

CITY OF BEAUFORT, SC

City Council Worksession
Revenue Projections for FY 2016 Budget
April 21, 2015

PRIMARY REVENUE SOURCES

- ▶ The City's primary revenue sources are as follows:
 - Property Taxes which include:
 - Current Property Tax
 - Property Tax for Debt
 - Delinquent Property Tax
 - Penalties and Interest
 - Vehicle Property Tax
 - Homestead Merchant Tax
 - Motor Carrier Tax
 - Payment in Lieu of Taxes
 - Local Hospitality and Accommodations Tax
 - Business License Tax
 - Franchise Fees
 - Stormwater Utility Fees
 - Refuse Collection Fees

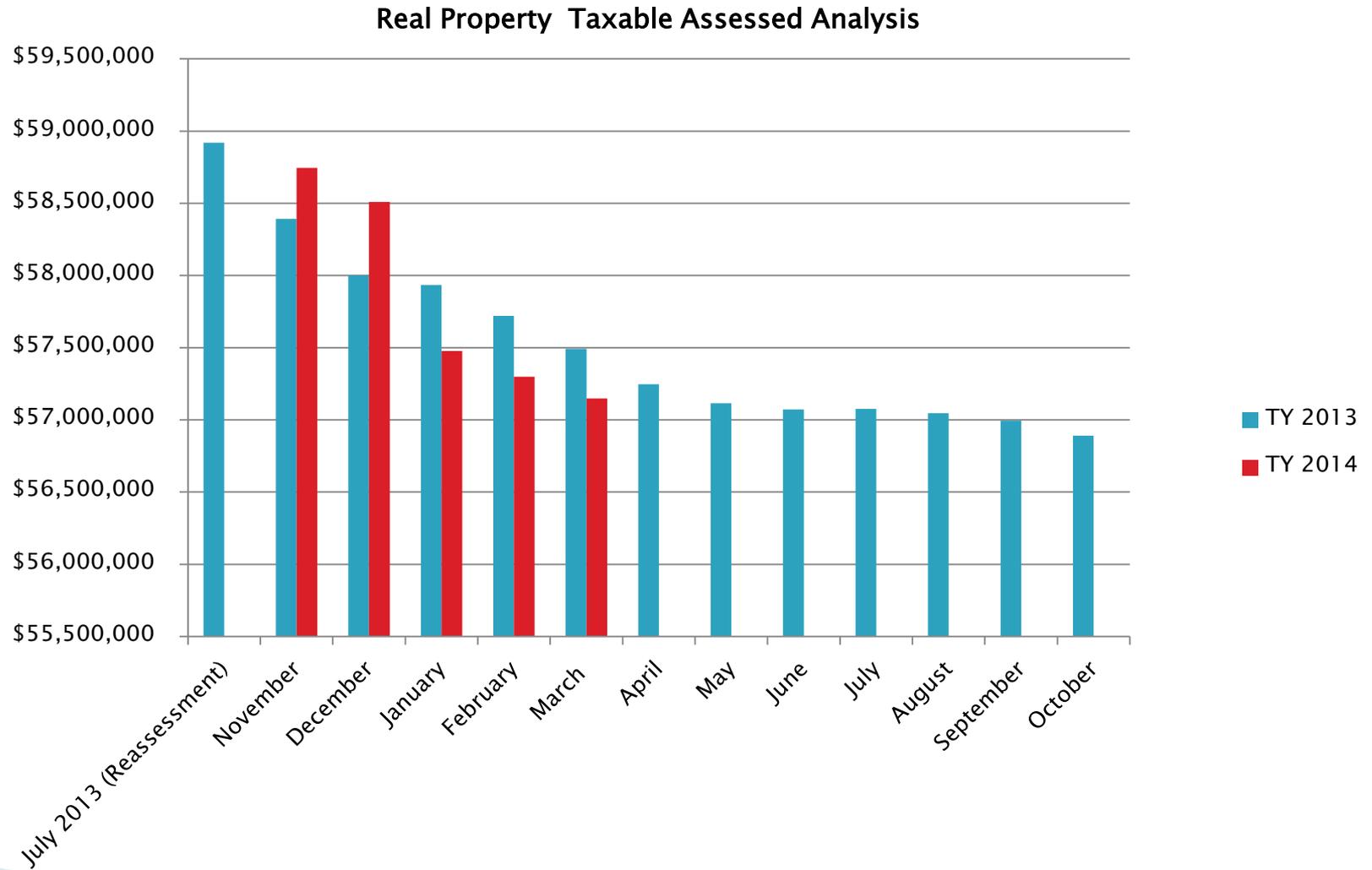
Primary Revenue Sources (cont'd)

- Property tax represents the largest revenue source comprising 30% of the total revenues.
- Business License represents the 2nd largest revenue source of the City, comprising 19–20% of the total revenues.
- Local Hospitality and Accommodations Tax represents 13% of the total revenues of the City and comes in as the third largest revenue source and is followed by:
 - ❑ Franchise Fees at 12% of the total revenues
 - ❑ Refuse collection fees at 6% of the total revenues and
 - ❑ Stormwater fees at 5% of the total revenues.

PROPERTY TAX REVENUE ESTIMATE

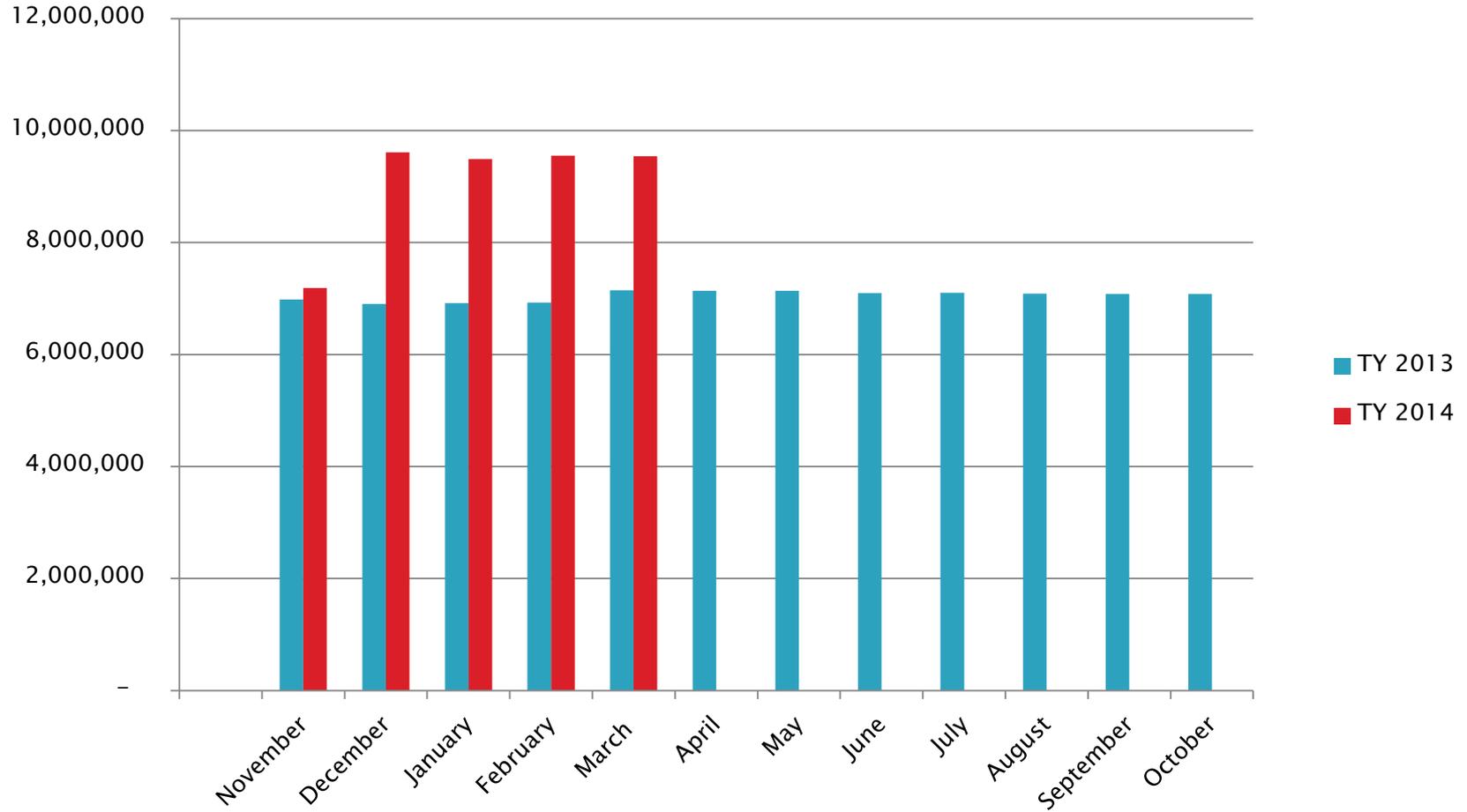
- The County Tax Assessor provided estimated Taxed Assessed Values for the upcoming 2015 Tax Year.
 - ❑ The estimate was as of April 1, 2015.
 - ❑ The estimated real property taxable assessed value, less the TIF II increment totaled \$59,816,063 which appears to be a 5% growth from the current tax year real property values.
 - ❑ Personal Property Taxable Assessed Value is estimated at \$9,549,110 or a 35% increase over tax year 2014..
 - ❑ Vehicle Taxable Assessed Value is estimated at \$5,276,400 or a 7% increase.
- The property tax revenue estimate for the FY 2016 factored in the following two assumptions:
 - ❑ Real property taxable assessed value valued at 98% of the Tax Assessors estimate to compensate for appeals and adjustments throughout the fiscal year.
 - ❑ A collection rate of 93% for current property tax revenue which has been the average collection rate the past couple of years.

PROPERTY TAX REVENUE ESTIMATE (Cont'd)



PROPERTY TAX REVENUE ESTIMATE (Cont'd)

Personal Property Taxable Assessed Analysis



PROPERTY TAX REVENUE ESTIMATE

Description	Object	Average	
		Budget	Projected Budget
Current Property Tax	4000	2,883,830.73	\$ 3,014,245.94
Property Debt Mil	4001	1,364,831.00	1,364,830.51
Delinquent Property Tax	4002	190,800.14	209,267.19
Penalties & Interest	4004	35,881.29	33,314.27
Vehicle Property Tax	4010	221,099.86	290,249.63
Homestead Merchant Taxes	4012	131,081.14	142,630.39
Motor Carrier Tax	4014	2,885.71	2,800.00
Payment in Lieu	4016	26,301.43	26,000.00
			<u>\$ 5,083,337.92</u>

Estimated Assessed Value	\$ 68,320,503	98% of Estimate per County as of April 1, 2015
Vehicles	5,276,400	Preliminary Mil from County
	73,596,903	Real & Personal Assessed Value
	3,241,124.66	O & M Millage - 47.44 mils
	1,419,700.05	Debt Millage - 20.78 mils
	359,956.01	Vehicles at 68.22mils

- Following the assumptions for the estimates from the previous slides and an operating millage of 47.44mils and a debt mil sufficient to cover the FY 2016 debt payment of 20.78mils.
 - ❑ No change in the Operating mil from FY 2015.
 - ❑ No change in the Debt mil from FY 2015.
 - ❑ Elimination of the Deficit mil of 3.72mils

OTHER REVENUES

- Business License Revenues
 - ❑ No change fees, fee structure or rates for the FY 2016 budget with revenue estimates the same as for FY 2015, of \$3.5M.
- Local Hospitality and Accommodations Tax Revenues
 - ❑ The City is at the maximum percentage allowed by State Law of 2% for Hospitality and 3% for Accommodations Tax.
 - ❑ Hospitality Tax has realized a 10% growth in revenues between FY 2012 and FY 2015, with modest annual growth over the past 3 years of 2%. The estimated revenues for FY 2016 is \$1.6M
 - ❑ Local Accommodation Tax has realized a 21% growth in revenues between FY 2012 and FY 2015, with a modest average annual growth over the past 3 years of 4%. The estimated revenues for FY 2016 is \$600K.

OTHER REVENUES (Cont'd)

- Franchise Fees come from Beaufort Jasper Water & Sewer, SCE&G, and the telephone utility companies.
 - ❑ Revenues are anticipated to remain stable with no significant growth or change other than a projected increase based on historical growth in SCE&G gross revenues.
 - ❑ Beaufort Jasper Water & Sewer franchise fee is estimated at the same value as FY 2015 of \$675K.
 - ❑ Other Franchise Fees is estimated at \$1.4M which is a slight increase of approximately \$100K over the FY 2015 budget estimate, due to anticipated growth of SCE&G gross revenues.
- No change is anticipated for the Refuse Collection revenues and no fee increase is being proposed.
 - ❑ The RFP for contract services is currently out for proposals. At this time we are anticipating an increase related to Commercial refuse collections as this sector of service has been under priced the past several years.
 - ❑ Estimated FY 2016 revenues is \$975K.

OTHER REVENUES (Cont'd)

- No change is anticipated for the Stormwater Fee though the City has not yet received the results of the Stormwater Utility Rate study that is being conducted by Applied Technologies & Management that the County and other Beaufort County municipalities are participating in.

POTENTIAL NEW REVENUE SOURCE

- Due to the limited areas in which Municipalities are restricted from increasing revenues, and the ever increasing costs associated with providing public safety services, one area that is under consideration pending direction of City Council is the adoption of a new fee – a Public Safety Fee.
- According to State Law, Section 5-7-30, 5-7-60 and 6-1-330, Municipalities are authorized to levy service charges.
 - ❑ Section 6-1-330 requires any service or user fee must be used for the services for which the fees are paid.
- The Service fee should be established on an equitable basis.
 - ❑ Proposing that the basis of the fee be the appraised value of all real property in the City as this is the same value that is used by insurance companies at establishing property owners insurance rates.
 - ❑ As of March 31, 2015 the Appraised Value of all Real Property in the City was \$1,852,894,573.

POTENTIAL NEW REVENUE SOURCE (Cont'd)

- A .05% of the Appraised Value would generate approximately \$909,975.
 - ❑ There are approximately 6,492 parcels of real property within the City.
 - ❑ The fee equates to \$.0005 per \$1 of appraised value

Tax Assessor Classification	# of Parcels	High Appraised Value	Highest Public Safety Fee	Lowest Appraised Value	Lowest Public Safety Fee	Average Appraised Value	Average Public Safety Fee	Median Appraised Value	Median Public Safety Fee
Agricultural	87	\$ 16,826,800	\$ 8,413.40	\$ 1.23	\$ 0.30	\$ 1,267,493	\$ 633.75	\$ 142,650	\$ 71.33
Church & Cemetary	55	10,381,500	5,190.75	500.00	0.25	692,324	346.16	140,100	70.05
Commercial	743	14,259,400	7,129.70	-	-	60,988	302.07	139,700	69.50
Educational	24	33,404,500	16,702.25	1,100.00	0.55	4,306,825	2,153.41	143,200	71.60
Government	38	5,261,000	2,630.50	500.00	0.25	1,022,395	511.20	141,900	70.95
Home Owners Association	25	144,600	72.30	300.00	0.15	6,500	3.25	91,800	45.90
Manufacturing	20	1,552,500	776.25	300.00	0.15	366,800	183.40	137,400	68.70
Mobile Home Platted Lot	93	120,000	60.00	500.00	0.25	10,649	5.32	74,100	37.05
Recreation & Cultural	63	6,773,600	3,386.80	500.00	0.25	514,919	257.46	139,700	68.85
Residentail	5254	2,734,100	1,367.05	300.00	0.15	197,739	98.44	138,350	69.00
TCU	25	650,000	325.00	500.00	0.25	49,188	24.59	133,200	67.00
Tran Commercial Utility	65	4,804,900	2,402.45	500.00	0.25	156,348	78.17	139,600	70.00

- ✓ Average means the typical or common value in a set of values.
- ✓ Median means the value in the middle where there are exactly as many values below the middle as above the middle.

POTENTIAL NEW REVENUE SOURCE (Cont'd)

- The Public Safety Fee would be consistently applied to all property owners just like the Stormwater fee.
 - ❑ Would be applied and included on the Property Tax bill.
- If City Council provides direction to move forward in this FY 2016 Budget cycle the following would be required.
 - ❑ A Public Hearing and 2 readings on a new Ordinance prior to the adoption of the FY 2016 Budget.
- The revenues generated by these fees would be used to supplement the costs associated with providing police and fire protection services to citizens and non citizens within the City limits.

QUESTIONS?