

Special City Council Meeting
9:00 a.m., Tuesday, November 13, 2018

A Special Meeting of City Council was held at 9:00 a.m., Tuesday, November 13, 2018 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Buckhannon, Ferencz, Kinghorn, Moye, Rice, Smith and Ward, Mayor Carroll, Interim Administrator Fragoso and Clerk Copeland; a quorum was present to conduct business. Councilmember Bell was absent.

1. Mayor Carroll called the meeting to order and acknowledged that the press and public were duly notified of the meeting in accordance with the Freedom of Information Act.

2. **Purpose**

Consideration of distribution of FY18 positive net result

Mayor Carroll commented that Treasurer Suggs had generated and distributed a schedule explaining how the City achieved a positive net result of eight hundred seventy-nine thousand nine hundred seventeen dollars (\$879,917) for FY18; at the bottom of the page was a recommendation from staff for its distribution based on actions taken in the past. The proposed distribution was as follows:

\$118,415	to the Disaster Recovery Fund to bring its balance to \$2,500,000
\$600,000	to the Capital Projects Fund to be used toward drainage and other capital expenditures,
\$161,502	to the General Fund to maintain a healthy unassigned balance.

The Treasurer reminded Council that the only source of funds for the Capital Projects fund was the General Fund, primarily a portion of the positive net result at year-end.

(A copy of the schedule is attached to the historical record of the meeting.)

MOTION: Councilmember Ward moved to approve the suggested distribution of the FY18 positive net result of \$879,917 as stated above; Councilmember Rice seconded.

Councilmember Rice said that she thought more money should be dedicated to drainage; it was the Number 1 problem on the island and the primary concern for the residents.

When Councilmember Ferencz asked why a decision had to be made today, Treasurer Suggs stated that this decision was needed to make the final journal entry for FY18 and to finalize the audit. The Treasurer stated that Council could transfer it to the Capital Projects Fund and make distributions to other funds at a later date.

Councilmember Ward read into the minutes an email he received yesterday from Councilmember Bell expressing his thoughts about this meeting:

“What we are doing is not a sustainable or acceptable practice. \$800 this year, over \$600K last year, and I’ll leave it to you for the prior years net positive that without sound thinking get placed into capital projects as the primary account for monies that should have been appropriately planned and budgeted based on analysis going forward identified need

- Known priority projects that lack sufficient information for informed decisions
 - Public Safety Building repairs
 - Morgan Creek Grill building repairs
 - Marina dock repairs
 - Drainage outflow

As discussed, I have a long standing charity commitment and cannot attend the special council meeting scheduled for tomorrow.

In my opinion, we need to take a deep breath and rethink prior Council practices that made no sense then, and make even less sense now. A delayed audit report is much better than a poor decision. It is not possible for Council members to properly digest this purported windfall without supporting data regards our continued budget shortfalls and projected revenue deficiencies. The definition of insanity is doing the same thing over and over and expecting a different result.”

Councilmember Ward stated that he agreed with Councilmember Bell's opinion; the projects he listed in the email were serious concerns to Councilmember Ward who is also the Chair of the Ways and Means Committee. He indicated that he did not know where the money would come from to pay for the repairs that must be done. Councilmember Ward also wanted to see this Council act differently from Councils in the past, and better budgeting was the key.

Councilmember Rice asked if a financial workshop was being planned, and the Mayor responded that no workshop was planned before the end of the calendar year.

Councilmember Ferencz asked if the money in the Capital Projects Fund for FY18 had been spent in full, and Treasurer Suggs replied that it had not. The Councilmember expressed that she could not support putting all of the net positive result into the Capital Projects Fund; she wanted “any and all information” on the projects before any decisions were made.

Treasurer Suggs said that she had met with Councilmember Ward relative to the net positive result and its distribution; she noted that some money was routinely transferred to the Disaster Recovery Fund and that the Drainage Fund was under the Capital Projects Fund umbrella. She also wanted Council to understand that funds could be transferred out of the Capital Projects Fund at any time and repeated that the only source of funds for Capital Projects was the General Fund net positive result.

Councilmember Rice commented that she was satisfied with the proposed distribution, but that she would not be happy waiting until February to make a decision.

Stating that Council needed guidance from staff relative to the financial requirements of the special projects. As to the net positive result, Councilmember Ward supported taking the money into 2019 in the General Fund and making distribution decisions later.

Since the funds can be re-directed at any time, Councilmember Smith indicated that she could support staff's recommendation for the distribution.

Councilmember Buckhannon said that the transfer to the Disaster Recovery Fund should be made, but the four (4) projects referenced by Councilmember Bell should be priority projects.

AMENDMENT: Councilmember Ferencz moved to transfer the FY18 net positive result of \$897,917 to the unassigned funds in the General Fund; Councilmember Buckhannon seconded.

Treasurer Suggs explained that, if this was to be Council's decision, the transfer-out to other funds would create a large deficit in the General Fund in the next budget cycle.

Councilmember Ward agreed that such a deficit would look strange, but it would not reflect reality, but numbers on a page.

Councilmember Ferencz then asked if the money could be put into a reserve fund for FY20.

Treasurer Suggs reiterated that funds in the Capital Projects Fund were unassigned and that the Drainage Fund was included in the Capital Projects Fund.

Councilmember Ward withdrew the original motion, and Councilmember Rice withdrew her second.

Councilmember Ferencz withdrew the amendment and Councilmember Buckhannon withdrew his second.

MOTION: Councilmember Rice moved to transfer the FY18 positive net result to the unassigned Capital Projects Fund, and Councilmember Buckhannon seconded; the motion PASSED in a vote of 5 to 2 with Councilmembers Kinghorn and Ward casting the dissenting votes.

3. Adjourn

MOTION: Councilmember Smith moved to adjourn the meeting at 9:30 a.m.; Mayor Carroll seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk