

WAYS and MEANS COMMITTEE

5:00 P.M., Tuesday, July 16, 2019

The regular meeting of the Ways and Means Committee was called to order at 5:05 p.m. on Tuesday, July 16, 2019 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Present for the meeting were Councilmembers Bell, Buckhannon, Ferencz, Kinghorn, Moye, and Smith, Chair Ward, Mayor Carroll, Administrator Fragoso, Treasurer Suggs and City Clerk Copeland; a quorum of the Committee was present to conduct business. Councilmember Rice 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 Meeting's Minutes

MOTION: Mayor Carroll moved to approve the minutes of the regular meeting of June 18 2019 as submitted; Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Financial Statements – Treasurer Debbie Suggs

A. Financial Reports

At this meeting, Treasurer Suggs gave the Committee its first glimpse of the **very preliminary** and **unaudited** year-end figures for FY19; she noted that the City had several revenues yet to receive and she anticipated additional invoices reflective of FY19. She stated that the audit would begin early in October. As noted for several months, FY19 was a very good year for the City **on paper**; the large net positive result is attributed to projects that did not get as far along as projected, and the funds set aside for them will roll forward into the Capital Projects fund for FY20 and FY21. She reported that revenues were ahead of budget in the General Fund by one point two million dollars (\$1,200,000) and one million dollars (\$1,000,000) over all funds; expenditures were less than budget by seven hundred ninety-three thousand dollars (\$793,000) in the General Fund and four point five million dollars (\$4,500,000) below the total for all funds. The Treasurer acknowledged that FY20 and FY21 were both ambitious years for the City with the single largest expenditure for the remediation of the Public Safety Building at six point two million dollars (\$6,200,000). The biggest contributors to the net positive result for revenues were Business Licenses at four hundred sixty-two thousand dollars (\$462,000), Building Permits at three hundred eight thousand dollars (\$380,000) and Parking Fees at one hundred thirty-nine thousand dollars (\$139,000). Key factors to the increase in business licenses and building permits were the hotel project at Wild Dunes and the increase in fees for building permits approved by Council. For expenditures, the categories most under budget were personnel vacancies in City Hall, the Police Department and Public Works by five hundred forty thousand dollars (\$540,000), Professional Services at one hundred twenty-four thousand dollars (\$124,000), Utilities at sixty-seven thousand dollars (\$67,000) and Training/Tuition Reimbursement at fifty-four thousand dollars (\$54,000). The FY19 General Fund budget was forecasted to end the year seven percent (7%) under-budget. General Fund cash on-hand total five million one hundred seventeen thousand dollars (\$5,117,000) that represents forty-five percent of General Fund budgeted expenditures. With BB&T paying no interest, the Treasurer has established a new policy whereby approximately

one million dollars (\$1,000,000) will be kept there and the balance of funds will be with the Local Government Investment Pool (LGIP); the City received several large checks at the end of the month of June.

The Mayor noted that SCDOT's work on 25th Avenue is expected to impact the flooding on Tabby Lane, and he asked how far along SCDOT had gotten on their project.

Director Kerr stated this project has a critical line issue that is holding up the permitting through OCRM. After talking with Thomas & Hutton, staff, possibly, underestimated the complexity of that project; the proposal from Thomas & Hutton was sixty-five thousand dollars (\$65,000). The plan is to carve out that project separately for SCDOT to undertake; the City will have the survey done and will try to speed up the permitting process because it has a small impact.

Acknowledging that 25th Avenue feeds an entire basin, the Director explained that SCDOT offered to fix 25th with a head wall at the end of the roadway and a tide gate to stop the tidal influence coming up 25th.

Tourism Funds

With the June payment of ninety-eight thousand dollars (98,000) figured in, the Municipal Accommodations Taxes will end the year four percent (4%) ahead of FY18. The City has not yet received the State ATAX for the quarter ending June 30, 2019. Hospitality Taxes are also ahead of FY18 by four percent (4%), and the Beach Preservation Fee Fund mirrors the Municipal Accommodations Taxes. With one (1) month's collections still to be received and a very healthy May, collections from Local Option Sales Taxes are up five point six percent (5.6%) from FY18.

B. Projects Worksheets

Although the work has been completed, the worksheet for Phase II Drainage has not been closed out; the City has not yet received the final payout application. Since the Treasurer does not anticipate using any of the contingency funds, the remaining funds budgeted for the project will roll into the funding for Drainage Phase III. The same situation holds true for the underground storage tanks projects; it has been completed and should be closed out for next month's meeting. A new schedule is included for Drainage Phase III; although construction is not expected to begin until FY21, the City has incurred engineering expenses from Thomas & Hutton.

5. Old Business – none

Chair Ward stated that Item C under New Business should be listed under Old Business.

MOTION: Chair Ward moved to moved Item C under New Business for discussion at this time; Councilmember Bell seconded and the motion PASSED UNANIMOUSLY.

C. Discussion of Tidalwave Watersports lease

Chair Ward stated that this was not an action item, but the discussion was intended to be a clarification of past actions.

The Administrator recalled that, at the meeting of April 23rd, City Council decided not to exercise the second renewal option of the existing Tidalwave lease or to exercise the renewal option of the

lease. Written notification was sent to Tidalwave stating the same in accordance with the terms of the lease stating that the City must submit written notice to the tenant one (1) year in advance.

In the meantime, the City is waiting for the process to play out with Lee and Associates regarding the marina restaurant and the permitting process with OCRM to insure that the dock is compliant.

At the April meeting, the subject of a marina workshop was discussed to come together with an overall vision for the marina in the future; no such meeting has been scheduled because staff believes that the permits should be in place before discussion proceed. The decisions by the regulatory agencies will insure that the City's future leases fully comply with the permits issued.

6. New Business

A. Presentation and discussion of proposed development of 1000 Palm

Chair Ward stated that the concept for the development of 1100 Palm as first made to the Real Property Committee and that the gentlemen were present at this meeting to get a feel about whether the City leaders would support their concept and encourage them to move forward.

Jeremy Graves, a developer, was invited to come forward, and he distributed two (2) sets of documents he said were representative of this project, a boutique hotel. His plans are for a twenty-five (25) room beach and club style hotel. The first floor would have a club-like space that would consist of shared workspace, a space to congregate during the day, to hold meetings and to work out as well as a restaurant/bar; the hotel would have a large family pool and a smaller adults-only pool. The hotel will have weekly events year-round drawing residents from the two (2) island communities, for instance, a chef coming in to demonstrate how to make a low-country boil; he expressed the desire to create a community-based, club-like atmosphere. He indicated that he would consider this concept a winner if he could get community participation. The second, third and fourth floors would be rooms. He also had conceptual drawings of the exterior of the hotel. Mr. Graves stated that a major challenge was getting the necessary parking for the number of rooms planned; because no reference was made to a hotel in the zoning ordinance, they have no guidelines to follow.

When asked about parking at the site, Mr. Graves replied that they have designed for sixty-four (64) spaces including the lot adjacent to the Public Works site; additional parking could be found in the right-of-way on Pavilion Drive, the City-owned property next to the post office, and possibly spaces in the vacant lot next door to City Hall.

Councilmember Ferencz stated that, for years, Council has struggled with finding enough beach parking, and she questioned that now the City has sixty-four (64) parking spaces for this project.

Councilmember Bell explained that he introduced the idea of using the lot next door since it was not used for beach parking or paid parking or Public Works parking.

Mayor Carroll stated that, based on the current zoning of GC1, the owner could put in a twenty-four (24) hour market, a gas station, a bar, etc. , and the City would have not input on it as long as the zoning ordinances were met. The structure on the property now houses four (4) apartments.

Councilmember Bell explained that he introduced the idea of using the lot next door since it was not used for beach parking or paid parking.

Director Kerr explained that changes to the text in the zoning code would be needed to include a boutique hotel as an allowed use in the zoning district; Council would need to agree to some leases for parking and to allow some parking spaces to be constructed in the City right-of-way. Several Committees will be involved in the decision-making, i.e. the Planning Commission, the Real Property Committee and public Safety Committee with final decisions being made by City Council.

Director Kerr was asked to bring draft ordinances to the August Real Property Committee meeting for their review, as well as draft leases for parking areas. The Planning Commission will have its turn to study the project after the ordinances have First Reading.

The consensus of the Committee was for the developer to proceed with the project.

B. Consideration of an award of a contract to Trident Construction in the amount of \$395,646.90 for Phase 2 of Public Safety Building rehabilitation project

MOTION: Mayor Carroll moved to recommend to City Council the award of a contract to Trident Construction in the amount of \$395,646.90 for Phase 2 of the rehabilitation project for the Public Safety Building; Chair Ward seconded.

The Administrator explained that this phase of work was the design and engineering for the needed repairs; the details of the work was sent to each Councilmember prior to the meeting. Phase 3 will be on a separate contract and will entail the actual construction.

VOTE: The motion PASSED UNANIMOUSLY.

D. Report of budgeted expenses between \$10,000 and \$25,000

Replacement of two (2) HVAC units for the Lowtide and Hightide rooms at the Rec Center in the amount of \$17,995

7. Miscellaneous Business – none

Next Meeting Date: 5:00 p.m., Tuesday, August 20, 2019 in Council Chambers

8. Executive Session – not needed

9. Adjournment

MOTION: Councilmember Bell moved to adjourn the meeting at 6:07 p.m.; Councilmember Moye seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk