

**Ways and Means Committee**  
5:00 p.m., Tuesday, February 19, 2019

The regular meeting of the Ways and means Committee was held at 5:00 p.m., Tuesday, February 19, 2019 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bell, Buckhannon, Ferencz, Kinghorn, Rice, Smith and Chair Ward, Mayor Carroll, Interim City Administrator Fragoso, Treasurer Suggs and Clerk Copeland; a quorum of the committee was present to conduct business. Councilmember Moyer was absent.

1. Chair Ward 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. **Approval of Previous Meetings' Minutes**

**MOTION: Councilmember Kinghorn moved to approve the minutes of the regular meeting of January 15, 2019 and the Special Meeting of January 31, 2019 as submitted; Councilmember Rice seconded.**

Chair Ward referred to the motion of Page 9 of the minutes of January 15, 2019 awarding the PSB Phase I contract to Trident and asked that the vote be corrected to 7 to 2 not 8 to 1.

**VOTE: The approval of the corrected minutes and the minutes as submitted for the Special Meeting PASSED UNANIMOUSLY.**

3. **Citizens' Comments**

Jim Raih, 3904 Cameron Boulevard, introduced himself as a licensed real estate broker for the State of South Carolina, commented about the votes taken in that Special Meeting of January 31<sup>st</sup> noting that the votes started out passing unanimously, but later in the meeting the votes were divided. He expressed hope that the later voting was not indicative of a division in Council that could not be resolved; he stated that Council should agree on the facts of a particular issue. Since the increase in the Comcast franchise fee would net the City only seventy-two thousand dollars (\$72,000) in additional revenue, he asked Council not to approve the increase.

4. **Financial Statements – Treasurer Suggs**

- A. Financial Statement**

Treasurer Suggs stated that she and the Interim Administrator have worked to expand the summary financial information to make it more meaningful to Council and to the public; on the first page, forecasts for year-end balances and the forecasted amount above or below budget have been added. Revenues are forecasted to end the year approximately five hundred thirteen thousand dollars (\$513,000) over budget, and the bulk of that comes from Business Licenses which was only fifty percent (50%) collected with a due date at the end of April. Building Permits Revenue was also predicted to end the year over budget; since these licenses have no due date, they are indicative of the increase in building activity. Other Revenues are forecasted to end the year under budget by approximately thirty-five thousand dollars (\$35,000) which includes Court revenue; since the Police Department is under-staffed, the number of tickets being written has been reduced. Also, in this category is the Sale of Assets; the FY19 budget contemplated the

sale of the fire truck that is not going to happen in FY19. General Fund expenditures are expected to be under budget by approximately three hundred twenty-eight thousand dollars (\$328,000); much of these savings can be attributed to unfilled positions, including two (2) highly paid positions. The forecasted positive net result for FY19 could be eight hundred forty-one thousand dollars (\$841,000) which is shown on this schedule as being transferred to the Capital Projects Fund. The Committee was reminded that the only source of revenue for the Capital Projects fund was the net positive result from the prior year; having a healthy Capital projects fund will be needed to pay for drainage initiatives on the island.

On a second page, the deposit amount to the LGIP and BB&T are shown; the City keeps the bulk of its cash in the LGIP to earn the highest interest rate available. The schedule of fund balances also has forecasted year-end balances.

The third page illustrated the sources of budgeted revenue and expenditures in colorful pie charts.

Chair Ward asked if the City was restricted by State law or City ordinance from turning the Public Works Department into an enterprise fund like the IOP Marina?

Interim Administrator Fragoso said that she would research an answer for him, and Treasurer Suggs commented that to do so would generate a considerable income.

Chair Ward noted that some large rental houses on the island have eight to ten (8 – 10) trash-cans, and the City should be in a position to charge them for the extra time they require for trash pickup, particularly in the summer months.

Councilmember Smith asked that the cost to the City for a more complicated accounting of this type to be considered.

## **B. Tourism Schedules**

Although the tourism schedules have not been revamped, the Treasurer hopes to give them a different appearance for the next meeting; her goal is to display them consolidated into one (1). Through January 2019, the Treasurer reported that all tourism revenues were trending higher than FY18, and, for budgeting purposes, a three percent (3%) increase is forecasted across the board.

## **C. Projects Schedules**

For the Phase II Drainage Project, fees were incurred for construction and professional services through January, but the project was still under budget.

The Interim Administrator stated that the drainage infrastructure was in the ground and restoration work was being completed. A Rural Infrastructure Grant monitoring will begin on Wednesday, February 20<sup>th</sup> as the work to close out the grant begins.

The underground storage tank project at the Public Works site has been completed and fuel is being dispensed again. The project at the Marina began on January 21<sup>st</sup>, and, at this time, the tanks have been placed in the ground. When the old tanks were removed, some degree of contamination was observed, therefore soil samples were taken for testing. Although she has not seen the reports, Interim Administrator Fragoso informed the Committee that some degree of contamination was found at the same location as in 2005. Since the age of the old tanks remains

an unknown, when the contamination occurred, but the remediation necessary is not expected to be on a big scale.

On the subject of tourism funds, Councilmember Buckhannon noted that the 2019 Southeastern Wildlife Exposition had brought seventeen million dollars (\$17,000,000) in tourism revenue to the City of Charleston; it was reported to be the largest gross since 1993. He, in turn, believes that it foretells an active tourism season for the island.

**4. Old Business – none**

**5. New Business**

**A. Consideration of a 2.5% merit pool for FY20 Budget**

Interim Administrator Fragoso stated that the FY20 operating budgets that have gone before the committees contained a two point five percent (2.5%) pool for merit-based wage adjustments that would be managed by the department managers. The goal is to develop a structured plan for distributing the pool for employees above the mid-point and those below the mid-point in the salary ranges in an effort to be as consistent as possible between departments. The Interim Administrator referred Council to the spreadsheet in the meeting packet showing the impact of a two point five percent (2.5%) merit on each department.

When Councilmember Smith commented that the elimination of the COLA could have a downside, Treasurer Suggs stated that the purpose of a COLA was to keep one (1) even with increases to the overall cost of living; the purpose of a merit-based adjustment was to reward the employees who go the extra mile and to give them a boost up on the economy. Treasurer Suggs added that she did not think that even one (1) IOP employee would get a zero-merit increase.

**MOTION: Chair Ward moved to approve the 2.5% merit-based wage adjustment pool for the FY20 budget; Councilmember Buckhannon seconded.**

Councilmember Rice said that she could only support this motion if she were assured that the members of the Police Department would receive the recommended pay adjustments.

At this time, Chair Ward and Councilmember Buckhannon withdrew the motion and second respectively.

**MOTION: Chair Ward moved to suspend the rules of order and to re-order the Agenda to address Item B at this time; Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.**

**B. Considerations to wage adjustments for Police Department**

Interim Administrator Fragoso stated that, of the recent departures from the Police Department, several referenced pay as a reason for their resignation; since these resignations, staff has done a limited wage comparison including many municipalities in the region. Once these numbers were gathered, the conclusion was that the IOP patrol officer's starting wage was approximately three thousand dollars (\$3,000) less than the regional average. Staff has generated a multi-pronged approach to alleviating the problem, and it includes:

- To keep the same salary range for non-certified officers;
- To add a pay range for Certified Officers (officers who have graduated from the Academy and the field training) starting at the average of \$42,009, a 7% increase;
- To increase the pay range for Sworn Officers below the position of Captain by 7% to match Patrol Officer increase and to maintain parity between positions;
- To adjust current employees to new minimum if not already there;
- To adjust employees with less than 10 years of service by 0.5% for Patrol Officers and 0.25% for all other sworn positions below Captain with more than 10 years of service per year of service to avoid salary compression; and
- To proceed with a more complete analysis of all Police Department positions as soon as possible.

Council was told that the money to cover these increases is in the FY19 budget as a result of the savings in salaries in the Police Department for the officers that have resigned.

Councilmember Kinghorn recalled, from the recent budget meeting, that another way to fund the adjustments would be not to fill all five (5) of the patrol officers who left, but to hire only three (3).

**MOTION: Mayor Carroll moved to accept the pay adjustments recommended by staff as detailed above; Councilmember Bell seconded.**

Councilmember Bell opined that Council could not solve all of the problems with pay, and he encouraged the Police Department to try to attract and hire seasoned officers to save the City the twenty-five or so thousand dollars (\$25,000) spent in training the inexperienced and untrained person.

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Councilmember Buckhannon noted that many of the agencies in the area are short-staffed, and, in order to attract people, the City of Charleston, for example, is paying large signing bonuses and North Charleston is paying a one thousand dollar (\$1,000) and one thousand dollars (\$1,000) to officers who bring in a referral. In addition, he opined that police officers should not be asked to do code enforcement; he would rather hire an additional person for the Building Department to do code enforcement.

Councilmember Ferencz stated that the City has many employees who are not making the minimum starting pay being recommended for the Police Department. With a savings of one hundred twenty-eight thousand dollars (\$128,000) in the FY19 budget, she would like to see a review of all of the positions in the City that are making less than the forty-two thousand dollars (\$42,000) threshold for the Police Department. She said that other local governments were calling Rec Department employees with job offers of making more money and having a better opportunity for advancement in a larger department.

Interim Administrator Fragoso stated that the adjustments in the Police Department were the first step of many to ensure that employees are being properly compensated for their work and that the pay for all positions is comparable to other local governments in the area. She opined that the City needed to look at its recruitment policies to determine if there were opportunities for improvement to attract the caliber of employees the City wants; she thought that a new Police Chief would bring new ideas and new opportunities for improvement in many areas, not just the Police Department. In addition to looking at salaries, she was interested in looking at the organizational structure of the departments to see if opportunities could be found for more efficiency in the departments and for the City as a whole.

Councilmember Smith stated that retention was a “hot” topic at the Municipal Association meeting in January; the problem was not a local one but was statewide; one (1) way of addressing the problem was to accelerate the academy process in a couple of ways. She questioned the rationale for setting the minimum at about forty-two thousand dollars (\$42,000) when the only municipalities with a lower starting wage Folly Beach and Sullivan’s Island were. In her opinion, the starting wage should be higher making the City more competitive with North Charleston and the County Sheriff’s Department.

Treasurer Suggs responded that the number was a fact-based, average starting pay for the area and reminded Council that they would decide what the number should be.

Councilmember Bell thought the number was fair, but, if it was not the right amount, it could be adjusted in the next budget cycle.

Councilmember Buckhannon asked that staff calculate the impact of adding a code enforcement position to the Building Department, relieving the Police Department of that responsibility, and possibly reducing the number of officers in the Police Department by one (1).

**VOTE: The motion PASSED UNANIMOUSLY.**

**A. Consideration of a merit pool of 2.5% for FY20 budget**

**MOTION: Councilmember Buckhannon moved to approve a 2.5% merit pool for the FY20 budget; Councilmember Rice seconded.**

When Councilmember Kinghorn said Council should acknowledge that the Isle of Palms cannot compete with the larger municipalities.

**VOTE: The motion PASSED UNANIMOUSLY.**

**C. Consideration of an award of a contract to Butler Chrysler Dodge Jeep in the amount of \$50,659.00 for two (2) Dodge Pick-Up Trucks (\$25,329.50 each) [Pg. 25, In 120 – Muni ATAX, Public Works Capital Outlay - \$33,500 and pg. 29, In. 281 – State ATAX, Public Works Capital Outlay - \$33,500]**

**MOTION: Councilmember Kinghorn moved to award a contract to Butler Chrysler Dodge Jeep in the amount of \$50,659.00 for 2 Dodge pickup trucks as detailed above; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.**

**D. Consideration of increasing the NPDES stormwater annual fee to \$72**

**MOTION: Mayor Carroll moved to increase the annual residential NPDES stormwater fee to \$72; Councilmember Bell seconded.**

Councilmember Buckhannon noted that some discussion took place related to bringing the NPDES stormwater billing and collection in-house so that the City could change the billing process to one (1) where the amount billed was reflective of the square footage of impervious surface of the property.

The Interim Administrator reported that Director Kerr spoke with Charleston County NPDES and was reminded that the billing for commercial properties was based on the square footage of impervious surface. They also said that the cost to the City to implement such a program for residential property would be approximately three hundred sixty-six thousand dollars (\$366,000); the database would be based on GIS measuring and maps to be followed by experts going to the properties and measuring the impervious surface to compare to the GIS measuring and maps.

Councilmember Rice stated that the increased fee will be the same as Sullivan's Island and Charleston County.

**VOTE: The motion PASSED UNANIMOUSLY.**

**E. Consideration of a change order from Jones & Frank in the amount of \$12,920.20 for hose reels for the underground storage tanks at the IOP Marina**

**MOTION: Councilmember Rice moved to approve the change order in the amount of \$12,920.20 from Jones & Franks for hose reels for the underground storage tanks project at the IOP Marina; Councilmember Buckhannon seconded.**

Interim Administrator Fragoso stated that the change order received unanimous approval in the Real Property Committee and that the reason for the changer order was that the hose reels were omitted from the bid specifications. The project Contingency Fund has sufficient funds to pay for this change order.

**VOTE: The motion PASSED UNANIMOUSLY.**

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**F. Consideration of increasing residential rental license fees to a base rate of \$350 for revenues from \$0 to \$2,000 and the incremental fee to \$4.60 for each additional \$1,000 of value or fraction thereof**

**MOTION: Councilmember Bell moved to approve the increase in the residential rental license fee as detailed above; Councilmember Buckhannon seconded.**

**AMENDMENT #1: Mayor Carroll moved to amend the motion to reduce the incremental fee to \$4.00; Chair Ward seconded.**

Councilmember Rice thought the increase in the base rate was high for those who rent infrequently.

Chair Ward asked the Treasurer for the impact of the amendment on the budget.

The Interim Administrator responded that the fees from the original motion would generate an estimated four hundred eighty thousand dollars (\$480,000) in additional revenue.

Councilmember Bell indicated that he was comfortable with doubling the base and incremental fees because he said that every place on the island rents for at least two hundred dollars (\$200) per night, and the rates increase consistently. He said that the City "was really good at spending" and "needed to be really good at raising revenue."

The Mayor opined that raising both the base rate and the incremental rate was “a bit steep,” and Councilmember Rice described it as “a little heavy-handed.”

Treasurer Suggs stated that the increase could stay at approximately four hundred eighty thousand dollars (\$480,000) if the incremental rate were to go to five dollars (\$5) and raise the base rate to two hundred or two hundred fifty dollars (\$200 - \$250).

Councilmember Kinghorn reminded Council that, at the recent budget meeting, they had one hundred percent (100%) supported doubling the rates.

**VOTE on Amendment #1: The amendment FAILED on a vote of 2 to 6 with Councilmember Rice and Mayor Carroll voting in favor of it.**

**Amendment #2: Councilmember Rice moved to amend the motion to keep the base rate at \$175 and to increase the incremental rate to \$5; Mayor Carroll seconded.**

**VOTE on Amendment #2: The amendment FAILED on a vote of 3 to 5 with Councilmember Rice, Mayor Carroll and Chair Ward voting in favor of the amendment.**

**VOTE on Original Motion: The motion PASSED on a vote on 7 to 1 with Councilmember Rice casting the dissenting vote.**

**G. Consideration of standardizing the building permit fee to a \$50 base fee plus \$5 per \$1,000 of project value**

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Chair Ward noted that property owners making small improvements to their houses will not see a significant change.

**MOTION: Councilmember Bell moved to standardize the building permit fees to a \$50 base and \$5 per \$1,000 of project value; Councilmember Ferencz seconded.**

The Treasurer stated that the proposed change would generate about one hundred thousand dollars (\$100,000) of additional revenue.

Councilmember Buckhannon would like to see the building permit fees also tied to the amount of impervious surface the project will have.

Mayor Carroll noted that the Planning Commission was going to look at lot coverage again, including pervious materials. He stated that he would like for the City of Isle of Palms to become the leader in resilience.

**VOTE: The motion PASSED UNANIMOUSLY.**

**H. Consideration of increasing the Comcast franchise fee from 3% to 5%**

**MOTION: Councilmember Buckhannon moved to increase the Comcast franchise fee to 5%; Councilmember Bell seconded.**

Councilmember Rice reminded Council that the increased Comcast franchise fee was going to be paid by the residents, and Chair Ward referred to it as “a backdoor tax.”

**VOTE: The motion PASSED on a voter of 5 to 3 with Councilmember Rice, Chair Ward and Mayor Carroll casting the dissenting votes.**

**I. Discussion of next step for FY20 budget**

Interim Administrator Fragoso stated that the changes approved at this meeting will be incorporated into the budget document as it is compiled into a full version of the budget. At the Committee meetings where the operating budget were reviewed, she recalled that there were some line items staff was continuing to research; therefore, she would like to have another budget workshop. The date she had first suggested was not convenient to several members, so the Interim Administrator would look at the March calendar and suggest alternate dates.

Councilmember Kinghorn asked for the other revenue items discussed at the January 31<sup>st</sup> budget workshop, such as the IOP Water and Sewer Commission franchise fee, be on the Agenda as well as anything new staff might have in the meantime.

**6. Miscellaneous Business**

Next Meeting Date: 5:00 p.m., Tuesday, March 19, 2019 in Council Chambers

**7. Executive Session – not needed**

**8. Adjournment**

**MOTION: Councilmember Buckhannon moved to adjourn the meeting at 6:25 p.m.; Chair Ward seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk