City Council Budget Workshop Minutes
July 14, 2026

PRESENT:
Michael C. Butler, Mayor
Annette Dees Grevious
Jerry Hannah
Jordan E. Hawkins
Dr. Kalu Kalu, Mayor Pro Tem
L. Zimmerman Keitt
Sandra P. Knotts

Mr. Daniel Driggers addressed Council concerning the Budget Workshop. He stated, "I want to begin with highlighting the allowable millage test. The three-year look back on the millage calculation considers 2024, 2025, and 2026. As you can see in 2024, the allowable millage highlighted in grey was 11.37%. We used that last year. If you do not increase the millage rate this year, you will not lose any access to the allowable millage. If you look at year one, 2024 we already used it. Year two is 2025. You will see the middle row, Allowable Millage Rate Increase, we can go up 4.7 mills. In 2026, we can go up 3.2 You can look back for three years. Since we have already used the millage rate from 2024, next year, the Year one will be 2025. We can add it this year or we can add it next year and you will not lose access."

City Administrator Evering stated, "The millage rate is currently 109 because of the rollback from 115."

Mr. Driggers stated, "109 plus 4.7 would be 113.7. 2025 is Year two of the look back because you can look back three years. It is 2027, our look back is 2024, 2025 and 2026."

Mayor Pro Tem Kalu asked, "If we increase the millage this year, we must skip 2027."

Mr. Driggers stated, "Yes sir. The way the law reads is when we look at millage increases, Act 388 limits us to increase to three prior years. This gives the municipality an opportunity to be flexible, 'if I do not increase this year, then next year, I can go back and pick up the prior year's that I did not use.'. If we do not increase the mill rate this year, then next year, we will be able to look back at 2025, 2026 and 2027 and you could capture that if you choose. For example, looking at Line 10, the allowable millage increase is 4.7 for 2025, 3.2 for 2026 and 2.6 for 2027 for a total of 10.5. If we increase the whole 10.5 mills this year, then yes you will no longer have access to 2025, 2026 and 2027. In 2028, the calculation will come into play again, so you will have a new number. In the state calculations, two things are looked at 1) your population growth and 2) the CPI growth and then they determine what the rate of the millage increase can be. The City has consistently been zero for the population growth. I wanted you to have the information of the options.

I will go through the presentation of the recommended budget. Feel free to stop me if you have questions. I am happy to share any insight, and I know Administration will add comments. First I wanted to highlight some key timelines. Today, July 14 is the Administrator's recommended budget presentation. Tuesday, August 4 is first reading of the budget ordinance. Tuesday, August 18 is public hearing and second reading and Tuesday, Sept 1 is third reading of the budget ordinance.

Priorities that we looked at from the financial priorities are 1) Focus on tax base growth – annexation, 2) Prioritize merit-based employee compensation, 3) Continue incremental growth of cash reserves, 4) Expand the use of cost to serve model (Are we charging enough for the service?) and 5) Build sustainable operating plan to live within our means.

Council Priorities that we discussed throughout the process are 1) DPS reorganization/Forensic Lab, 2) Consolidate departments (City reorganization), 3) Provide Retirement options (AL), 4)

Status of Consolidation/Merger, 5) Cost of merit-based increase which is included in the plan, 6) Reduce overtime by department, 7) Expenditures by department; analysis of outsourcing; and 8) Centralization of ordering supplies (Procurement). All of those except for the last one is included in this budget. We felt we needed to push the procurement to look at in Fiscal Year 2028. I believe Item 7 Expenditures by department; you were given in your handout.

One of the initiatives that Council talked with us about is to reduce overtime by department. This is a list of overtime. It gives you the budget, the actual year-to-date, and the 2027 Budget by department. I wanted to make sure Council is aware that Administration is working with the departments to identify opportunities for reducing that overtime. You can see from the schedule that we have reduced the forensic service unit overtime by $25,000."

Councilmember Hannah stated, "Please repeat the last statement about Forensic Service."

Mr. Driggers stated, "The Forensic Service Unit was budgeted $25,000 in overtime in FY2026. In FY2027, we reduced the overtime budget to zero."

Councilmember Grevious stated, "All of this is overtime. $800,000 in overtime."

Mr. Driggers stated, "We were asked for an analysis of outsourcing that has occurred. This is an example that was taken from the Recreation Department that outsourced some repetitive landscaping responsibilities. If you focus on the bottom section, you can see that the estimated savings are $270,000 over a two-year period.

Next, we will go into the General Fund. One of the things we want to highlight as we talk about cost and expenses is that the Consumer Price Index over the last five years since 2023 has seen a growth of over 22 percent. Obviously we all know that from our own personal living and how things have increased and the City is no different. As it increases 22 percent, we are going to have to identify the funding to cover that additional cost. The next slide shows a summary of the General Fund. If you look at the 2026 column at the expenditures at the bottom, you can see we are at $25,960,000 in FY26. That number grows to $26,836,000 for FY27. It is a 3.4% increase.

A few of the operating practices that we addressed during the budget. 1) Based on the new agreement with South Carolina State University (SCSU) Hillcrest reporting will change to an Enterprise Fund as of October 1, 2) Grants/Capital Projects reporting will change to include separate funds for their reporting, and 3) The initial plan of the City Capital Improvement Plan. This Capital Improvement Plan will be reported as a separate fund as well. This is just information.

On the expenditure side, some summary points of what is included in the General Fund and what is not. 1) No new departments planned, 2) Continue adding $1 million to fund balance reserves. As you recall we included in the FY26 Budget to add $1 million to fund balance, and we did the same in FY27, 3) Funds employee merit-based compensation plan for approximately $150,000, 4) Adds $200,000 funding for Comprehensive Plan update, and 5) Adds $70,000 technology upgrades for "end-of-life" systems to protect City infrastructure.

We talked about continuing the reorganizational efforts. What is included in the FY27 Budget is consolidation of the Public Works Department structure. We added a mechanic position to Public Works. We reduced the Recreation Department by three additional positions. We added those three to Public Safety. We restored two critical positions to Public Safety which are a patrol corporal and a fire training officer. The budget also includes the transition of the lab, and it restores the Chief Financial Officer position. The next slide is Budget Distribution. We thought it was important to show the distribution of funds as you can see Public Safety is the lion's share of the cost. On the revenue side, we increased revenue by 2.9%. The transfer from DPU remains unchanged in this budget. There is no change in Business License, Recreation, and Public Safety fees. There is a change in fees for the Forensic Lab. There are increases in Airport fees based on the schedule. There is a copy of the Master Fee Schedule in Section 8. The column to the right that is highlighted in yellow are the recommended changes. As you look at Page 1, you will see the Forensics Lab at the bottom. For example, Drug Analysis will now be $160. On Page 2, there are Sanitation changes. Because of the size and structure of the rates, the new recommended rates are highlighted in yellow and listed below the current rates. For example, based on this schedule, the residential roll cart monthly rates would go from $20 currently to $25 monthly October 1."

Mayor Pro Tem Kalu asked, "Would the increases in the Forensics Department make a difference at the end of the year in terms of revenue and expenses?"

Mr. Driggers stated, "I have not done the calculations. Last year we showed $40,000 in revenue. These rate increases will increase the total revenue some, but it will not be material to the City budget."

Mr. Driggers continued. "On Page 5 of the rate schedule are the Airport increases. It is a similar situation. It changes the fee structure and increases the rates based on the recommendations from the Public Works Department. But the increase in these rates only generates about $11,000. While it is important to get the structure right, it is not material dollars. This is the Fee Rate Schedule that is included in the FY 27 Budget."

Councilmember Grevious asked, "I see some of the Sanitation rates increased by $50, did we compare to our competitors' rates?"

Mr. Driggers stated, "The current recommendation is 25%."

Councilmember Grevious asked, "Are we still competitive with our competitors in the area?"

Mr. Driggers stated, "I will be happy to put that together as I do not have it with me."

Councilmember Grevious asked, "Are there rate increases for the Recreation Department?"

Mr. Driggers stated, "No, we increased some of the Recreation Department rates last year."

Mr. Driggers continued, "The slide on the screen shows the distribution of revenue received. One of the key takeaways is the other financing sources for both years run around 40% which is something obviously overtime that we want to address and start trying to work through to have more control over our revenue source.

We talked about the Capital Improvement Plan separately and something that Council asked us to focus on, and we should be doing that anyway. The first section is Capital Projects Summary of all the projects. We tried to consolidate all the different funding sources so you can identify how much money we have for certain projects and the different sources. The next section is ARPA Funds. The far-right column is the balance of $1,916,574 as of June 2026. On the Capital Penny Sales Tax (CPST) IV Projects, in the far-right column, currently the balance is around $2 million, and you can see the individual projects. Capital Penny Sales Tax V is $5.6 million. One of the things that we wanted to focus on in the presentation and the communication to Council is helping to get you consistent reporting formats. You should be able to get these as requested. Honestly, every month, probably for these projects, and it helps you to stay current with certain projects."

Councilmember Hannah asked, "Is the skate park under the penny sales tax or ARPA funds? Or what is it under?"

City Administrator Evering stated, "We were going to put the skate park under improvements to the gardens because that was a part of Andrew Dibble that is considered part of the gardens. However, when the gardens flooded in November of 2024, we stopped because we had to get that taken care of. It is not listed as skate park, but it was listed as improvements to the gardens. It is under CPST IV"

Mr. Driggers stated, "If you look at the ARPA funds, you can see Andrew Dibble, but the balance is zero. I think that is what Sidney is saying. We had funds restricted for those and the funds had to be used to deal with the flood damage. We are going to move it and will add it to the name so Council can easily see where those funds are."

Mr. Driggers continued, "The second part of the Capital Improvement Plan is Operating Capital, which is what most of us are used to talking about. This is a list of the ideas that we included in funding for FY2027. If you recall during the first budget work session, you received a list of the Capital requests from all departments. We changed the funding in 2027 to increase it from $300,000 in the current year to $1.7 million. That $1.7 million includes $165,000 of technology upgrades, replacement of the HVAC in the Council Chambers building, $800,000 refurbishment of two fire engines, and replacement of the five patrol vehicles and equipment totaling $400,000. That is also moving from a lease purchase to City-owned for those five vehicles. It includes $155,000 Public Safety equipment updates, and it replaces a grapple truck for Sanitation. Some of the other funding is $80,000 in the ARPA funds for Stevenson Auditorium, $500,000 Recreation Improvements in CPST V, and $57,000 in the CPST for the Airport."

Councilmember Hawkins asked, "What does the Public Safety equipment update include?"

Chief Austin stated, "We had to replace the records management system and in the new year must replace the radio system because they are at the end of life. We met with the Motorola representative and learned at one time there was a process that would have allowed us to update those radios, but that has since expired. Now we must replace the mobile units and the handheld units. We are applying for a grant and hopefully it will come through."

Mr. Driggers stated, "I will add for clarification. The radios are considered on a grant. If that grant does not come through, we will have to identify additional funding as it is not in the current funding."

Councilmember Hawkins asked, "How much is that grant?"

Mr. Driggers stated, "$800,000."

Councilmember Grevious asked, "Would it be better to put it in the budget and not need it versus having to later find the funds?"

Mr. Driggers stated, "We felt strongly that the grant is likely to be funded just from history and the communication from the agency. Additionally, if we added it to the plan currently, then we would have to identify funding for that, which would be out of balance. Under Capital Funding, one of the strategies we put in place is that none of the capital is accessible to departments until after six months. This gives us time to know if the grant is funded, and we can make decisions at that point."

Councilmember Grevious asked, "Can you explain the recreation again under other CFD funding for $538,000?"

Mr. Driggers stated, "Absolutely. First, let me go back to DPS, we need to replace kennels for rescue animals and that is included in that number as well and we included some hazmat replacement equipment. On Recreation, it is in your Capital Improvement Plan section. It includes playground for Gum Street and replacement of 54" mower."

Parks and Recreation Director Taylor stated, "Under Section 3, Pages 82 and 83 is a list of items to replace some out-of-date equipment, refurbishing and updating playgrounds and doing some of the improvements that will be needed for the North Road to host the 2027 World Series."

Mr. Driggers stated, "If you look at that Section, Page 81, Column 2027, everything in the 2027 column is funded in the FY27 Budget."

Councilmember Hannah asked, "The equipment that Mr. Taylor mentioned, are they purchased or leased?"

Mr. Driggers stated, "Everything is purchased. We did not include any new lease items in the FY27 Budget."

Councilmember Grevious asked, "Why are the mowers being replaced?"

Parks and Recreation Director Taylor stated, "The cost to repair this old mower is not cost efficient."

City Administrator Evering stated, "Even though we would purchase it under Parks and Recreation, it will be transferred to the new Maintenance Department unless it is used for North Road or Hillcrest."

Mr. Driggers continued, "The FY27 General Fund Capital graft on the screen shows that 77% of funded capital is for Public Safety. We know that Public Safety is heavily capital intensive and our attempt was to try to fund what was necessary. The next slide is on the revenue side, with all this capital, how do we pay for it. You can clearly see that the funding that we came up with is to use the allowable millage cap to fund $450,000 and to reallocate $1 million dollars of ARPA funds for the capital needs. Our thinking was the ARPA funds are one-time money, and the capital is one-time need, so it allows us to fund that. Also, we increased the Sanitation fee based on our previous discussion.

On the screen is a list of current grants and their current balance. The next to the last column gives you the current remaining balance. Obviously, the way grants work is once Council approves and we fund that grant, then the remaining balance just carries over from year to year. The next slide lists the grants related to the Airport.

Next is the Tourism Fund. We added the hospitality and accommodations tax together. For FY26, you can see a $1.8 million budget. The FY27 Budget remains unchanged.

On the Hillcrest Fund, there are three different sections. The FY27 Budget is listed in the right column. The top section of the document shows the Hillcrest operating cost of $277,000 of revenue and $900,000 in expense. We did add money for depreciation since it is going to be an Enterprise Fund. As we go through it, we will have to figure out what that number should be because currently it is in the General Fund, which makes a loss there. The second section we included the revenue from the Top Tracer plan, the estimated expense, and you will see the profit there. The bottom section shows you the total estimated operating profit or loss."

Councilmember Hannah asked, "Is the profit 100% City profit or is 50/50 profit?"

Mr. Driggers stated, "Everything on here is 100% until you get to the last section. You can see the loss total operation $316,000. My understanding of the agreement is that SCSU would pay 50% up to $100,000. SCSU would pay $100,000 of that and the City would have to cover the remaining $216,000."

Councilmember Hawkins asked, "Even after Top Tracer, we are already figuring we will be in the negative?"

Mr. Driggers stated, "Correct."

City Administrator Evering stated, "At least for this year because Top Tracer would not have had a full year to be implemented, and I think it is important to note last year SCSU provided $200,000 to help offset what probably would have been a loss. Traditionally, Hillcrest has been a loss to the City, which is why we are making a lot of effort to revamp the course and putting revenue generators like Top Tracer into the course with the hope that it will start turning a profit. But, if it does not, the agreement with SCSU does permit the City to terminate the agreement if we have two consecutive years of losses. So that is something for you all to keep in mind. We are not tied to a continuously losing proposition."

Councilmember Hawkins asked, "FY26 is a loss. In FY27, we are already figuring for a loss. That will be our second year?"

City Administrator Evering stated, "Yes."

Mr. Driggers continued, "On the Airport side, revenue for FY27 is $470,000 and expense about $625,000 which is a loss of about $155,000. That is consistent with what has occurred over at least the last five years."

Councilmember Grevious asked, "You said the revenue is $475,000 but to date, we have $124,000 in revenue? And we are anticipating $470,000 in revenue next year?"

Mr. Driggers stated, "Correct."

Councilmember Grevious asked, "Can you explain why FY26 year-to-date seems so low?"

Mr. Driggers stated, "We looked at the current year historical trends, and it is generally generated around $400,000 - $470,000. It looks like we are running behind this year."

Mayor Pro Tem Kalu asked, "Are you anticipating more hangars at the Airport to generate funds?"

Mr. Driggers stated, "There are expansion plans, but none of this includes the expansion."

City Accountant Maurishka Williams stated, "We finished a reconciliation on the Airport about a week ago. The Airport got off to a slow start on a couple of projects. Those projects are now nearing completion. Because their grants are reimbursable, we must wait till we get all the invoices in, get them squared away, and then invoice for them. When we ran these numbers, these invoices had not been received."

Councilmember Hawkins asked, "Can we get an updated copy of the Airport fund with those adjustments by the next meeting?"

Mr. Driggers stated, "Sure and I would encourage Council that you should be receiving documents like this every month that simplifies it and tells you where you are."

Councilmember Grevious asked, "We should assume that it is grant money if it is reimbursable? Would it be different from the operating funds, or would it be the same?"

City Accountant Williams stated, "Yes there is a difference because the operating revenue is based off the hangar fees and other things they do outside of the grant revenue. Historically most of their income has never been from their operating revenue. It has always been from grants."

Councilmember Grevious asked, "Should this be changed?"

Mr. Driggers stated, "In all fairness, let me go back and look at it and provide you an updated copy. I know that there are operating revenues and expenses and there are grant revenues and expenses which is why on the slide you see it is separated. But I will go back and confirm the numbers. In reporting you should get them separate because they come from an external source, you do not want to consider as recurring revenue.

This concludes the budget presentation. Obviously Council will have some dialog about how to move forward."

City Administrator Evering stated, "I want to thank Daniel and the Directors for their input. Again, these are our recommendations to you. Obviously, it is your decision as Council to tell us what you would have us do in terms of the overall and actual budget. We, of course, will make any adjustments that are necessary to make sure that we are in line with what you all like. As a reminder, this is part of the five-year plan that we discussed last year. It is my recommendation that we stick as close to that as possible, so that we can be in a better position financially as we continue to progress. Of course, it is a plan, and we can adjust if needed. But it is again Administration's recommendation that we stick as close to that as possible."

Mayor Pro Tem Kalu asked, "We talked about consolidation. In your next presentation to Council could you be more specific to let us know the areas of consolidation? Because that would help us when we vote to know where you are coming from."

City Administrator Evering asked, "To be clear, do you mean consolidation internally within City Departments?"

Mayor Pro Tem Kalu stated, "Yes."

City Administrator Evering stated, "I will provide you all an update as we discussed. We are planning to make some reorganizations, if you will. Currently landscaping is done in both the Parks and Recreation and the Service Departments. In my opinion, there are certainly some inefficiencies. We are planning to take some of those services from Parks and Recreation, combine them with the Service and reorganize the Service Department into a Maintenance Division under the Public Works Department that would be responsible for landscaping and building maintenance. Again, the goal is to cut out any inefficiencies, whether they are operational or from a capital standpoint in terms of equipment. The result of that would be Parks and Recreation in terms of landscaping would just be responsible for North Road and Hillcrest. They would also be responsible for tournaments and events they have going on there. The landscaping responsibility including parks and the cemeteries will now be the focus of the Maintenance Division under the Public Works Department. Again, the hope there is to have some efficiencies, both from an operational and from a capital standpoint."

Councilmember Hannah asked, "Are all Department Heads here presently? I know some have dual roles."

City Administrator Evering stated, "Yes."

Councilmember Hawkins asked, "Who would be responsible for maintaining the Gardens landscaping?"

City Administrator Evering stated, "The new Maintenance Division will be responsible. Mr. Harley Houston will still be the primary point of contact and will report to Mr. Roger Brant."

Councilmember Hawkins asked, "Does crime scene and evidence fall under the Forensics budget?"

City Administrator Evering stated, "Yes."

Councilmember Hawkins asked, "If we go with the recommendation, where will the funds come from to keep crime scene and evidence?"

Chief Austin stated, "That is in the Investigations budget."

Councilmember Hawkins asked, "We have already planned that for the FY27 Budget?"

Chief Austin stated, "The evidence technician is already in place under Forensics and Forensics is under the Investigations budget."

Councilmember Grevious asked, "You are giving Council a department-by-department breakdown of the FY27 Budget. What is the forecast for the overall FY26 Budget in terms of how we are ending.?"

City Administrator Evering stated, "I think we are going to be in a positive position. I am reluctant to say how much because you know anything can happen, but based on the way we are trending, I think we are going to be finishing in the positive."

Mr. Driggers stated, "I looked at it this morning. Revenue is currently at 62 percent of the budget and expenditure is at 62 percent. So, we are right in line with below our budget for the year."

Mayor Butler thanked City Council, City Administrator Evering, Department Directors and the budget team for the hard work on the budget.

Respectfully submitted,

Linda McDaniel

Linda McDaniel
City Clerk