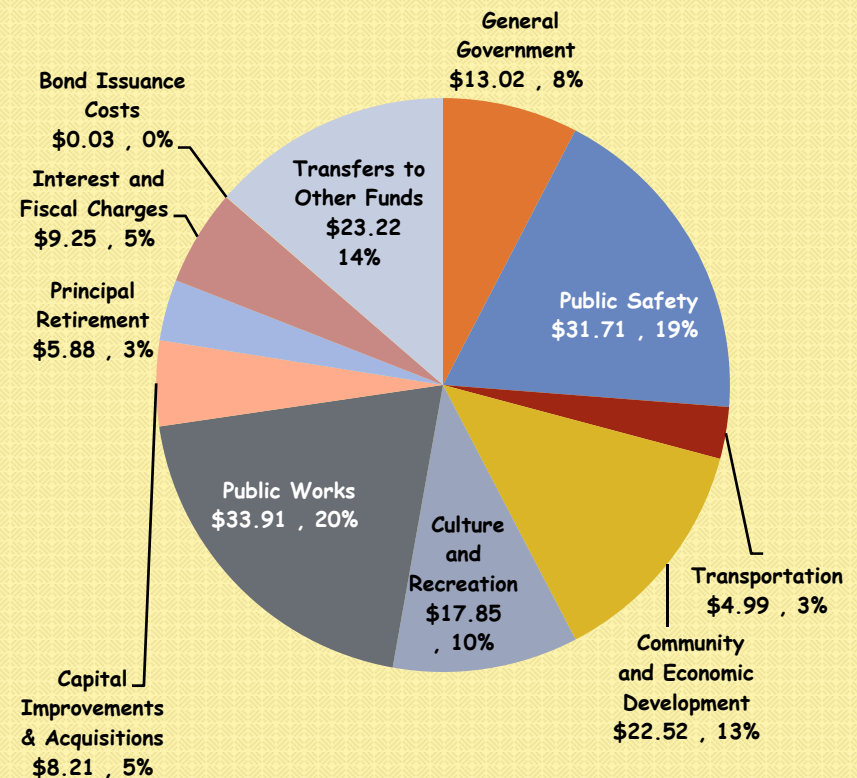
Total Revenue and Other Financing Sources, 2012
(\$Millions and Per Cent)



2012 Expenditures and Other Uses

- Public Safety and Public Works are the largest expenditure categories at 19-20% each
- Debt costs account for 8% of outlays— governmental debt services amounts to 11.3% of expenditures; enterprise: 2.1%
- Administrative costs remain moderate at 8%
- Proposed capital improvements amount to about 5% of budget for 2012

Total Expenditures and Other Financing Uses, 2012
(\$Millions and Per Cent)



General Fund Revenues



- Maintain tax rate of 66.1 mills
- Property tax revenues for primary residential property are reduced by the amount of the tax credit from the Tourism Development Fee (credit is shown as interfund transfer to GF from Tourism Development Fee fund)
- New fee is imposed for non-resident individuals and businesses for use of training facility at Fire Station #6
- No other increases proposed in General Fund revenues
- Business license growth should rebound in some larger sectors, such as hospitality and related industries and retail sales while construction remains stagnant

Operating Budget Highlights



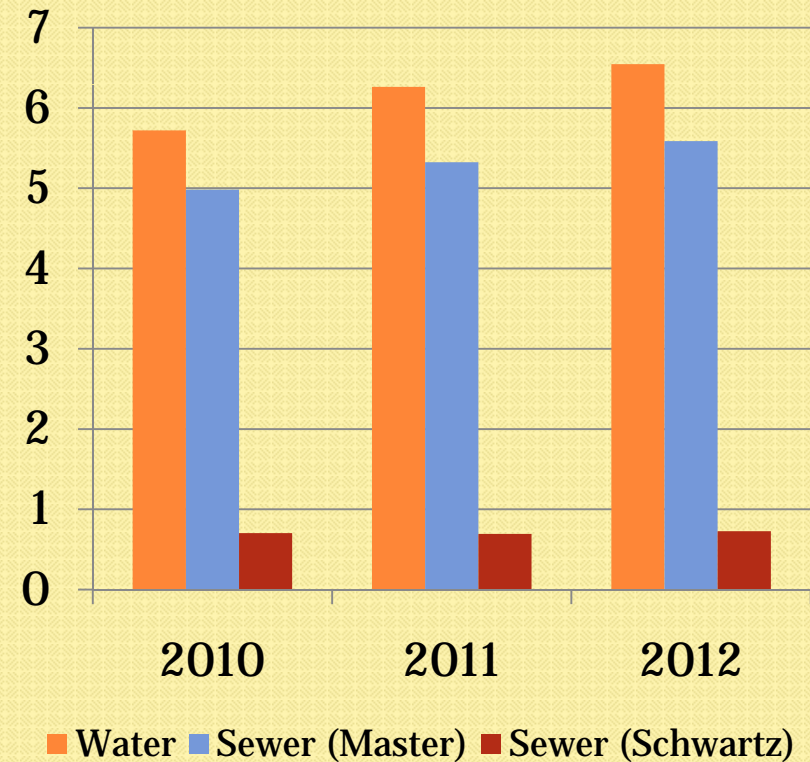
- This budget deletes 16 positions held vacant for all or part of the year in 2011 for a savings of over \$600,000
- Funding is restored for a potential 3% salary increase based upon merit—no COLA or general adjustment
- Funding for the catch-up OPEB contribution is provided at \$750,000 along with a recommendation that we restore \$750,000 of the \$1 million deferred for this purpose in 2011 if fund balance exceeds 15% policy threshold at end of year
- Limited increases in capital outlay are provided to replace essential equipment

Sewer rate increase is proposed to help offset wholesale cost increases

Wholesale water and sewer rates

	Jan. 2010	Jan. 2011	Jan. 2012
Water	\$1.44	\$1.44	\$1.58
Sewer (Master)	\$1.67	\$1.75	\$1.84
Sewer (Schwartz)	\$2.36	\$2.48	\$2.60

Actual/Projected wholesale costs



Customer impact of Sewer Rate Increase on Monthly Water and Sewer Bills



User Category (thousand gal.)	2011 Water	2011 Sewer	2011 Total	2012 Water	2012 Sewer	2012 Total	Change
Resident 0.75" (0)	\$ 2.43	\$ 2.60	\$ 5.03	\$ 2.43	\$ 2.83	\$ 5.26	\$ 0.23
Resident 0.75" (8)	18.07	22.84	40.91	18.07	24.91	42.98	2.07
Resident 0.75" (12)	28.31	32.96	61.27	28.31	35.95	64.26	2.99
Business 1.5" (0)	8.10	8.67	16.77	8.10	9.45	17.55	0.78
Business 1.5" (10)	28.86	33.97	62.83	28.86	37.05	65.91	3.08
Business 1.5" (40)	119.20	119.99	239.19	119.20	130.89	250.09	10.90
Business 6.0" (0)	81.00	86.76	167.76	81.00	94.56	175.56	7.80
Business 6.0" (40)	192.10	198.08	390.18	192.10	216.00	408.10	17.92
Business 6.0" (125)	437.75	413.13	850.88	437.75	450.60	888.35	37.47

Other Funds



- **No fee increases proposed in other funds**

Capital Projects



- **More funding available for projects due to:**
 - Improved business at Convention Center hotel
 - Increases in hospitality-related revenues designated for capital projects
 - Increased taxable sales result in greater sales tax collection and more Tourism Development Fee money going to capital projects
- **For 2012, Convention Center HVAC and roofing are the big ticket items**
- **Other recommended projects include**
 - \$574,700 in parks and facility improvements,
 - \$696,000 in transportation system improvements and
 - \$220,000 for dune walkovers and street ends
- **3rd Av. Gateway funding in 2012-13**
- **Water line upgrades and 30” force main improvements in Water and Sewer**



\$68.77 mm Five-Year Capital Improvements

\$8.8 million PAYG program emphasizing transportation improvements, parks and rec. facilities

\$1.6 million GO debt in 2016 for Fire Station #7 at Harrelson Blvd.

\$5.8 million in Tourism Development funds for Conv Ctr, Grand Park, Stadium R&R, possible park land acquisition

Funding for 3rd Av S. Gateway in FY 2012-13; 4th Av and Ocean Blvd. 2nd to 9th Streetcape in 2015-16

Planned Capital Improvements (\$ Millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>5-Yr Total</u>
PAYG	\$1.77	\$1.75	\$1.65	\$1.85	\$1.80	\$8.82
GO Debt	--	--	--	--	1.58	1.58
TDF*	6.31	1.31	1.32	1.33	1.35	11.62
Ocean front TIF	--	2.14	--	--	21.49	23.63
Water & Sewer	5.21	3.71	3.27	3.90	7.03	23.12
Totals	\$13.29	\$8.91	\$6.24	\$7.08	\$33.25	\$68.77

* 2012 figure includes \$550,000 TDF and supplemental funding from and Energy Saving Performance Contract

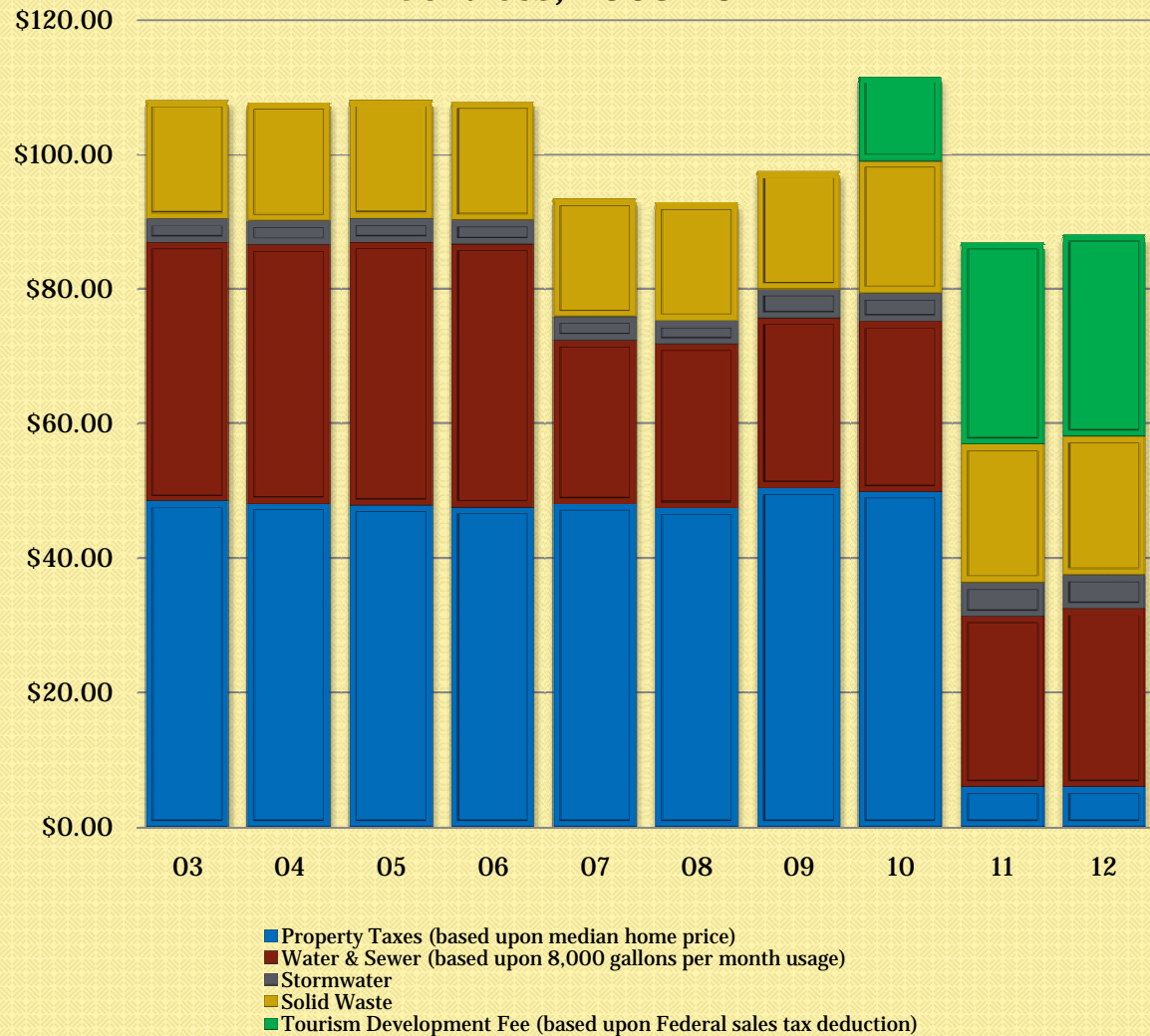


Typical Resident's Cost of Service

The figures at the right assume the following:

- Median home value of \$191,500 and two cars valued at \$28,000
- 8,000 gallons per month water usage
- Sales taxes paid according to the IRS standard deduction for taxes on retail purchases

Typical City Resident's Average Monthly Costs of Services, 2003-2012





SC Cities: Residential Taxes and Fees

This chart compares property and sales tax information across several of the larger SC Cities.

Myrtle Beach appears twice—once showing the pre-2010 taxes and once showing the current taxes for a primary residential property.

Sources:

MB Office of Budget & Evaluation;

SC Budget & Control Board 2010
Municipal Water & Sewer Rate Survey

City	Property Tax (includes all overlapping districts)	Sales Tax (on \$7,500 Retail Purchases)	Water & Sewer (6,000 gal.)	Total
Columbia	\$1,682	\$525	\$481	\$2,688
Charleston	1,068	600	846	2,514
Spartanburg	1,430	450	633	2,513
Rock Hill	1,288	525	666	2,479
Florence	1,094	600	696	2,390
Greenville	1,211	450	688	2,349
Myrtle Beach (2009)	1,074	675	370	2,119
Myrtle Beach (current)	629	683	388	1,700