



Ways & Means Committee Meeting
6:00pm, Tuesday, July 21, 2020
Virtual Meeting via Zoom call due to COVID-19 Pandemic
broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>

MINUTES

1. Call to Order

Present: Council members Pounds, Streetman, Popson, Bell, Buckhannon, Smith, Moye, Ward, and Mayor Carroll

Staff Present: Asst. Administrator Hanna, Treasurer Suggs, Attorney Copeland, various City Department heads

Also present: Jon Chalfie, General Manager Chris Jordan, Chairman Jay Leigh, Vice Chairman Curtis Helfrich, Dana Love, Mark Yodice, Frank Davis

2. Approval of previous meeting's minutes – May 19, 2020

Council Member Streetman made a motion to approve the minutes as amended, and Council Member Moye seconded the motion. The motion passed unanimously by consent.

3. Citizen's Comments

Sandy Ferencz, 4 Seahorse Court, expressed concern about the excess revenues in the budget and the budgeting process. She also posed several questions about the Water & Sewer Commission's request for an approval of a \$16M bond. She encouraged Council to get answers to these questions before approving the bond request.

James Smiley, 16 44th Avenue, asked to have Citizens' Comments read into the record at all City meetings while they are being held virtually.

William Mills, 7 Seahorse Court, wrote in support of the STR software Granicus.

4. Financial Statements – Treasurer Suggs

Treasurer Suggs reviewed the financial reports with Committee members. Revenues for FY20 should end the year \$2M under budget, all due to negative impacts of the COVID-19 virus. Expenditures are also come in under budget for FY20. The cash fund balance is \$20M. There was a lot of deferred spending in FY20 due to the virus, which means the fund balance could be affected next year when that spending is incurred. Overall, Treasurer Suggs said the City has weathered the impact of the virus very well. She does not anticipate receiving ATAX monies from the county, but she said if the county does better than expected on those collections, they will disperse accordingly.

Treasurer Suggs then reviewed the tourism schedules, all of which are down compared to FY19 levels.

There were two payments totaling approximately \$1M in June for the Public Safety Rehabilitation project. No spending was incurred on the Phase III drainage project in June.

5. **Old Business** – none

6. **New Business**

A. **Consideration of request from the IOP Water & Sewer Commission for approval of \$16M bond issue for the decommissioning and relocation of the Wild Dunes wastewater treatment plant**

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

Water & Sewer Commission General Manager Chris Jordan and Chairman Jay Leigh gave a presentation to the Ways & Means Committee about their request and the need for a \$16M bond to decommission and relocate the Wild Dunes Wastewater Treatment Plant. He discussed the rate increase, a timeline for the consolidation, the benefits of consolidation, the potential consequences of delaying the project, the process of decommissioning the older treatment plant, and breakdown of the project costs. He noted the FEMA grant for the project expires in April 2021.

General Manager Jordan said, “The ultimate design was done in anticipation of possibly one day sewerage the island, and the reason that the Forest Trail site was picked was because we had the land there to do the actual construction. We didn’t have enough land at Forest Trail. And the membrane process was chosen because of the small footprint to get a lot of treatment in a small area.”

Council Member Bell expressed concern about the costs of the project being burdensome to the sewer customers and not water customers. General Manager Jordan pointed out the industry practice is not to comingle water and sewer funds. Chairman Leigh shared that the Commission is in the beginning stages of discussing the creation of a fund to help customers with the financial burden of connecting to the sewer system. Mr. Frank Davis, who conducted the rate study, explained how the rate increase pays for the new bond.

Mark Yodice, engineer with Thomas & Hutton, said there is a larger cost for doing nothing at this time. He said when the new plant is functional, the costs to make incremental additions to the system will be minimal.

After a brief discussion, it was decided that the newly signed MOU would be reviewed by the Planning Commission in between First and Second readings of the bond approval.

VOTE: The motion passed unanimously to send the bond request to the City Council for First Reading.

B. Consideration of renewal of a contract with Granicus for STR Helper software

MOTION: Council Member Bell made a motion to approve, and Council Member Popson seconded the motion.

Director Kerr said the City has been using the software, originally purchased last fall, for a few months, and it identified approximately 140 potential violations. Letters were sent to all. About 50 came back as misidentified, but approximately 40 were found to be in violation. Those identified properties led to the City collecting nearly \$25,000 in fees and fines.

Director Kerr said the software company had anticipated a significant increase in the annual cost of the software but offered a discounted rate of \$15,000. He believes this to be a good value and continue to work to the benefit of the City.

VOTE: The motion passed unanimously.

C. Consideration of engaging First Tryon as financial advisor to guide and assist with proposed debt issues related to the Phase III Drainage and Marina Dock Rehabilitation projects

MOTION: Council Member Smith made a motion to approve, and Council Member Streetman seconded the motion.

Council Member Pounds reminded Committee members that First Tryon had made a presentation back in the fall that was related to helping with budgeting scenarios in light of future bond issues. This request is to engage their services to help with the debt issues specifically related to the Phase III Drainage and Marina Dock Rehabilitation projects. He reported that he met with them along with Administrator Fragoso and Treasurer Suggs. The cost for this service will not exceed the \$15,000 in the budget.

Several Committee members expressed concern about the lack of an RFP process in this instance as well as a disliking of First Tryon's earlier presentation to City Council. Council Member Ward noted that many of Committee members' concerns are addressed in the sample engagement letter provided in the packet. Council Member Smith removed her motion to approve, and Council Member Streetman removed his second. The matter will be on next week's City Council agenda.

D. Consideration of engaging Haynsworth Sinkler Boyd as a real estate attorney to assist in the development of the marina restaurant lease document

MOTION: Council Member Moyer made a motion to approve, and Council Member Bell seconded the motion.

Attorney Copeland said Haynsworth, Sinkler, Boyd do this sort of work for municipalities and she believes them to be a good fit for the City. Their hourly rate is approximately \$250, and she did not expect this work to take more than 25 hours. Mr. Jon Chalfie said he would like to have the attorneys draft the lease and believed 25 hours to be more than enough time for them to review a lease.

VOTE: The motion passed unanimously.

E. Consideration of a change order in the amount of \$66,500 to Applied Technology Management (ATM) contract for additional services related to the marina dock rehabilitation project: water/wastewater permitting, pump out grant application, and construction administration services

MOTION: Council Member Buckhannon made a motion to approve, and Council Member Streetman seconded the motion. The motion passed unanimously.

F. Discussion of Dominion Energy's Non-Standard Service Fund and discussion of development of a cutting agreement between the City and DE ahead of next tree trimming cycle

Council Member Pounds suggested having the Public Works Committee develop a strategy for working with Dominion Energy on future tree trimmings and come up with a plan as to how best utilize the non-standard service fund. Council Member Buckhannon advocated for some of the monies to be used to underground the electrical wires across the island.

G. Discussion and consideration of marina restaurant lease proposal from the IOP Families Investment Group

Mr. Chalfie reported that there have been some recent negotiating sessions with the IOP Families Group that have "moved the needle" in the last 10 days.

7. Miscellaneous Business

The next meeting of the Ways & Means Committee will be Tuesday, August 18, 2020 at 6:00pm.

8. Executive Session

MOTION: Council Member Streetman made a motion to go into Executive Session in accordance with §30-4-70 of the Freedom of Information Act for discussion of contractual negotiations related to the marina restaurant lease proposal and to receive legal advice. Council Member Moye seconded the motion. The motion passed unanimously.

The Ways & Means Committee moved into Executive Session at 7:36pm.

The Ways & Means Committee returned from Executive Session at 8:36. Council Member Pounds said no decisions were made.

MOTION: Council Member Buckhannon made a motion to continue discussions with the IOP Families Groups as discussed in Executive Session. Council Member Bell seconded the motion. The motion passed unanimously by consent.

9. Adjournment

Council Member Buckhannon made a motion to adjourn and Council Member Moye seconded the motion. The meeting was adjourned at 8:37pm.

Respectfully submitted,

Nicole DeNeane
City Clerk