

WAYS AND MEANS COMMITTEE
5:00pm, Tuesday, October 15, 2019
Council Chambers
1207 Palm Boulevard, Isle of Palms, SC

MINUTES

1. Call to order

Present: Mayor Carroll, Council members Ward (Chair), Ferencz, Rice, Kinghorn, Bell

Absent: Council Member Smith, Council Member Moye

Staff Present: Administrator Fragoso, Asst. City Administrator Hanna, Treasurer Suggs, City Department Heads

2. Approval of Previous Meeting's Minutes

Council Member Rice made a motion to approve the minutes of the September 17, 2019 meeting, and Council Member Bell seconded the motion. The minutes passed unanimously.

3. Citizen's Comments – none

4. Financial Report – Treasurer Debbie Suggs

Treasurer Suggs gave the monthly Financial Report. She noted the materials provided to Committee members was abbreviated due to the IT difficulties in City Hall this week. She noted that all departments are at or below their budgeted spending levels, adding not a lot of spending has occurred so far this fiscal year. Council Member Ward said he would like to meet with her later in the week to get more financial details before the City Council meeting.

MOTION: Council Member Ward made a motion to amend the order of the agenda so that discussion of the \$16M bond for the Water & Sewer Commission could be held first. Council Member Bell seconded the motion. The motion passed unanimously.

5. New Business

A. Consideration of recommendation from the Public Works Committee to approve a \$16M bond for the decommissioning of the Wild Dunes Waste Water Treatment Plant and the consolidation and expansion of the Forest Trail Waste Water Treatment Plant which shall be available only when the functions of the IOP Water and Sewer Commission become a department of the City of Isle of Palms

Mr. Jay Leigh, Vice-Chair of the Water & Sewer Commission, spoke about the need for the bond to shut down an older waste water treatment plant and focus on the growth of the sewer system. He believes the idea of bringing the Water & Sewer Commission into the City government is a long-term process and melding the two issues is “not something we can really work with.” Due to the current state of the bond market, he said waiting a few months to discuss the bond might be a good idea.

Council Member Rice noted the wording of the recommendation from the Public Works Committee was meant to reflect the Committee’s uneasiness with the transition period the Water & Sewer Commission now finds itself in. She said the current situation feels “super unhealthy” and there needs to be more oversight. Council Member Bell also expressed frustration with the process of working with the Water & Sewer Commission and stated “good, collaborative conversations” are needed moving forward.

MOTION: Council Member Ferencz made a motion to defer further consideration of the bond for the Water & Sewer Commission for a few months. Council Member Buckhannon seconded the motion.

Council Member Kinghorn posed several questions to the Committee:

- Why wouldn’t you want a full-service city?
- Why wouldn’t you want to control our own destiny related to these two key services?
- Who would support the debt request from a personal level given the information we have here?
- Why wouldn’t you want to cross train and use the economies of scale across departments?
- Why wouldn’t you want to be directly responsible for the safety and fire to citizens as related to water?
- Why wouldn’t we want to be fully responsible for the Water & Sewer finances, rates, debt, revenue, and the quality of service?
- When there was a bond increase of this magnitude in the past, what happened to the rates afterwards?

Council Member Kinghorn asked that the Mayor and the Chair of Public Works discuss the answers to these questions when evaluating. Council Member Ward thank the members of the Water & Sewer Commission for attending this evening’s meeting and said he believed deferring the matter is a smart thing to do.

In response to Council Member Bell asking for the City’s opinion on the process of absorbing the Water & Sewer Commission into the City, Administrator Fragoso said that State Law spells out this process. The Water and Sewer Commission must unanimously vote to dissolve itself and request to be brought in back to the City. The other way is for 30% of registered voters of the City to sign a petition asking the City to acquire the Water and Sewer Commission. If such a petition is received, the question would be presented through a referendum.

VOTE: The motion passed unanimously.

6. **Old Business**

A. Discussion and consideration of engaging the services of First Tryon related to capital planning and potential debt issuance in the amount not to exceed \$25,000

Administrator Fragoso briefly reviewed the services provided by First Tryon as outlined in their proposed work order included in the meeting packet. She stated staff is requesting approval of this expenditure as it will make their jobs easier, more transparent, and assist in strategic planning for the City's future.

MOTION: Mayor Carroll made a motion to approve the request, and Council Member Rice seconded the motion.

Council Member Bell expressed concern that he was unclear as to exactly what services they would be providing, and he would like more details about their consulting services.

When asked how the City handled bond issues in the past, Treasurer Suggs said they had been done through private banks. She added any cost savings seen by engaging this firm would be realized in helping the City make the right choices on these large financial questions.

Council Member Kinghorn asked if other firms had been considered for this request. Administrator Fragoso stated First Tryon is used by numerous local and statewide municipalities and that financial consulting services is not in the procurement code requiring multiple bids. Administrator Fragoso offered to get more detailed information from First Tryon prior to the November meeting of the Ways & Means Committee. Mayor Carroll and Council Member Rice withdrew the motion to approve.

7. **New Business**

B. Consideration of distribution of FY19 positive net result

Administrator Fragoso said that the General Fund is expected to generate revenues and transfers in excess of expenditures and transfers out equal to approximately \$2,000,000. In order to maintain a > 30% target in the General Fund the General Fund should retain approximately \$200,000 or 10%. Administrator Fragoso stated that the FY20 budget assumes \$1,233,890 of the FY19 positive net result is transferred into the Capital Projects Fund to cover expenses associated to the repairs to the Public Safety Building. Staff is requesting direction from City Council on how to distribute the difference of approximately \$566,000.

Administrator Fragoso reminded the Committee that the FY19 audited financial statements are not yet complete, therefore, these numbers are estimates.

MOTION: Council Member Ward made a motion to distribute \$200,000 to the General Fund, \$100,000 to the Disaster Recovery Fund and the remaining positive net result to the Capital Projects Fund.

VOTE: The motion passed unanimously.

8. **Miscellaneous Business**

The next meeting of the Ways & Means Committee will be on Tuesday, November 19, 2019 at 5:00pm in City Hall Council Chambers.

9. **Executive Session** – none needed

10. **Adjournment**

The meeting was adjourned at 5:41pm.

Respectfully submitted,

Nicole DeNeane
City Clerk