

Ways and Means Committee
5:00 p.m., Tuesday, April 16, 2019

The regular meeting of the Ways and Means Committee was held at 5:00 p.m., Tuesday, April 16, 2019 in Council Chambers, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bell, Buckhannon, Ferencz, Kinghorn, Moye, Rice and Smith, Mayor Carroll, Chair Ward, Interim Administrator Fragoso, Treasurer Suggs and Clerk Copeland; a quorum of the Committee was present to conduct business.

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 Buckhannon moved to approve the minutes of the regular meeting of March 18, 2019 and Budget Workshop #3 on March 30, 2019 as submitted; Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Rusty Streetman of 4004 Palm Boulevard approached the Committee to express his support for discussions relative to the "Overall Vision for the IOP Marina" and Tidalwave Watersports. Although the marina was purchased to provide water access to the residents, one (1) cannot do so without paying to park and paying to launch a boat, but he did believe that many possibilities were there to provide children, grandchildren and island residents with a marina where they could visit and utilize it to access the Waterway. Mr. Streetman was very complimentary of Tidalwave Watersports; he said that, a year ago at the First Residents' Day at the marina and sponsored by Tidalwave, six thousand dollars (\$6,000) was raised for the Shawn Jenkins Children's Hospital. He stated that, if that section of the marina was to remain commercial, he "hoped Tidalwave remains in place." The full text of his comments are attached to the historical record of the meeting.

Mike Fiem with Tidalwave Watersports reported that they held a second Residents' Day at the marina on Sunday, April 14th, and it was about as good as the first. He reported that the jet docks were temporarily moved to the backside of their dock to comply with Army Corps of Engineers requirements. He said that the permit violations came as a shock to them and probably to the City as well, and he was working with the City and the regulatory agencies to correct the problems. He told the Committee that he has been assured by DHEC that the infractions they cited would be resolved once they received the operations manual and permit application. The permit process was slow, and he did not know when the permit would be issued.

The second reason he addressed the Committee was Tidalwave's lease that would be up for renewal at the end of September 2020; they would like the City to make a decision about its renewal as soon as possible. He stated that he sent Council members a proposal for changes in the lease that he hoped would make a difference in their thinking. He commented that he needed a long-term contract in order to borrow money for new equipment.

Although unable to attend the meeting, Scott Pierce, 4 – 9th Avenue, submitted his thoughts about "the opportunity to create a public access to the Intracoastal Waterway and save IOP money at

the same time.” He first commented that the marina was budgeted to lose \$347,000 this year; he, too, noted that residents did not have water access without engaging with one (1) of the commercial enterprises there. He urged Council “to send notice to indicate the current lease [with Tidalwave Watersports] will not be renewed.” The full text was attached to the historical record of the meeting.

Chair Ward reminded the Committee members that the meeting would be conducted under Robert’s Rules of Order and that all members would be allowed to comment before anyone would be allowed to speak a second time.

4. Financial Statements – Treasurer Suggs

A. Financial Reports

Treasurer Suggs said that staff was trying something new in displaying the financial reports on the screen; she said that this was a work in progress.

Through the end of March, the City has completed seventy-five percent (75%) of the fiscal year. The things that she wanted the Committee to take from the meeting were that the General Fund looked good so far; the forecast for the end of FY19 was to be five hundred thirteen thousand dollars (\$513,000) ahead in revenue and four hundred forty-six thousand (\$446,000) below budget in expenditures. The reasons for these differences have been put forth before; on the revenue side, building permits and business licenses were up and expected to stay strong through the end of the year – business license renewals would be due May 1. On the expense side, the reasons for the below-budget items were that payroll expense was down due to vacant positions and turnover, and Professional Services and Employee Education, the employee tuition reimbursement program, were lower than budgeted. The forecast for the end of year was that the General Fund would have nine hundred thousand dollars (\$900,000) more than expected. The second version of the FY20 budget and the forecasted fund balances through FY24 assume that the nine hundred thousand dollars (\$900,000) was transferred to the Capital Projects Fund until Council makes a final decision on its disposition.

Tourism funds were also running ahead of the projections in the FY19 budget.

Cash on-hand at March 31, 2019 was approximately eighteen million three hundred fifty thousand dollars (\$18,350,000); of that total, seventeen million dollars (\$17,000,000) were invested with the LGIP with an interest rate pushing two point five percent (2.5%). The Treasurer compared the total fund balances at the end of FY18 to the fund balances projected for FY19 and pointed out that the Capital Projects undertaken in FY19 have been paid for in full, but were forecasted not to impact the total of fund balances at the end of the year.

The Treasurer noted that the City received three hundred ninety-three thousand dollars (\$393,000) in combined CTC and TST grants for the Phase II Drainage Project; the funds were deposited to the Capital Projects Fund since it was the source of funds for the project.

Another item Treasurer Suggs wanted the Committee to take note of was that March was a great month for parking revenue with seventy-eight thousand dollars (\$78,000) collected; in FY18, the parking revenue in March was forty thousand dollars (\$40,000); she interpreted this as indication of healthy economic activity in the month.

Year-to-date in FY19, tourism revenue was running approximately four percent (4%) ahead of year-to-date in FY18. The Treasurer reported that the City received one hundred twenty-seven thousand dollars (\$127,000) for the Charleston County Accommodations Tax Pass-through as the second and final payment of the year.

5. Old Business – none

6. New Business

A. Recommendation for an award of a contract to Munnerlyn Pyrotechnics in the amount of \$25,000 for the July 4th fireworks display (Pg. 28, ln 255 - State ATAX, General Government, Programs/Sponsorships, July 4th fireworks - \$35,000)

MOTION: Mayor Carroll moved to award a contract to Munnerlyn Pyrotechnics in the amount of \$25,000 for the July 4th fireworks display; Councilmember Bell seconded.

After the Mayor noted that this was the last year of a three (3) year contract, the Interim Administrator noted that the City would incur approximately forty-five thousand dollars (\$45,000) of additional expenses in overtime needed to manage the crowds.

VOTE: The motion PASSED UNANIMOUSLY.

B. Recommendation for an award of a contract to Lee & Associates to act as the City's real estate consultant relative to the RFP for the marina restaurant in the amount of six percent (6%) of the gross lease value payable at lease execution

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MOTION: Councilmember Ferencz moved to award a contract to Lee & Associates to be the City's real estate consultant in the RFP and bidding process of the marina restaurant; Councilmember Bell seconded.

When asked why the City needed to enter into such a contract, the Interim Administrator responded that the City did not employ anyone with the expertise to write an all-inclusive RFP for the marina restaurant and to qualify the varied responses that could come in. She noted that Jon Chalfie and Hailey Clifton were present to answer any questions the Committee had.

At Councilmember Rice's request, Mr. Chalfie said that he has been doing commercial real estate locally for eighteen (18) years focusing in the east Cooper region particularly Mount Pleasant; he noted that the Isle of Palms has a limited amount of commercial area compared to the region. He stated that their goal was to get the Isle of Palms as a client, and, according to the basic rules of real estate, a client was someone with whom they were working and to whom fiduciary responsibilities were given in looking out for the City's best interests. He introduced Hailey Clifton as an associate who joined the firm five (5) years ago; she was an associate's assistant for four (4) years, and, in July, began working with Mr. Chalfie as an agent. He confirmed that they would do all of the marketing for the RFP. Assuming that the RFP results in a lease, Lee & Associates would receive six percent (6%) of the lease total for the life of the agreement.

Mayor Carroll repeated that the property was unique and that the City has failed as a landlord. When he asked Mr. Chalfie how he would structure a lease, without hesitating, Mr. Chalfie responded, "Triple net lease."

Councilmember Kinghorn thought the decision on this contract should be delayed until after the discussion of Item H, the overall vision of the marina property; Councilmembers Rice and Smith agreed. Councilmember Kinghorn also noted that the structural condition of the restaurant has not been discussed; therefore, no decision has been reached on who would pay for the repairs or whether the building would be razed to start anew. For these reasons, he thought any decision tonight was premature.

Councilmember Bell suggested that the reasoning behind making a decision at this meeting was to form a partnership upfront and to learn what the limits and parameters for a vision of the marina could be; he opined that delaying a decision would not change anything.

VOTE: The motion PASSED on a vote of 8 to 1 with Councilmember Kinghorn casting the dissenting vote.

- C. Approval of Change Order to Civil Site Environmental in the amount of \$13,136.54 for labor and materials to adjust the depth of a section of the pipe adjacent to the Morgan Place Drive within Wild Dunes** (Pg. 42, ln 101 – Public Works Special Projects, Complete Phase II Drainage - \$1,125,000 from Capital Projects and \$375,000 from Muni ATAX)

Interim Administrator Fragoso stated that the change order was from the contractor IPW Construction, not Civil Site Environmental, the project's oversight engineer.

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The Interim Administrator explained that, as the utility lines were excavated around the lagoon system in Wild Dunes in route to the outfall, the contractor encountered conflicts with power and phone conduits that required the water lines to be placed at a lower depth than planned. The change order was for the labor and materials to do that work; she noted that the work has been completed. She reported that one hundred sixty-eight thousand dollars (\$168,000) remained in the contingency fund to be used for this purpose.

MOTION: Councilmember Rice moved to approve the change order for IPW Construction in the amount of \$13,136.54; Councilmember Moye seconded and the motion PASSED UNANIMOUSLY.

- D. Recommendation for an award of a contract to Ravenel Ford in the amount of \$32,738 for the purchase of one Ford F150 pickup truck for the Fire Department** (Pg. 25, ln 113 – Muni ATAX, Fire Department, Replace 2008 pickup truck - \$34,000)

MOTION: Mayor Carroll moved to approve the purchase of 1 Ford F-150 pickup truck from Ravenel Ford in the amount of \$32,738; Councilmember Bell seconded.

Interim Administrator Fragoso told the Committee that this truck was budgeted for replacement in FY18 and was deferred to FY19. Originally, the new truck was to replace a 2008 truck, but, after evaluating the 2008 and the 2010 trucks, the 2010 was found to be in worse condition than the 2008 and, therefore, it would be the trade-in.

VOTE: The motion PASSED UNANIMOUSLY.

E. Recommendation for approval of a change order from Thomas & Hutton in the amount of \$13,000 to cover their costs for meeting expenses

MOTION: Councilmember Rice moved to approve the change order from Thomas & Hutton in the amount of \$13,000; Councilmember Ferencz seconded.

The recommendation for approval came from the Public Works Committee; the Interim Administrator recalled that the City contracted with Thomas & Hutton for the investigative work for the Phase III Drainage project. Part of that contract was for them to present the City with multiple options for the project with the associated costs so that the City could make the best decision. In the original response to the RFP, their expense associated with Project Administration and Meetings was thirty-seven thousand two hundred twenty-two dollars (\$37,222), and it was to be pro-rated between the first phase of the project and the remaining tasks. That was not done, and staff chose to see it as an oversight on the part of Thomas & Hutton; they now wanted the City to cover these expenses for the work they have already done on the first phase.

VOTE: The motion PASSED on a vote of 8 to 1 with Councilmember Kinghorn casting the dissenting vote.

F. Recommendation for an expenditure not to exceed \$8,500 for the purchase and installation of a water fountain and bottle filling station at Front Beach
(Pg. 26, ln. 133 & 138 - Muni ATAX, Front Beach, Maintenance/Service Contracts & Misc.)

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MOTION: Councilmember Rice moved to approve the purchase and installation of a water fountain and bottle filling station at Front Beach; Mayor Carroll seconded.

In Councilmember Kinghorn's opinion, the cost for this water fountain/bottle-filling station for Front Beach was excessive when water fountains were in the men's and women's bathrooms, and showers with a hose were just outside the public restrooms. He thought the purchase was irresponsible and he would not support it. He opined that, due to the weather conditions it would be exposed to, it would require a good bit of maintenance and upkeep and would not stand up.

Noting that the fountain would be installed at the new boardwalk, Interim Administrator Fragoso stated that the fountain was made for outdoor use and was treated with a non-corrosive coating. This fountain would make a statement that the City was serious about keeping plastics off the beach and reducing litter by using refillable bottles.

Councilmember Smith voiced her support for the fountain as a way to keep plastic waste off the beach.

Since water was available at Front Beach, Councilmember Ferencz asked why the new fountain was not being installed at 28th Avenue or 32nd Avenue, to name only a couple of accesses where no water was available.

Chair Ward noted that efforts were being made to draw people to Front Beach and the municipal parking lots and away from Palm Boulevard.

Councilmember Moye said that this water fountain/bottle filling station was an example of the City “walking the walk”; he stated that this fountain would encourage people to be more environmentally conscious when they enjoy a day at the beach.

VOTE: The motion PASSED on a vote of 6 to 3 with Councilmembers Bell, Ferencz and Kinghorn casting dissenting votes.

G. Consideration of implementing a 3% franchise fee on the IOP Water and Sewer

MOTION: Councilmember Kinghorn moved to implement a 3% franchise fee on the Water and Sewer Commission billings; Councilmember Rice seconded.

Councilmember Ferencz stated that people who were already on sewer were being penalized in that they were being charged this franchise fee when they have already paid the fees to tie-in to the sewer. They would be paying the franchise fee to generate funds for those on the island who chose to have septic tanks or grinder pumps.

The Interim Administrator explained that the potential revenue from this franchise fee was based on three percent (3%) of the FY17 revenue; she and the Treasurer did not know how the Water and Sewer Commission would choose to distribute the fee. Until such time as this franchise fee was approved and the City negotiated an agreement with the Commission, the City would not know whether they would choose to pass it through to their customers or whether it would be charged on both water and sewer; those decisions would be made by the Commission’s board.

Councilmember Moye asked if a specific use or distribution has been assigned to the franchise fee collections and if the franchise fees were tax exempt.

Interim Administrator Fragoso stated that revenues from franchise fees go into the General Fund to cover operational expenses for the City, but the City has the option to assign them to a particular project, i.e. Council could assign the collections to go into a special fund to pay for future sewer implementation projects.

Chair Ward was told that this fee would generate approximately one hundred fifty-seven thousand dollars (\$157,000) a year, and the total cost to sewer the entire island was in the neighborhood of thirty million dollars (\$30,000,000).

The revenue generated would certainly be miniscule as it related to the total cost, but it would send a signal through the community that the Council was committed to a sewer project, and a message to the Water and Sewer Commission that the City was going to pursue sewer implementation island-wide.

Councilmember Bell opined that, until the City has a plan on how it would deal with the fourteen hundred (1,400) septic systems on the island, those residents already on sewer would not be

receptive to paying a franchise fee. He thought that this action was too far in advance of an actual project and that many residents were very content with their septic or grinder system.

Councilmember Kinghorn said that the Committee was assuming that the Water and Sewer Commission would pass the franchise fee to the end users, but he informed them that the Commission has ample reserves that could cover the fee due to the City. He stated that the Committee members have received the Commission's Master Plan that quoted a cost of thirty-five million dollars (\$35,000,000) spread over eight (8) years for the implementation of sewer throughout the island; the Master Plan suggested that they could get half of that cost paid by FEMA. He described the septic systems on the island as "ticking time bombs" for the environment and for the health of the residents and visitors. He recalled that, when Council held the citizens' round table discussions, residents stated their top two (2) priorities to be drainage and septic systems; he said that he was a strong advocate for implementing the sewer island-wide by 2030. He stressed that the time to act on this situation was now.

Mayor Carroll reiterated that drainage was the Number One problem on the island at this time.

Councilmember Rice voiced her support for the three percent (3%) franchise fee on the Water and Sewer billings if the City was committed to putting the funds collected into a dedicated account for a future sewer project. She repeated her call for a joint meeting with the Commission to be held in the next sixty (60) days.

According to the Interim Administrator, Thomas & Hutton was preparing a presentation for City Council on the contents of the Commission's Master Plan for the April Council meeting; she also said that she was continuing her efforts to calendar a joint meeting. She recounted that she and Director Kerr had met with the rate consultant for the Commission a couple of months ago and discussed the next steps in this process should City Council agree to partner with them financially. He suggested that a positive move might be to partner with them to pay the consultant who will conduct the feasibility study of the funding opportunities available. She reported that the City has received a proposal, and the City's participation would cost twelve thousand dollars (\$12,000). She stated that funds were available in the FY19 budget in Professional Services from the fifty thousand dollars (\$50,000) budgeted for the Master Plan that cost twenty thousand dollars (\$20,000). As the FY20 budget moves toward ratification, Interim Administrator Fragoso asked that Council finalize some of these activities.

Mayor Carroll reiterated that Council must address the drainage on the island, particularly between 19th and 25th Avenues where, in a heavy rain fall, stormwater created flooding that has been knee deep.

Chair Ward recalled a report the City received several years ago from an analysis of the water behind the island that said that ninety percent (90%) of the fecal matter in it was generated by animals.

Councilmember Buckhannon stated that he had the report and would email it to other Councilmembers.

When the Interim Administrator stated that, if the City was serious about sewer for the island, the Water and Sewer Commission expected the City to participate financially.

If the franchise fee was adopted, Councilmember Bell suggested that residents with sewer should purchase and install a second meter, i.e. one to measure water usage and a second to measure sewer. He did agree that the City needed to begin putting money aside for sewer expansion, but he did not think this was the way to do it.

Councilmember Ferencz suggested that, if the drainage and sewer lines could be installed at the same time, neither contractor would have to work around existing pipes; she thought that installing the pipes simultaneously would also provide some cost savings. She believed that this action would notify everyone that, yes, Council has been talking about this for some time and now was taking action to generate funds for the future project.

Councilmember Kinghorn opined that the franchise fee was not tax deductible, but was worthy of discussion because it would be such a small amount when looking at one's financial information for one (1) year. It was not a valid reason for not passing the franchise.

Councilmember Moye would be supportive of the franchise fee as long as the money was put into a separate fund to be used specifically on a sewer project.

VOTE: The motion PASSED on a vote of 6 to 3 with Chair Ward, Councilmember Moye and Mayor Carroll casting dissenting votes.

H. Discussion of marina leases (Tidalwave Watersports and the docks for Morgan Creek Grill patrons) as they relate to the overall vision for the marina property

The Interim Administrator reported that the discussion on the Tidalwave lease was at the Real Property Committee meeting, and the Committee chose to make no recommendation but to leave the discussion to the full Council. She asked that the Committee consider this as two (2) separate items, the Tidalwave lease and the Morgan Creek docks.

As discussed previously, the Tidalwave lease will come up for renewal on September 30, 2019, and the City was required to give them one (1) year's notice of renewal or termination. The lease has a provision for renewal for two (2) consecutive five-year (5 yr.) terms; a renewal would mean five (5) additional years with the same terms stated in the current lease. Interim Administrator Frago stated that she needed some advice on what the City wanted to do about renewing with the same terms. Should the City decide to terminate the lease, it could issue an RFP or the City could negotiate new terms with which it would be more comfortable. The City could also terminate the lease and opt for a different use for the space.

Councilmember Bell explained that the Tidalwave lease was a "green field" lease that allows the City not to renew it without a termination as such. The terms were a gross profit lease that would allow the business to grow without providing any additional revenue to the City, because any additional funds were based on three hundred thousand dollars (\$300,000) in gross profit with twenty percent (20%) going to the City above three hundred thousand dollars (\$300,000). In a

gross profit lease, the business has an opportunity to increase wages and expenses below the gross income line and keep profits down. Currently the lease has terms that have allowed Tidalwave to operate in violation of OCRM regulations; the OCRM permit allowed for eight (8) jet skis and the IOP lease stated sixteen (16) jet skis. The OCRM report listed other violations of the permit.

MOTION: Councilmember Kinghorn moved to extend the lease per the terms of five (5) years and to renegotiate the terms; Councilmember Smith seconded.

Councilmember Bell thought it was strange that people did not understand the reasoning behind hiring Lee & Associates “when we [City Council] do not know what we [City Council] are going to do with the marina, but were ready to bring a motion forward to extend the lease terms of a client.” The Real Property Committee has been trying to give the City the opportunity to look at what they want the future of the marina to be; he stated that Council was not ready to discuss the return on investment for the residents and the cost put into them.

Councilmember Kinghorn stated that he was only following the Agenda which he had no part in compiling that put this discussion before the discussion of the marina master plan.

The Interim Administrator concurred that the terms of the lease could be renegotiated, but, in an effort to be consistent with the way the restaurant has been handled, she thought an RFP was called for.

Councilmember Rice advocated for Tidalwave Watersports for the variety of activities they bring to the island for residents and visitors alike but also for the assistance they provide the Fire Department in water rescues of many types.

From her perspective of the marina property, Councilmember Ferencz felt that Council should look at how much commercial activity they wanted at the marina and how much of it contributed to the well-being of the residents. She asked if it was to be a commercial marina or a municipal marina with areas for residents to enjoy the water.

Councilmember Kinghorn stated that there was a lot of value for a municipality providing public space for its residents. He opined that two (2) options remain for the City, the municipal parking lot at Front Beach and the IOP Marina.

Councilmember Bell reiterated that the City loses a large amount of money each year in the operations of the marina that require ATAX funds to keep it running. He wanted everyone with a better idea to please come forward with his/her proposal. He repeated his recommendation not to renew the current Tidalwave Watersports lease and noted that this was the only piece of land at the marina that was not under contract until 2045.

Councilmember Moye agreed with Councilmember Bell that negotiating any lease at the marina was premature with no clear vision of what they wanted the marina to be.

Mayor Carroll thought that having green space where Tidalwave was located would be a wonderful idea and suggested picnic tables and seating, and he opined that this was the City's last chance to change.

AMENDMENT: Chair Ward amended the motion to go into negotiations with the management of Tidalwave Watersports to discuss possibilities for extending the 5-year lease; Councilmember Rice seconded.

Councilmember Bell re-stated that the simple question before the Committee at this time was whether it was going to renew the Tidalwave lease as it was written today.

Chair Ward withdrew his Amendment and Councilmember Rice withdrew her second.

Councilmember Moye Called for the Question.

VOTE: The motion FAILED on a vote of 1 to 7 with Councilmember Kinghorn casting the single vote in support of the motion.

Interim Administrator Fragoso stated that the docks were assigned to Morgan Creek Grill for a period of one (1) year that would expire on May 31, 2019. The City could amend the lease through the term of the restaurant lease that expires at the end of October 2020 or the City could not extend the lease and put the docks back under the City's control. The City has not been notified by the Army Corps about the encroachment of the jet dock into the setback line, and the Interim Administrator advised that the City should wait until it receives written notice from the Army Corps because these docks could become a temporary location for Tidalwave Watersports jet docks. She has spoken to the tenant that, until the City is notified by the Army Corps, they could operate from there for the balance of their lease.

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This item will be on the Real Property Agenda for their May meeting.

Councilmember Rice thought that the Committee should discuss the Morgan Creek Grill docks and not assume that they will always be associated with the restaurant.

Councilmember Kinghorn recalled that the City went through a three-year (3 yr.) process of gathering a lot of citizen input and ended up with a Marina Enhancement Plan; it was not perfect, but it would be a marina that the residents of the island could be proud of and enjoy. Today, it was a tool the Real Property Committee could work from.

According to Councilmember Bell, at present, the City was looking at a significant repair bill for the rehabilitation of the marina docks – three to four million dollars (\$3,000,000 to \$4,000,000). The City's lease with the marina operator obligates the City for the dock safety and maintenance; he reported that a dock collapsed in recent weeks. He reiterated that the revenue from the marina did not provide the City with funding to do the repairs and maintenance necessary; the task before the Ways and Means Committee was to prioritize the money the City had. He said that Council might be presented with an opportunity to sell the restaurant. Councilmember Bell stated that the Hill Construction assessment of the restaurant building has not yet been made public but it too has a seven-figure number that the City needs to invest in the restaurant property.

Councilmember Ferencz suggested that Council should hold a workshop with only the “vision of the marina” on the agenda. Councilmember Ward asked that the workshop be scheduled soon, but Councilmember Moye thought the workshop should not be scheduled before the City has a City Administrator.

- I. Recommendation to award a contract to Benson Ford for 1 Ford Interceptor Sedan with all-wheel drive in the amount of 24,980 (The City has received \$17,000 in insurance from other driver. City’s outlay is 7,980)**

MOTION: Chair Ward moved to award a contract to Benson Ford for 1 Ford Interceptor Sedan requiring an outlay by the City of \$7,980; Councilmember Moye seconded and the motion PASSED UNANIMOUSLY.

- J. Report in accordance with Chapter 20, Section 1-10-3(c) of the Isle of Palms Code of Ordinances, Expenditures from \$10,001 to \$25,000 and included in the budget**

1. Software One in the amount of \$13,910.40 for email software licensing (Pg. 22, In 26 – Capital Projects Fund, General Government, Professional Services – email software for all City users)
2. Jones & Frank in the amount of \$11,577.35 to add extensions to island and relocate exhaust vents (Pg. 45, In 175 – Isle of Palms Marina, Capital Projects, Replace 4 underground storage tanks - 1/3 from Hospitality Taxes and 2/3 from the Marina Fund)

- K. Discussion of FY20 Budget**

Treasurer Suggs stated that the budget in the meeting packet was Budget Version #2 including the following changes:

- The pay adjustments approved earlier in the year for the Police Department at \$57,633 and with a placeholder for the reclassification of positions
- The addition of \$30,000 for the increase in the cost of rebudgeted police vehicles;
- The offsetting of revenue and expense for the FEMA Flood Mitigation Grant;
- A change to the note on page 42 to include improvements for handicapped beach accesses;
- The bond attorney for the Phase III drainage project at \$15,000;
- Funding for assistance with Strategic Planning increased by \$5,000;
- Following the advice from the Municipal Association, staff reclassified applicable costs for Phase III drainage to MUNI ATAX from Capital Projects;
- Funding for the real estate consultant for the marina restaurant at \$125,000; this number would be a placeholder until the lease value was determined based on the current lease value;
- Funding for an education campaign regarding the trash and plastics ban at \$10,000;
- Funding for improvements to the Front Beach parking lot for \$5,000 for a total of \$10,000;
- Funding the cost of a continuity study regarding connectivity of bike and pedestrian paths in the amount of \$10,000; and
- Funding of \$8,000 for 2-3 beach access signs that consolidate the information from multiple signs

The total amount added to expenses was \$281,793.

The Interim Administrator noted that no changes were made to the marina budget; various scenarios for funding of the marina docks would be presented to the Real Property Committee at their May meeting.

Councilmember Bell stated that an insurance claim was made for the repairs to the damaged dock, and the adjuster has already seen the damage and heard the explanation of the occurrence from Marina Manager Berrigan.

Interim Administrator Fragoso noted that the deductible is \$150,000 for wind or water damage; the final determination of what was going to be done to that dock would be leveraged from the insurance company.

Changes to the marina budget could come from decisions made at the Real Property meeting in May.

The Interim Administrator stated that she expected to get the report from Trident Construction on the cost of the remediation of the Public Safety Building. She was confident that Council would have the information necessary to make decisions for the FY20 budget before the budget has to be finalized.

Councilmember Smith asked when the next cycle for Green Belt funding would begin so the City could apply for the one hundred three thousand dollars (\$103,000) earmarked for the City; Council has talked about using the funding to make improvements to the beach access paths.

From one of the budget meetings, Interim Administrator recalled that the Chair of the Real Property Committee asked staff to compile a list of projects that would be eligible for Green Belt funding. Once the list was ready, Council would prioritize it and select one (1) for which an application would be made for the City's Green Belt funds.

Councilmember Kinghorn remembered that the discussion at a budget meeting was that, of the five (5) patrol officers who left the City's employment, and a lesser number would be hired. As of this date, four (4) of the five (5) open positions have been filled, the detective position was being evaluated, and another position was expected to be filled. The upcoming vacancy in the Department was a member of the command staff; after evaluating the patrol officer position, staff was shown that the biggest need for the City was in that position. The command staff openings would present an opportunity to evaluate those positions.

The Interim Administrator thought that the law enforcement consultant would make a recommendation to the City on the command staff positions; she also planned to tell the new Chief of Police to evaluate them and to take a recommendation to Council.

With the addition of two hundred eighty-two thousand dollars (\$282,000), Councilmember Ferencz voiced concern that the budget was still going to balance; she noted that a balanced budget was brought to Council at the beginning of the process, but at meetings, more and more expenses have been added.

Chair Ward recalled that, in a recent budget year, one million dollars (\$1,000,000) in expenses was added during the budget workshops.

Treasurer Suggs explained that several of the items in the budget were carried over from the current year, for instance, the Eadie's drainage contract and the five hundred thousand dollars (\$500,000) for small drainage projects in the basins that was re-classed from the Capital Projects Fund into the tourism funds. The impact of these changes was that the General Fund would be the same; this version transferred less into the Capital Projects Fund,

- With some of the drainage projects re-classed from the Capital Projects Fund into tourism funds, the Capital Projects Fund would end the year with a larger balance.
- The tourism funds would end the year with lower balances but not to an alarming rate.

When Councilmember Rice asked about the multi-use path on Waterway Boulevard, the Interim Administrator said that no funds for construction were in the budget as presented. She noted that the City did receive notification from Transportation Sales Tax (TST) that they have opened a new window for funding; the Interim Administrator recalled that the Committee decided to pursue these funds first as a source to pay for the improvements. She told the Committee that Charleston County contributed to the project by generating the design and engineering at no charge to the City; the application was for construction funds. Councilmember Rice requested that some funds be included in the FY20 budget for Waterway Boulevard project.

Interim Administrator Fragoso asked if the Committee was comfortable with this budget as presented with the addition of the Waterway Boulevard Project for it to go before City Council for First Reading at the April meeting.

MOTION: Chair Ward moved to approve Version #2 of the FY20 Budget as presented to go to City Council for First Reading at the April 23rd meeting; Mayor Carroll seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business – none

Next Meeting Date: 5:00 p.m., Tuesday, May 21, 2019 in Council Chambers

8. Executive Session – not needed

9. Adjournment

MOTION: Mayor Carroll moved to adjourn the meeting at 7:53 p.m.; Councilmember Moye second and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk