

December 1, 2020 - 1st Reading
December 8, 2020 - Presented for approval.

2020-051 (2nd READING): TO AMEND ORDINANCE NO. 2019-30, THE 2019-20 BUDGET ORDINANCE, RECOGNIZING MATERIAL EVENTS OF MARCH-JUNE 2020 AND THEIR IMPACTS UPON THE 2019-20 BUDGET, RECONCILING APPROPRIATIONS WITH AUDITED RESULTS, RECLASSIFYING TWO FUNDS AS TO THEIR FUND TYPES, AND OTHER MATTERS RELATING THERETO.

Applicant/Purpose: CFO / to adopt a “wind-up ordinance” reconciling appropriations w/ year-end results resulting from timing issues & extraordinary events of the year.

Brief:

- Each year, as the result of closing & adjusting entries, the City considers whether it must adopt a wind-up ordinance to account for adjustments that changed the original adopted budget. Changes to the 2020 Budget include:
 - Downtown Development & Debt Service Funds - reconcile w/ year end accruals.
 - Capital Projects, Local Accommodations & Hospitality Tax Funds - transfer to the appropriate funds to offset operating deficits in the Sports Tourism, Golf Course, Baseball Stadium, and Convention Center.
 - Air Base Tax Increment Funds - recognize the increase in funds declared surplus by the Redevelopment Authority in 10/2020 & distributed to the taxing districts.
 - Conversion of Baseball Stadium & Municipal Golf Course Funds from “enterprise” to “special revenue” funds (consistent w/ the policy of viewing these assets as public recreational assets rather than enterprises w/ profit or loss focus).
- Changes since 1st Reading - given the Supreme Court’s recent ruling on the Hospitality Fee Settlement Agreement, this ordinance provides transfers from the Capital Projects Fund to replace Local Accommodations and Hospitality Tax transfers. Those funds will now be sequestered pending final settlement of the lawsuit.

Issues:

- In 2020, aside from normal issues of timing at the close of the year, a number of events occurred that necessitate a wind-up ordinance including:
 - The pandemic & associated economic & operational impacts.
 - Increases in funding declared surplus by the Air Base Redevelopment Authority & subsequently distributed to the School District, County, & City.
- Many of these events occurred after the fiscal year end but impacted the FY2019-20 financial results, thus requiring this budget amendment.

Public Notification: Standard notification of ordinances.

Alternatives: No viable alternatives.

Financial Impact: No financial impact.

Manager’s Recommendation:

- I recommend 1st reading (12/1/2020).
- I recommend approval (12/8/2020).

Attachment(s): Proposed ordinance.

CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA

TO AMEND ORDINANCE NO. 2019-30, THE
2019-20 BUDGET ORDINANCE,
RECOGNIZING MATERIAL EVENTS OF
MARCH-JUNE 2020 AND THEIR IMPACTS
UPON THE 2019-20 BUDGET,
RECONCILING APPROPRIATIONS WITH
AUDITED RESULTS, RECLASSIFYING
TWO FUNDS AS TO THEIR FUND TYPES,
AND OTHER MATTERS RELATING
THERE TO

WHEREAS, Section 5-13-30(3) of the Code of Laws of South Carolina requires that a municipal council shall act by ordinance to adopt budgets and to levy taxes pursuant to public notice; and

WHEREAS, Ordinance 2019-30, the City's Budget Ordinance for FY 2019-20 was adopted by City Council on June 11, 2019; and

WHEREAS, material events including the onset of the COVID-19 pandemic and its consequent impacts upon the local economy, the settlement of the Hospitality Fee lawsuit, increases in the distribution of surplus funds from the Air Base Redevelopment District, among others; and

WHEREAS, as a result of activities during the year, expenditures or expenses in certain funds will exceed their original estimates;

WHEREAS, certain expenditures originating in the Sports Tourism, Golf Course, Baseball Stadium, and Convention Center funds have been determined to qualify for funding from the Local Accommodations Tax and Local Hospitality Tax under SC Code §§ 6-1-530 and 6-1-730, respectively, which funds have been sequestered pending disposition of the Hospitality Fee Lawsuit between the City and Horry County, can be funded by transfers from the Capital Projects fund in the 2019-20 fiscal year;

NOW, THEREFORE, BE IT ORDAINED by the governing body of the City of Myrtle Beach, in Council duly assembled, and by the authority of the same, that the 2019-20 budget is hereby amended as follows:

Sec. 1. Downtown Development Fund.

a. Supplemental funding sources are hereby estimated as follows:

Sale of Capital Assets	\$ 38,297
Total	<u>\$ 38,297</u>

b. Supplemental appropriations are hereby established as follows:

Community and Economic Development	\$ 38,297
Total	<u>\$ 38,297</u>

1 Sec. 7. Contingency provisions for potential lawsuit settlement.

2 In the event that a Settlement Agreement is reached in the Hospitality Fee lawsuit
3 between the City and Horry County during the ensuing fiscal year (FY2020-21), and the
4 aforementioned Local Accommodations Taxes and Local Hospitality Taxes may then be
5 released from sequestration, then the Chief Financial Officer shall be authorized, and is
6 hereby authorized, to transfer the amounts of eligible expenditures referenced in the
7 findings of the preamble to this ordinance in the Sports Tourism, Golf Course, Baseball
8 Stadium, and Convention Center Funds, from the Local Accommodation Tax and
9 Hospitality Tax Funds, respectively, to the funds in which the expenditures originated. A
10 like amount of funding shall then be transferred from those Funds, respectively, to
11 replenish the balances in the Capital Projects Fund.

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13 AND BE IT FURTHER ORDAINED that Ordinance No. 2019-30, the 2019-20 Budget Ordinance, is
14 hereby amended for the purpose of changing the measurement focus of the Baseball Stadium
15 Fund and the Municipal Golf Course fund in order to align the accounting for these funds more
16 closely with policy objectives related to the use of the assets, which are viewed as public
17 recreational assets.

18 Sec. 8. Baseball Stadium Enterprise Fund

19 a. Creation of Baseball Stadium Special Revenue Fund

20 The creation of a Baseball Stadium Special Revenue Fund is hereby recognized.

21 b. Transfer of Capital Assets

22 The Capital Assets of the Baseball Stadium Enterprise Fund in the amount of
23 \$9,533,997 are hereby transferred to the Baseball Stadium Special Revenue Fund.

24
25 Sec. 9. Municipal Golf Course Enterprise Fund

26 a. Special Revenue Fund.

27 The creation of a Municipal Golf Course Special Revenue Fund is hereby
28 recognized.

29 b. Transfer of Capital Assets.

30 The Capital Assets of the Municipal Golf Course Enterprise Fund in the amount of
31 \$13,698,174 are hereby transferred to the Municipal Golf Course Special Revenue
32 Fund.

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34 Sec. 10. Severability.

35 If, for any reason, any provision of this ordinance shall be declared invalid, such
36 declaration shall invalidate that specific provision but shall not affect the remaining
37 provisions hereof.

38 Sec. 11. Conflicts.

39 Should conflicts arise between this and any preceding ordinances, this ordinance shall
40 prevail with respect to the conflicting sections.

1 This ordinance shall become effective upon its adoption.

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BRENDA BETHUNE, MAYOR

6 ATTEST:

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JENNIFER ADKINS, CITY CLERK

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13 1ST Reading: 12-1-2020

14 2nd Reading: 12-8-2020