

WAYS and MEANS COMMITTEE
5:00 p.m., Tuesday, January 16, 2018

The regular meeting of the Ways and Means Committee was called to order at 5:00 p.m., Tuesday, January 16, 2018 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bell, Buckhannon, Kinghorn, Moye, Rice, Smith and Ward, Mayor Carroll, Administrator Tucker, Assistant Administrator Fragoso and City Clerk Copeland; a quorum was present to conduct business.

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. Election of Chair and Vice Chair

Councilmember Buckhannon nominated Councilmember Ward for Chair of the Committee; Councilmember Rice seconded. Councilmember Ward was elected Chair of the Ways and Means Committee on a vote of 7 to 0 since Councilmember Kinghorn was not in Council Chambers when the vote was taken.

Chair Ward nominated Councilmember Bell to serve as Vice Chair; Councilmember Moye seconded. Councilmember Rice also nominated Councilmember Buckhannon, but the nomination was not seconded, and, was, therefore, withdrawn. Councilmember Bell was unanimously elected Vice Chair of the Ways and Means Committee.

3. **Citizens' Comments** – None

4. Approval of Previous Meeting's Minutes

MOTION: Councilmember Rice moved to approve the minutes of the regular meeting of November 28, 2017 as submitted; Councilmember Kinghorn seconded and the motion PASSED UNANIMOUSLY.

5. **Financial Statements** – Treasurer Debbie Suggs

A. Financial Statement

At the end of December, the City was half (½) of the way through the fiscal year, making the target for General Fund revenue and expenditures fifty percent (50%). Revenues were at twenty-eight percent (28%) of budget and ninety-seven percent (97%) of where the City was last year. The Treasurer stated that Property Taxes revenue was cyclical for the City with the large collections in January, February and March; the amount showing on the summary schedule reflects collections for November 2017. Business Licenses are due at the end of April and currently are at sixteen percent (16%) of budget; on the other hand, rental licenses have renewed and are at ninety percent (90%) of budget. The revenue from parking is split between two (2) fiscal years and is at forty-five percent (45%) of budget. Expenditures overall were at forty-three percent (43%) of budget; the Mayor/Council expenditures show an over budget condition due to the payment of salaries in November, and the Public Works Department is over budget due to the overtime incurred related to recovery from the storms. Included in Other Licenses are franchise fees which typically come in at the end of the fiscal year, like insurance license fees, telecommunications licenses and business license fees from transportation companies like Uber.

Cash on-hand is healthy with a total of approximately twenty-five million dollars (\$25,000,000) in the bank; ten million dollars (\$10,000,000) of the total is for the current beach renourishment project.

Chair Ward stated that he wanted to have a simpler summary of the City's finances that residents could easily understand, for instance encumbered versus unencumbered; he has discussed this with the Treasurer, and she is trying to devise such a report in the BS&A software. She noted that, in the new financial software, an encumbrance is not recognized until it actually occurs; therefore, she does not believe that she can accomplish the goal through the BS&A system.

Councilmember Rice opined that the information Chair Ward wanted to see was in the project worksheets that are reviewed each month.

When asked by the Mayor about how the new software was working, Treasurer Suggs responded that everyone was still learning and that she, personally, was going to have to change her process for closing out the month. She noted that the new system has streamlined the process in Accounts Payable and eliminated the flow of paper documents because everything is done electronically.

B. Tourism Schedules

Municipal Accommodations Fees collected were in excess of sixty-four thousand dollars (\$64,000) compared to fifty-seven thousand dollars (\$57,000) for the same month last year, and are running three percent (3%) ahead year-to-date. The City has received only the first State Accommodations Tax payment, and it has already been reported. The City has received one (1) check for the Charleston County Accommodations Tax Pass-through, but the Treasurer has been told to expect another check this year. Hospitality Taxes collected were slightly higher than in FY17, and, year-to-date, collections are running seven percent (7%) ahead of FY17. The Beach Preservation Fee always mirrors the Municipal Accommodations Taxes.

C. Projects Worksheets

The Public Works Wash-down Project has been completed and the City has paid the final pay application to Hitt Contracting; therefore, this worksheet will be retired. On the Phase II Drainage Project, 45th to 52nd Avenue, the City has paid the first construction pay application; comparing the project funding to the anticipated expenses, the project is short more than sixty-three thousand dollars (\$63,000) which the City is planning to pay from the project's contingency. The Beach Restoration Project worksheet is the same one discussed earlier at the Special Meeting, and it does not show the additional one hundred fifty thousand dollars (\$150,000) coming from Wild Dunes.

Treasurer Suggs explained that the financial information for the meeting included balance sheets by fund; Fund 10 is the General Fund from which the City pays its operating expenses, such as wages, fringes, utilities, insurance, etc. The Treasurer pointed to the Capital Projects Fund which shows a negative cash balance and reminded the Committee that the decision was made to pool cash when it moved to the new financial software. While the Capital Projects Fund indicates that

it has a negative cash balance, no checks will bounce because there is plenty of money in the pool.

The Treasurer indicated that she was undecided about doing journal entries at the end of the month moving cash into these accounts to allay anyone's fears; she asked for input from the Committee.

Responding to Councilmember Rice, the Treasurer stated that the investments line on the balance sheets indicates money invested with the Local Government Investment Pool (LGIP).

The other reports included in the packet were the detail revenue and expenditure report by fund that presents each general ledger account by fund and then by department and a composite revenue and expenditure report by fund that, for instance, shows the total of salaries and wages for the City.

6. Old Business – None

7. New Business

Administrator Tucker stated that the Procurement Code states that Council is required to award contracts of a certain amount; if a contract is included in the budget and under twenty-five thousand dollars (\$25,000), staff only has to report on it to Council. The items listed are of the level that Council needs to approve the award of the contract or items included in the FY18 budget while others represent things that have come up that can be accommodated by the FY18 budget.

- A. Consideration of a contract award to Love Chevrolet in the amount of \$25,370, state contract pricing, for one (1) 2018 Chevrolet Silverado Extended Cab 4x4 to replace the animal control truck** (Page 22, ln 32 - Capital Projects Fund, Police Department Capital Outlay, \$30,000)

MOTION: Councilmember Kinghorn moved to award a contract to Love Chevrolet as detailed above; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

- B. Approval of up to \$5,000 for the placement of a Checkmate in-line flapper valve for 20th Avenue to the outfall** (Page 23, line 51 – Capital Projects Fund, Drainage Contingency, \$35,000)

MOTION: Councilmember Kinghorn moved to approve up to \$5,000 for flapper valve to be installed as described above; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

- C. Consideration of a contract award to Jones and Frank in the amount of \$809,591.66 for the removal and replacement of the underground storage tanks at the IOP Marina and the Public Works site, the canopy at the Public Works site and the dock fuel dispensers at the marina** (Page 45, line 90 – Public Works, 50% from Capital Projects, 25% each from MUNI ATAX and State ATAX, \$246,675;

Page 45, line 91 – Replace fuel canopy, Capital Projects, \$30,000; Page 48, line 174 – Replace 4 USTs, $\frac{1}{3}$ from Hospitality Tax, \$178,250, $\frac{2}{3}$ from Marina Fund, \$356,500; Page 48, line 173 - Replace fuel dispensers on dock, Marina Fund, \$25,000)

MOTION: Councilmember Kinghorn moved to award a contract to Jones and Frank in the amount of \$809,591.66 for the removal and replacement of underground storage tanks at the IOP Marina and the Public Works Site, the canopy at the Public Works site and the fuel dispensers on the dock at the marina; Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.

Councilmember Rice noted that the City has been saving for this project for several years, but she asked that, when the tanks at the marina are replaced and the marina parking lot needs to be repaved, if the City had any plans to improve the traffic flow at the marina.

Councilmember Kinghorn stated that this should be a budget item for FY19, and the Chair agreed.

VOTE: The motion PASSED UNANIMOUSLY.

D. Consideration of a sole source contract award to Petroleum Equipment Service in an amount not to exceed \$20,000 for the replacement of the monitoring system for the generator at the Public Safety Building (50% each from PD and FD - Page 22, line 30 and 38 – Capital Projects, PD and FD Maintenance & Service, funds for repairs/maintenance per Hill Report)

Administrator Tucker recalled that the Hill Report contained a long list of things that needed to be done at the Public Safety Building (PSB) and a large sum of money was budgeted to do them, but the City will not be able to get all of them done this fiscal year. The money budgeted for these repairs would be more than sufficient to cover the cost of the fuel monitoring system on the generator at the PSB. The Administrator told the Committee that finding a vendor who could do the work was difficult, resulting in the sole source award. The City looks forward to notifying DHEC that the work has been done even though it is not a compliance issue.

MOTION: Councilmember Kinghorn moved to award a sole source contract to Petroleum Equipment Services in an amount not to exceed \$20,000 to replace the fuel monitoring system on the generator at the PSB. Councilmember Bell seconded.

Mayor Carroll asked if this expense would be one (1) that the City would seek reimbursement for in the legal actions related to the PSB, and the Administrator replied that all of the information has been provided to the City's litigators related to the building along with a host of pictures. Further discussion and consideration related to the generator and its location will be brought up as Council moves into the budgeting process.

VOTE: The motion PASSED UNANIMOUSLY.

- E. **Beach Restoration** – handled in Special Meeting held earlier in the evening
- F. **Consideration of 2019 Transportation Sales Tax (TST) requests**

Public Safety Committee recommendations: Priority #1: Intersection improvements at the end of the IOP Connector and Palm Boulevard and Priority #2: Installation of regulation bike paths on both sides of Waterway Boulevard between 21st and 41st Avenues and Palm Boulevard between 21st and 57th Avenue

MOTION: Councilmember Kinghorn moved to put forth the recommendations from the Public Safety Committee as stated above; Councilmember Bell seconded.

Councilmember Buckhannon asked whether the improvements were for vehicular traffic or for bicycles, and the Administrator said they were for cyclists and pedestrians. Councilmember Buckhannon added that, as part of the beach parking program, he thought that the intersection of 14th and Palm Boulevard should be examined for the flow of traffic through it and the vehicular backups that affect other parts of the island.

Councilmember Smith stated that the bike paths on Waterway would serve two (2) different demographics, i.e. the serious cyclists and the residents and children who use Waterway for exercise or entertainment. She also thought that the bicycle paths on Waterway might draw the cyclists away from Palm Boulevard and the traffic there.

Councilmember Moye asked about other options under consideration.

Administrator Tucker explained that the County has two (2) funding sources for these types of projects, and they are the Transportation Sales Tax (TST) Committee and the County Transportation Committee (CTC). The TST Committee has funds in different categories from which they fund drainage improvements, bicycle and pedestrian improvements, surfacing of unpaved or new roads, augmentation of any type of non-motorized transportation, etc. Another project for which the City received TST funding was the extension of the sidewalk from the Rec Center along 28th Avenue to Palm Boulevard. She reported that for several years the top priority for the City was the Phase I and Phase II Drainage Projects and that it did receive funding from both.

Councilmember Bell stated that a priority in the Public Safety Committee was the selection of a project with a high probability of receiving some funding.

VOTE: The motion PASSED UNANIMOUSLY.

- G. **Results of RFB 2017-08 – Isle of Palms Marina Bulkhead Rehabilitation (Page 48, line 175 – Marina Fund, Capital Purchases, 1/3 Marina Fund, 2/3 State ATAX, \$356,500)**

The bid opening for RFB 2017-08 was today at 2:00 p.m., and the City received three (3) bids as follows:

E&D Contracting Service, Inc. for \$810,000.00
Martin & Sons Contracting Inc. for \$250,000.00
Rakes Building & Maintenance Contractors, LLC, dba Blutide Marina Construction for \$284,000.

The consultant is reviewing the bids for adherence to the bid requirements, and his recommendation for award is expected for the City Council meeting next week.

H. Consideration of a proposal from The Palms Hotel for use of the municipal parking lot for parking for their guests and employees

Administrator Tucker stated that a proposal from The Palms Hotel was included in the meeting packet requesting that they pay no more than six dollars (\$6) per day per vehicle to park in the municipal parking lot in the months that the City charges for parking. The hotel would provide each vehicle with a visible hang tag with an expiration date; they were also requesting that the City provide complimentary season parking passes for their employees. Through their hotel management company, they would provide a monthly report to the City Treasurer of the total number of cars and the number of days their guests were parked in the municipal lot. And they offered to develop a mechanism for resolving discrepancies.

The Administrator reported that the advice given to the hotel's representatives at the Public Safety Committee was that the City has other businesses and their customers using the City lot and paying the rate approved by Council of eight dollars (\$8) per weekday and ten dollars (\$10) on the weekends and holidays. She cautioned that the other Front Beach businesses using the municipal lot might react badly to the hotel being given a rate lower than what they and their customers were paying.

Chair Ward offered his personal recommendation for the City to reject the proposal.

Councilmember Bell stated that the hotel's representatives were clearly instructed to present a proposal that was reflective of the current rate being charged for parking.

Agreeing with Councilmember Buckhannon that a policy was in place, Chair Ward said that he considered this an issue that needed administrative action and that The Palms Hotel should be charged the same rate everyone else pays.

Councilmember Moye suggested that a totally new arrangement might be considered where the hotel would prepay with a true-up later if Council were inclined to give them a preferred rate.

In stating what she thought Chief Buckhannon was thinking, Administrator Tucker asked the question: Why would the hotel's guests not pay the kiosk like everyone else? She stated that

the problem with that idea was that the new parking day starts at 8:00 a.m. every day, which would require hotel guests to get up to feed the meter by that time each morning and to place the ticket in their vehicle. The reason for working with the hotel for an agreement was simply for the convenience of their guests.

Councilmember Kinghorn asked whether the kiosks could be programmed for a thirty-six hour (36 hr.) cycle.

The Administrator stated that she would have an answer to that at the Council meeting.

Chair Ward stated that the matter would be deferred until the Committee received further recommendations from staff.

8. Miscellaneous Business – None

Next Meeting Date: 5:00 p.m., Tuesday, February 20, 2018

Chair Ward announced that a Citizens' Forum was scheduled for Thursday, February 1 at the Rec Center from 5:30 p.m. til 7:00 p.m. The Mayor and Councilmembers would be seeking input from residents and business operators on the island about what they believe is important for Council to address and the priority in which they should be addressed.

9. Executive Session – not needed

10. Adjournment

MOTION: Councilmember Kinghorn moved to adjourn the meeting at 5:54 p.m., Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk