

**ISLE OF PALMS
WAYS & MEANS COMMITTEE
BUDGET WORKSHOP**

May 14, 2007

A budget workshop meeting of the Ways and Means Committee was held at 5:00 p.m. on Monday, May 14, 2007 at the Building Department, 1301 Palm Boulevard, Isle of Palms, South Carolina, all requirements of the Freedom of Information Act having been satisfied. Present were Mayor Sottile, Council Members Bettelli, Buckhannon, Cronin, Hanbury, McMackin, Rice, and Taylor; City Administrator Tucker, Public Works Director Pitts, Recreation Director Page, Chief Buckhannon, Chief Graham and Treasurer Suggs

1. Introduction of Meeting

Committee Chairman Marino called the meeting to order and stated that members of the press and public were duly notified of the meeting in accordance with State Law.

2. Citizen Comments

There were no citizen comments.

3. Old Business

A. FY08 Budget Review

Administrator Tucker stated the majority of the changes came out of the Public Safety Special Meeting on Friday, May 11, 2007. The possibilities associated with the Fire Station #1, Public Safety Building, and Public Safety Outpost were developed. The Public Safety Committee is recommending placing the Public Safety Complex on the present Fire Station #1 site. The funds to purchase the Post Office property as well as the utility expense associated with the property, has been deleted. The funds to upgrade City Hall were also deleted. The \$100,000 for minor renovations to City Hall to accommodate the Building Department after their building is demolished remained in the budget. The demolition of the Public Works building and the reconfiguration of that site have been deleted. Administrator Tucker reported that there was much discussion at the Public Safety Committee meeting concerning the Public Safety Outpost. A citizen's comment regarding the permit was filed regarding the access at the outpost. Because there were many questions that appeared to be improbable to resolve in the upcoming fiscal year, the Public Safety Committee has recommended the removal of the Public Safety Outpost at least from this bond issue.

The items to remain in the budget would be the demolition of the Building Department building, minor renovations to City Hall, demolition of Fire Station #1, reimbursement for expense of purchasing #8 and #10 Thirteenth Avenue; and subtraction of the balance of funds on hand for construction of a fire station, for a total of approximately \$7,740,000 for the Fire Station project. Administrator Tucker explained that \$12 million is our maximum debt for non-referendum bond issue. If the City proposed a \$12 million

project right now, it would use all of the City's available debt without going to a referendum. The negative aspect of that scenario is, if there were an emergency, a referendum would have to be held in order to borrow funds.

She explained further how much that would cost the City in debt service and how many mills the city would need to raise the millage in order to service the debt. The mills would be 3.01 mills. The current millage is 18.5. With the increase of CPI, millage allowed by population increase, and millage from the project recommended by the Public Safety Committee, the new millage would be 22.09. For calculation purposes, the figure of 22.1 was used to determine the affect of increase on Isle of Palms property taxes. For an owner-occupied house, it would increase \$14.37 per \$100,000 in appraised value. For a non-owner occupied house, it would increase \$21.55 per \$100,000 in appraised value. For a one million dollar house, the increase would be \$221 for Isle of Palms taxes for a non-owner occupied house and \$140 if owner-occupied. The Public Safety Committee recommendation has reduced the project to a much more manageable level in terms of debt limit and budgetary impact, although it still is a large endeavor to undertake.

The Committee asked the Administrator to discuss with Cole + Russell if they could use a zero lot line in the site design and fit it into the same fenced area, if possible, so no parking would be interrupted. She will also discuss with them the use of asphalt alternatives, such as a pervious surface, for the ground level parking to help with runoff and drainage. After the Building Department building is demolished, some type of soft parking area will be developed to enhance the parking for the City Hall.

Councilman Taylor stated that the Committee discussed repaying the City for the lot purchases on Thirteenth Avenue and the amount of funding currently set aside. These are equivalent amounts. The Committee reviewed the constraints of the Municipal Accommodations Tax and the Hospitality Tax; those would need to go to specific purposes. The two amounts of funds basically wash each other out. The end result is the City was able to forego paying interest payments on the lots for the term from October to until the bond is issued.

Administrator Tucker reviewed the changes made to the budget by the Committees:

General Fund:

- Increased revenues to reflect 4.8% CPI plus growth factor;
- Addition of \$1,000 for Public Works for new licensing requirements associated with entities that have fuel dispensing systems;
- Fuel cost to \$2.80 per gallon;
- \$312,000 reduction in debt service for the bond issue;
- Public Safety Outpost staffing reduction since project deleted.

Municipal Accommodations Tax:

- Increased revenue for the grant award for dunes walkover and corresponding increase in cost;
- Addition of provision for underground wiring project;

- Public Safety Outpost staffing expense deleted; same corresponding changes on Hospitality fund and State Accommodations fund..

Marina Fund:

- Increased Marina Contingency fund by \$10,000.

If all these changes are made to the budget, the millage of 22.01, as stated earlier, would be the millage rate.

MOTION: Mayor Sottile made a motion to accept these changes as presented; seconded by Councilman Taylor.

Discussion:

Councilwoman Rice inquired about the area considered for underground wiring. Councilman Cronin stated probably at the Public Safety Building; from City Hall to 21st Avenue were areas to consider. Administrator Tucker added that the Gateway Area would be the primary area to begin.

Call for the question: MOTION UNANIMOUSLY PASSED.

B. Prioritization of Projects Over \$250,000

Administrator Tucker stated each Committee prioritized their respective projects; the goal at this meeting was to get a City-wide consensus of the top 3-5 projects of Council. There was discussion concerning the bulkhead. The Real Property Committee is sending a recommendation to Council that the bulkhead be replaced this year. Chris Moore is working on an estimate. Treasurer Suggs noted the City has approximately one million dollars for this project and estimates there is approximately \$250,000 in the unreserved fund balance. The decision needs to be made whether to increase the budget for this project. Councilman Taylor stated that the City may be able to shift some payments to the bulkhead project from other areas. Councilwoman Rice suggested some Hospitality Tax funds could also be set aside for this.

Councilman Cronin stated the City may want to consider budgeting for beach renourishment. He noted that Hilton Head Island just started Phase 2 of their plan. The first phase, engineering and permitting, took one year, and cost about \$400,000. It is funded out of the Accommodations Tax. They received the entire three percent of their Accommodations funds, with two percent used solely for beach renourishment. Mayor Sottile noted that with the severity of erosion, the City should be responsible and put funds aside now as a show of good faith.

MOTION: Mayor Sottile made a motion to task the Administrator and Treasurer with finding \$200,000 to put in this budget specifically for beach renourishment from the Accommodations tax; seconded by Councilman Marino.

Discussion:

Councilwoman Hanbury inquired if the State does renourishment projects. Councilman Cronin reported that the State has five million dollars for the entire state. The Accommodations Tax is to be used for tourist related items, such as beach renourishment. At this time there is not specific information available concerning the Accommodations Tax received from buildings in that area. He added that, based on licenses for rental properties, probably 50% of Accommodations Tax comes out of just those properties. Mayor Sottile noted that the City needs to take a lead role. The City, Wild Dunes and property owners will all need to contribute. The State Legislature will need to get involved in order to secure funding from the state and federal levels. Administrator Tucker summed up that they are requesting \$200,000 to be placed in the budget as a place holder in case it is needed; but, in tandem with that, once the Beach Management Plan is approved, the City has the ability to a) go to the Legislature this year to make a grant to the City for designing and permitting this program and b) discuss with Charleston County the possibility of using all of the Accommodations Tax revenues for Isle of Palms.

Call for the question: MOTION PASSED BY A VOTE OF 8-1.

Councilwoman Rice reported that the lights on the baseball field are at a dangerous point. She wanted the consensus of Council as to whether the lights should be replaced now at a cost of \$300,000 or wait until the project for turning the ballfields around can be funded in the future. Councilman Buckhannon stated that the lights are not unsafe at the ground level; it is the wiring at the top and minor repairs will be needed. Mayor Sottile stated the ballfields should be turned around before the lights are replaced, but it will probably be a couple of years.

Administrator Tucker stated the advertisement indicating a millage increase will be in the newspaper soon and for Council to be prepared to identify the major reasons for this increase to constituents. She then gave an overview of the Ways and Means Committee meeting for May 15, 2007.

MOTION: Councilman Marion made a motion to adjourn, seconded by Councilman Cronin; MOTION UNANIMOUSLY PASSED.

The meeting adjourned at 6:10 p.m.