

## **WAYS and MEANS COMMITTEE**

5:15 p.m., Tuesday, April 18, 2017

The regular meeting of the Ways and Means Committee was called to order at 5:37 p.m. on Tuesday, April 18, 2017 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Carroll, Ferencz, Harrington, Kinghorn, and Rice, Mayor Cronin, Administrator Tucker, Treasurer Suggs, Assistant Administrator Fragoso and City Clerk Copeland; a quorum was present to conduct business. Councilmember Ward arrived at 5:55 p.m.

1. Mayor Cronin 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 Bergwerf moved to approve the minutes of the Special Meeting and the regular meeting of March 21, 2017 as submitted; Councilmember Bettelli seconded and the motion **PASSED UNANIMOUSLY.**

3. **Citizens' Comments – None**

### **4. Financial Statements**

#### **A. Financial Statement**

Treasurer Suggs reported on the financial statement through nine (9) months of the fiscal year, meaning that the target for General Fund revenue and expenditures was seventy-five percent (75%). General Fund revenues were at seventy-one percent (71%) of budget and General Fund expenditures for all departments was also seventy-one percent (71%). The Treasurer pointed out that every category of revenue was ahead of collections at this time in FY16 with the exception of Rental Licenses, and the hypothesis was that the reduction could be attributed to the closure of The Palms hotel on Front Beach. General Fund cash was at thirty-two percent (32%) of annual General Fund expenditures; she reminded Council that the City was holding five million dollars of stakeholder dollars for the renourishment project.

Mayor Cronin asked the Treasurer if she thought the revenue budgeted to come from Property Taxes would be met, and she said that she believed the City would meet budget. Currently the City is thirty to forty thousand dollars (\$30,000-40,000) short of collections in FY16 after adding in the February final payment. Collections for the remainder of the fiscal year will be from delinquencies and other adjustments made by the County.

The Mayor reported that recently he and staff met the new County Treasurer, and, as a result of that meeting, the City has an opportunity to get more data from the Treasurer's Office and the Assessor's office. Treasurer Suggs has submitted a request for data that will make it possible to track more closely delinquent payments and other adjustments made at the County level that affect properties on the island.

Councilmember Kinghorn stated that the City has opportunities to increase its revenue with minimal expenses attached to them.

The first recommendation was for a demonstration project in the municipal parking lot in the off-season that would allow boondocking, camping in a location without any infrastructure. He explained that these places are only for short periods of time because the camper is typically in transit; therefore, stays can be limited to one or two (1-2) nights. To do this would do several things for the City, i.e. it would generate revenue, utilize the parking lot that sits idle in the off-season and generate revenue opportunities for the Front Beach businesses. He suggested that the lot could be open beginning after Columbus Day and continue to be open to St. Patrick's Day; if the project is successful, Council can decide whether or not to continue the program.

Mayor Cronin asked who would manage the people parking there and where would they go to pay for their stay.

Councilmember Kinghorn stated that he understood that the kiosks could be changed to accept the fee and the Police Department is just across the street, as well as restaurants across the street. In his opinion, to do this would require very little staff time.

**MOTION: Councilmember Kinghorn moved to establish a boondocking demonstration project in the municipal parking lot for the off-season; Councilmember Rice seconded.**

When the Mayor asked why the County Park had not done this, Councilmember Kinghorn reported that, in casual conversations he had before being elected, he was told that the County was very sensitive about their relationship with City Council and the City as a whole. He added that the City may need amendments to the City Code before the October start date.

Councilmember Carroll stated that he thought the City should have discussions with the Front Beach businesses before proceeding with the concept.

Mayor Cronin stated that, for him, this was a concept that needed to be "flushed out" into a plan of action.

Councilmember Bergwerf opined that the Front Beach businesses would be very happy to see the City's efforts to improve their activity over the winter months.

The Mayor commented that he was interested in knowing what the City's liability would be if the plan were to be implemented.

**VOTE: The motion PASSED on a vote of 6 to 2 with Councilmembers Carroll and Ferencz casting the dissenting votes.**

**MOTION: Councilmember Kinghorn moved to extend the time the kiosks are operational by starting 2 weeks earlier in the spring and delaying covering the kiosks by 2 weeks in the fall; Councilmember Bergwerf seconded.**

Councilmember Kinghorn specified the time frame to be from March 1 to the Columbus Day weekend in October and noted that parking is free for island residents in the municipal lots all of

the time. He asked that it be tried, and, if there were unforeseen or unintended problems, it could be discontinued.

Councilmember Rice asked how this proposed extension would affect BSOs.

Mayor Cronin stated that the City typically does not hire BSOs that early in the year or later than the end of September.

Captain Usry commented that the Police Department tries to keep one (1) BSO to assist with the kiosks.

Councilmember Carroll repeated that he would like to discuss this change with the Front Beach businesses before anything is decided upon since they will be the group most affected by it.

When Councilmember Ferencz asked about the amount of revenue the City might get as a result of this, Councilmember Bergwerf thought the revenue would equal the lowest month from last year, considering that approximately a month would be added.

Treasurer Suggs reported that the City received twenty thousand dollars (\$20,000) from the kiosks in March 2017 for two (2) weeks. The Treasurer also noted that parking collections are higher in the spring than in the fall.

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

## **B. Tourism Schedules**

The Municipal Accommodations Taxes schedule shows a slight decline from FY16, but, since the schedule was updated, the City has received the March payment of approximately twenty thousand five hundred dollars (\$20,500) that brings FY17 even with FY16. The City has not yet received the first semi-annual distribution from the Charleston County Accommodations Tax Pass-through. The March collections for Hospitality Taxes were strong, and year-to-date collections are three percent (3%) greater than the same period of FY16.

Mayor Cronin recounted that the County had told the City that they may not be able to distribute as they have in the past because their collections were less than anticipated and, in addition, they asked to make sure that the City was using said funds for purposes that only benefit Charleston County residents.

Treasurer Suggs stated that she needs to talk with someone at the County because she has no way of knowing whether a visitor is from Charleston County or not. It is a project that is still in the queue.

The Treasurer noted that she has gotten the County's estimate of collections in FY18 and has adjusted the City's budget accordingly.

Councilmember Kinghorn reminded Council that he had mentioned to them the idea of holding a meeting in Wild Dunes, and he has given them several months to consider it.

**MOTION: Councilmember Kinghorn moved to hold a Council meeting in Wild Dunes in the coming fiscal year; Councilmember Harrington seconded.**

Mayor Cronin recalled the previous discussion and stated that he thought Council Chambers were “quite adequate to host Wild Dunes if anyone down there wants to come.” He further opined that he did not think Council’s meeting there would show more interest in them than Council does now.

From conversations he has had with executives of Wild Dunes, Councilmember Kinghorn expressed the opinion that it would show that Council has an awareness of them and, more importantly, it would work toward tearing down the barriers people have created about outside the resort and inside the resort.

Councilmember Kinghorn answered in the negative when asked if anyone in Wild Dunes has asked for Council to meet there, and he stated that he could anticipate only positives coming from doing this.

The Mayor stated that, for the past several years, the Board has sent a representative to Council meetings to take notes and then report on the meeting to the full Community Association Board.

Councilmember Bergwerf stated that it would only be a gesture, but it might attract people who have never attended a Council meeting.

**VOTE: The motion PASSED on a vote of 6 to 3 with Councilmembers Carroll, Ward and Mayor Cronin casting dissenting votes.**

Councilmember Carroll repeated his message that the City must be careful about spending money because tourism revenue does not appear to be increasing at the rate it did a couple of years ago and no one knows what storms might be in the future that would affect tourism significantly. He stated that the island took five (5) years to recuperate from Hurricane Hugo.

Mayor Cronin told the Committee that he plans to talk with the Mayor of Edisto Beach to learn what their cost of cleanup was from Hurricane Matthew; they had much more serious damage than was experienced here and their financial condition was worse than the City’s. He stated that they were able to do everything necessary to get back to normal without borrowing money and he is interested in finding out how they accomplished it. In addition, the Mayor reported that Edisto’s accommodations taxes had “a dip” for only one (1) month.

Referring to the information Charleston County was asking for about how the City spends the accommodations taxes they send to the City, Councilmember Ferencz asked if the City was getting similar questions from the state on the use of ATAX funds; she questioned that the City was not stretching the uses of ATAX funds, particularly money spent at the marina since it does not “put heads in bed.”

The Treasurer stated that the City reports to the state annually on the expenditure of ATAX funds, and the report is reviewed by the Tourism Expenditure Review Committee for compliance with the regulations.

Administrator Tucker explained that the County has never required any kind of reporting on the uses of tourism funds.

### **C. Project Worksheet**

Treasurer Suggs reported that she has been asked to create a worksheet for the Public Works NPDES project and will provide it at the next meeting.

The Beach Restoration worksheet shows a large invoice paid to Coastal Science and Engineering (CSE) for the Cultural Resource Survey for which they sub-contracted; she added that the City is still operating within the limits of the contract with CSE.

Councilmember Rice asked if the City had gotten any notification from the state on the grant funds the City requested for this project.

The Mayor said that a letter was sent to the City's representative asking that he intercede on the City's behalf; he reported that the biological assessment from the U.S. Fish and Wildlife has been completed and does not contain any new information. That report is important because the state would not move forward without it.

**MOTION: Councilmember Kinghorn moved to set aside half a million dollars (\$500,000) from the fund balance to create a reserve for property acquisition on the island; Councilmember Bergwerf seconded.**

If this reserve were established, Councilmember Kinghorn stated that the City would be in a position to act if a desirable property was to become available.

The Mayor's response was that the City maintained a positive fund balance so that funds are available when the need arises.

Councilmember Ferencz opined that, with the recommendations presented to Council in the Hill report, the City should get its existing properties in top condition before considering adding to them. If a reserve fund were to be established, she would prefer that it be in the amount of one million six hundred thousand dollars (\$1,600,000) to fund the recommendations in the Hill report.

**VOTE: The motion FAILED on a vote of 3 to 6; the dissenting votes were made by Councilmembers Bettelli, Carroll, Ferencz, Rice and Ward and Mayor Cronin.**

Councilmember Carroll asked what the City would do if the state does not award the City the funds requested, and the Administrator answered that Council would need to decide if the City was going to do the project and, if so, what size it would be in terms of cubic yards.

Based on the engineering done by CSE, the off-shore dredging would move approximately one million cubic yards (1,000,000 cu. yds.) of sand onto the beach; the 2008 project moved roughly nine hundred thousand cubic yards (900,000 cu. yds.) The other big unknown, according to the Mayor, is what the bid prices would be; the bidders will submit both a mobilization cost and a per yard cost.

The Beach Advocates Committee requested that fifteen million dollars (\$15,000,000) of additional funds be included in the state's FY18 budget; PRT submitted a request for ten million dollars (\$10,000,000); the House kept the ten million dollars (\$10,000,000); and the Senate reduced it to seven and a half million dollars (\$7,500,000).

The City also expects to add some amount of FEMA dollars to the project.

If the grant funds are not awarded, in the Administrator's view, the decision about the size of the project would be in the hands of the stakeholders.

The Mayor explained that FEMA funds typically require a twenty-five percent (25%) match; through the state's budgeting process, they have authorized the state to reimburse the municipalities for the twenty-five percent (25%) FEMA does not pay.

**MOTION: Mayor Cronin moved to re-order the Agenda to move item A under New Business to this point in the meeting; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.**

## **6. New Business**

### **A. Discussion of AirMedCare Proposal**

Councilmember Bettelli stated that Wes McAden, who is present at this meeting, made a presentation to the Public Safety Committee who decided that the Ways and Means Committee should hear the presentation.

Mr. McAden distributed handouts to the Committee members prior to speaking. (A set of the documents are attached to the historical record of the meeting.)

Mr. McAden stated that he represents Meducare Air who is the helicopter ambulance service for the Charleston area and the preferred provider for MUSC and the Children's Hospital. More specifically, he said that he represented the AirMedCare Network of Meducare Air, which is a member-based program that eliminates the financial burden for families and households when someone under that roof must be air-lifted due to a medical emergency; he reported that the average flight costs the patient's family tens of thousands of dollars. According to Mr. McAden, most insurance companies either do not cover the cost of the service or cover only a small portion of it.

As a member-based program, the AirMedCare network is very simple, i.e. when someone is flown, AirMedCare first files with the patient's health insurance and, whatever the insurance company pays is accepted as final payment for the service. If someone has no insurance or has no

coverage for the service, the patient has no out-of-pocket expense for the service. As long as someone is a member, he/she has unlimited flight coverage; since the memberships are per household, everyone who lives under the roof is covered. The company currently has two hundred sixty (260) air bases across thirty-two (32) states; membership is inclusive with all of them, and they have both rotary and fixed-wing aircraft.

Mr. McAden stated that he was presenting the Committee with two (2) options available as a municipality. One (1) is a business plan that would cover the employees of the City; the second is referred to as a municipal site plan, which is a limited version of the membership program that protects the residents, property owners and long-term renters of the island. Four (4) local municipalities are participants in the municipal site plan, McClellanville, Kiawah, Seabrook and Edisto, and they are presenting to other municipalities to expand the service. It is a limited version of the program in that one must be an insured resident, property owner or long-term renter in the community; for those who are uninsured at the time of pickup, the company bills the MediCare allowable rate for transport. Another limitation is that the flight must originate in Charleston County. As a resident of the community, a person has the option to upgrade, meaning the individual household can upgrade to full member status for a small fee that would eliminate the insurance and flight limitations. Typically, when a local government enrolls in the municipal site plan, AirMedCare sends out a notification to every household, letting them know what the City has done on their behalf. The cost to the City would be the result of multiplying the number of eligible households based on the most recent census times a factor of twelve dollars and fifty cents (\$12.50); for the City the cost would be seventeen thousand nine hundred twenty-nine dollars (\$17,929) per year.

Chief Graham said that the City has an average of one (1) helicopter transport a year.

Mayor Cronin pointed out that Kiawah and Edisto are much more remote than the Isle of Palms, making the plan more attractive to them.

Councilmember Kinghorn stated that he thought the program needed more investigation.

## **5. Old Business**

### **Discussion of proposed FY18 budget**

Administrator Tucker noted that several things are listed on the Agenda under the FY18 budget that have come out of Committees since the last version of the budget, and the first is to make the combined COLA and merit pool four point seven percent (4.7%), and it came out of the Personnel Committee. The second is to increase the FY18 budget by twenty thousand dollars (\$20,000) to add funds to do better maintenance on the multi-use path on Waterway Boulevard and it was a recommendation from the Public Works Committee. Councilmember Ferencz took pictures of the path that were included in meeting packet; they show the vegetative overgrowth on it.

Mayor Cronin asked who was putting the debris on the path, and Councilmember Ferencz answered that Director Pitts' hypothesis is that the debris is being generated by the golf course.

Councilmember Bergwerf asked whether the multi-use path on Waterway was included in the new landscape contract.

The Administrator said the same question was posed at the Committee meeting, and the advice given by the Public Works Director was that to include it would increase the bids significantly.

A second recommendation from the Public Works Committee was to establish a City-wide maintenance reserve to fund correcting the issues identified in the Hill report.

The Administrator added that these three (3) recommendations have not been incorporated into this version of the budget. If Council agrees to do these things, they would be included in the next version of the budget to have First Reading at the April Council meeting.

Councilmember Ferencz stated that, since the Public Works meeting, the bids for the landscaping contract have been opened, and they range from two hundred fifty-five thousand dollars (\$255,000) down to sixty-four thousand dollars (\$64,000), and the FY18 budget has allocated one hundred ninety-three thousand dollars (\$193,000). With the majority of the bids being reasonable amounts, she was confident that the budget as presented could absorb the cost of maintenance for the multi-use path.

Treasurer Suggs noted that the budget was an estimate made before the bids were opened.

Administrator Tucker asked that the Committee remember that, if the City should decide it needs additional anything, there will be additional costs and the number in the budget includes hiring a contractor occasionally to help when Public Works gets behind on mowing.

Councilmember Kinghorn asked that the Committee be mindful of the goal to have the entire island look more like the Recreation Center.

As the discussion transitioned to the COLA and merit pool, Councilmember Ferencz explained that, in her opinion, the annual COLA should equal the actual CPI, enabling employees' wages to keep up with increases they face in the marketplace. Since the budget presented to Council included a total four percent (4%) pool, she advocated for a two point seven percent (2.7%) COLA to match the CPI and a one point three percent (1.3%) merit pool.

The Treasurer stated that, if Council wants the COLA to equal the CPI, staff needs guidance on which table to use and which month's CPI figure to use to be consistent going forward.

Mayor Cronin said he thought the COLA percentage to be used should be the most current CPI, and, based on the City's budgeting process, February would be a sensible month to use.

Councilmember Harrington reported that Director Pitts had spoken to the Personnel Committee about the importance of the merit pool, and he asked Director Pitts to make the same point to the Committee.

Director Pitts stated that the men in Public Works are all seasoned employees who are near the top of their pay range, and he uses the merit as a tool to incentivize the employees; therefore, he supported a higher merit and a lower COLA.

Councilmember Ferencz said that she would like for the City to establish a process so that Council is not faced with this decision each year.

**MOTION: Mayor Cronin moved to establish the annual COLA based on the February CPI and a standard 2% merit pool; Councilmember Ward seconded.**

Councilmember Kinghorn remarked that, if the City is setting a standard based on the CPI, the City should also increase property taxes by the CPI each year as the state allows. He stated that he would be interested in knowing if the CPI increase to property taxes would cover the CPI increase to employee wages.

**VOTE: The motion PASSED UNANIMOUSLY.**

Administrator Tucker stated that the money to fund the items in the Hill report were not in the budget as a whole; only certain pieces were included, such as repairs to the roof of the Public Safety Building (PSB). The advocacy from the Public Works Committee was to establish a reserve fund to take care of all of the things identified in the report; each year the City would be putting money aside and drawing from this fund as the various things were done.

The amount of money needed to complete all of the work identified in the Hill report is one million six hundred thousand dollars (\$1,600,000); included in the FY18 budget is three hundred twenty-two thousand dollars (\$322,000).

Councilmember Bergwerf stated that there were certain items in the Hill report that the City will never do, for example making the Front Beach restrooms ADA accessible, and she wanted to know if these items were included in the million dollar plus (\$1,000,000+) figure.

The money in the FY18 budget includes the rehabilitation of the roof of the PSB, not the replacement of it, which was the recommendation.

Councilmember Ferencz stated that, in the FY18 budget, over two million dollars (\$2,000,000) of funds the City has already saved will be spent on various items and another eight hundred ten thousand dollars (\$810,000) is being set aside for future purchases. The Councilmember opined that the eight hundred ten thousand dollars (\$810,000) should be assigned to the Hill report and that the future expenditures be pushed out a year. She stated that she did not think the City could continue to save money for future purchases when the City was not taking care of its assets now.

The Mayor agreed that the City must do a better job of maintaining its buildings.

According to the Administrator, the items that staff thought needed immediate attention were included in the FY18 budget, and the balance of items identified in the report were added to the capital plan in the appropriate years, using the Hill report as the guide.

Mayor Cronin said that Councilmember Ferencz was suggesting to do all of the things recommended in the Hill report now and not to put money into the reserves in FY18.

Councilmember Ferencz also recommended delaying whatever is possible by a year, and, once the buildings are in the condition they should be, resume the savings program.

The Mayor said that this change would not increase the budget but would result in the reallocation of money already in the budget.

Councilmember Ward stated that Council has a fiduciary responsibility for the City's buildings.

Treasurer Suggs explained that the current set-aside is based on a schedule of equipment replacement; there is a plan but no excess for buildings. She stated that she believed that a time would come when the City would need more money if it decides to go forward with Councilmember Ferencz' recommendation.

Councilmember Ferencz also voiced advocacy for replacing the roof of the PSB now rather than rehabilitating it.

Mayor Cronin stated that he would assist Debbie to work through the Hill report and to create a new reserve fund with the sole purpose of paying for the Hill report issues.

Councilmember Rice expressed concern about who would be responsible for this giant maintenance project.

When the Mayor asked if Committee members had other concerns about the FY18 budget, Councilmember Ferencz asked the increase of eighty thousand dollars (\$80,000) to Professional Services in the Police Department for IT services.

The Treasurer explained that the addition was recognition of the fact that the City's IT Department is a single person and at some point, the City needs to transition to a service to perform that function.

When Councilmember Rice asked about the status on the financial software, the Treasurer responded that the decision is a top priority for her.

**B. Recommendation from the Recreation Department to proceed with the design and engineering for a fitness space with funds in the Recreation Building Fund, ½ in FY17 and ½ in FY18**

Councilmember Carroll question the reasoning for the engineering on a new fitness space at the Rec Center when the City has so many problems with other buildings that need to be addressed. He said that he could imagine the total cost rising to one million dollars (\$1,000,000).

Councilmember Bergwerf commented that the fitness space was the future of the Rec Center although it may take three to five years (3-5 yrs.) to be a reality; she was confident that the citizens of the island would be very happy to have it.

Councilmember Ferencz stated that she recalled the Mayor saying that Council should make sure that the Rec Center is taking care of the children; she supported the idea of increasing programs for the island's children and young families.

Administrator Tucker clarified that the recommendation from the Recreation Committee was to use money in the Rec Building Fund to pay for one half (½) of the cost of engineering in FY17 and the other half (½) in FY18.

**MOTION: Councilmember Kinghorn moved to proceed with the design and engineering for a fitness space using funds from the Rec Building Fund paying half in FY17 and half in FY18; Councilmember Bettelli seconded.**

Mayor Cronin noted that the version of the FY18 budget discussed at this meeting assumes that the total cost of engineering and design is paid in FY18, so this action would reduce that number by half for the next version of the budget.

**VOTE: The motion PASSED on a vote of 6 to 3 with Councilmembers Carroll, Ferencz and Ward casting the dissenting votes,**

Mayor Cronin said that the FY18 budget incorporating the changes made at this meeting will be on the agenda for First Reading at the Council meeting April 25<sup>th</sup>.

Councilmember Bergwerf asked when the proposal from AirMedCare would be discussed, and the Mayor replied that he would put in on the Council agenda as well.

- C. Report in accordance with Chapter 120, Purchasing, Section 1-10-3(c):**
- 1. Award of a contract to MTJ Sports of South Carolina for replacement of the outside basketball goals in the amount of \$12,750**
  - 2. Award of a contract to JMT for marina bulkhead construction oversight and monitoring in the amount of \$20,070**

**7. Miscellaneous Business – None**

**Next Meeting Date: 5:00 p.m., Tuesday, May 16, 2017**

**8. Executive Session - not needed**

**9. Adjournment**

**MOTION: Councilmember Bettelli moved to adjourn the meeting at 8:03 p.m.; Councilmember Kinghorn seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk