



**Ways & Means Committee Meeting**  
**6:00pm, Tuesday, February 16, 2021**  
**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: Administrator Fragoso, Asst. Administrator Hanna, Treasurer Suggs, various City Department heads

Also Present: Kirby Marshall, ATM

**2. Approval of previous meeting's minutes – November 18, 2020**

Council Member Streetman made a motion to approve the minutes and Council Member Moye seconded the motion. The motion passed unanimously.

**3. Citizen's Comments -- none**

**4. Financial Statements – Treasurer Suggs**

Treasurer Suggs reviewed the financial reports with Committee members. As of 1/31/21, she said there is enough information to predict the City will finish FY21 with approximately \$12.6M in revenues (\$3.5M in bond proceeds). Expenditures will finish the year approximately \$4.6M under budget; the majority of which is drainage expenses deferred to FY22.

Business licenses, rental licenses, and building permits are doing well so far this year.

Council Member Pounds briefly reported on research showing an increase in the number of rental units over the past two years. Further analysis will be provided during an upcoming budget workshop.

Treasurer Suggs said, "Overall, the City looks really favorable compared to the prior year. The two exceptions are hospitality tax being down and the loss of the Accommodations Tax pass through. Current forecast predicts the City will have approximately \$590,000 worth of revenues in excess of expenditures in the General Fund at 6/30/2021."

All accommodations-related tax revenues are showing increases of 6-8% from FY19.

Administrator Fragoso said a few punch list items remain at the Public Safety Building. They are awaiting the letters making up the building name and the installation of the flood-proof door in March before closing out the project worksheet.

Treasurer Suggs reviewed a listing of legal expenses incurred by the City in FY21. Discussion ensued about the amount of time and money being spent to fill and review voluminous FOIA requests. Many of the recent large requests have been in relation to Tidal Wave Water Sports. The largest such request to date has been in excess of 10,000 documents, all of which need to be reviewed by legal counsel before being sent out. The costs involved in that legal review have not yet been billed. Administrator Fragoso stated there is a page on the City's website that explains the FOIA request process.

5. **Old Business –none**

6. **New Business**

A. **Consideration of change order in the amount of \$228,505.69 to Salmon's Dredging for the construction of the marina fuel hut, re-engineered fuel hut support flotation, and other modifications to the fuel dock required for the marina dock rehabilitation project**

Administrator Fragoso and Kirby Marshall of ATM broke down the change order request. A \$100,000 placeholder was put in the Marina Rehabilitation budget for the building of the fuel hut. The City had hoped to find a way to lower the original proposed cost of the hut, which was \$130,000.

The additional costs include longshoreman's insurance which was not included in the original bid. Also not included in the original pricing is "some re-engineering for the support of the floating dock that will be supporting the fuel hut," the recalculated weight of the hut, and "minor items associated with the fuel dispenser's relocation to limit the blastproof construction requirements."

Mr. Marshall reported that Salmon's received three bids for the project, and this is the lowest estimate. He said the largest cost is the longshoreman's insurance, which cannot be covered by Salmon's. Some of the increase can also be attributed to commodity price increases due to COVID as well as higher standards in code requirements.

He shared drawings of what is now being considered for the hut and larger surrounding platform needed to support the hut. He reported that the dock manufacturer "insists that to properly float that portion of the dock system and maintain the freeboard of the adjacent docks they require this larger platform." Despite pushback from the City, the dock manufacturer is holding to the requirement.

Administrator Fragoso indicated the City is paying "like for like" with regards to the fuel hut as required by the lease agreement, and said Brian Berrigan, the Marina Manager, will pay \$36,000 (of the \$228,505.69) in design costs for the fuel hut. The unbudgeted \$92,000 will be covered by the City's contingency in the Marina fund budget. Council Member Pounds noted there will still be \$500,000 remaining in contingency funds.

Council members expressed concern about the increase in the size of the floating dock to support the fuel hut and the large increase in relative costs. Pros and cons of moving the fuel hut to land were discussed. Council Member Bell said he would like to see this returned to the Real Property Committee for further review and recommendation. Mr. Marshall pointed out delaying the decision for that amount of time will prevent the project's completion by July 4.

**MOTION: Council Member Pounds made a motion to approve the request for the change order in the amount of \$228,525.69. Council Member Streetman seconded the motion.**

Administrator Fragoso assured Council members of the due diligence done by herself, staff, and Mr. Marshall on behalf of the City to keep costs as low as possible. She said she shared their frustration over this development. Council Member Moye said he would like "to see a little bit of discovery into working with the Marina operator to consider alternative placement of the fuel hut office and then also a little bit of digging into alternative fuel dock manufacturers" and see if there are other manufacturers of the same materials. Council Member Pounds said he trusts Administrator Fragoso and Mr. Marshall to work to keep the costs down as much as is possible and encouraged Council members to keep the project moving forward.

**A vote was taken as follows:**

Ayes: Popson, Streetman, Moye, Buckhannon, Smith, Ward, Pounds

Nays: Bell, Carroll

**The motion passed 7-2.**

**B. Discussion and consideration of approval of an amount not to exceed \$20,000 for the development of engineered plans for building permit approvals for the marina fuel hut**

Administrator Fragoso explained these monies will allow the architect to develop the engineered plans needed to build the fuel hut. The cost also includes the permitting process. She anticipates the cost to come in much lower than \$20,000, likely closer to \$10,000 based on very recently received information.

When asked why this expense is just now coming before Council, Mr. Marshall said it was because the fuel hut was selected as an alternate part of the original bid and was therefore not included in the final project cost estimates. Had the City accepted the fuel hut as part of the project from the start, these costs would not be incurred by the City at this time.

**MOTION: Council Member Buckhannon made a motion to approve the request for an amount not to exceed \$10,000 for the development of engineered plans for building permit approvals for the marina fuel hut. Council Member Popson seconded the motion. A vote was taken as follows:**

Ayes: Popson, Streetman, Buckhannon, Moye, Ward, Smith, Pounds

Nays: Bell, Carroll

**The motion passed 7-2.**

**C. Discussion and consideration of potential Dominion Energy’s Non-Standard Service Fund projects**

Administrator Fragoso reported that the Public Works Committee has been in conversations with Dominion Energy about potential projects that could benefit the City through the use of the Non-Standard Service Fund. She reviewed the projects and estimated costs. Dominion Energy identified these projects as places on the island that could benefit from undergrounding of electrical lines.

Council Member Smith encouraged Committee members to watch the video of February’s Public Works Committee meeting for further clarification and understanding of these projects. She added that more conversation is needed to understand the pros and cons of each project.

Council Member Pounds would like to see the issue returned to the Public Works Committee to further refine the projects and come back with a specific recommendation.

**D. Discussion of FY22 expenditure assumptions and 10-year Capitol Plan**

Council Member Pounds reviewed budget expenditure assumptions with Committee members including drainage, the purchase of a firetruck and SCBA equipment. He indicated a placeholder will be needed for the Dominion Energy project.

Committee members discussed the need to address the beach access paths. Funding options for the improvement of the beach access paths could include the City budget, beach preservation funds, County subsidies, and federal grants.

**E. Discussion and consideration of re-instating the 2020 2.5% merit pool**

This issue will be discussed at length at the first budget workshop. Administrator Fragoso added, “We’ve talked about how our projections show that the City is going to end up in a better position than we originally planned, and I think that obviously our people, maybe I am biased, but our people infrastructure are the most amazing thing that we have with the City, with the City family. Last year, due to COVID concerns, we did not implement the 2.5% merit increase that was budgeted. We did it in an effort to try to avoid having any cutting of hours or furloughing folks, and we did that to protect our team. I want to have a conversation with you all based on again the numbers that we are seeing in terms of our revenues, tourism revenues, and our General Fund revenue coming back better than expected. I think that I would recommend and support either reinstating last year’s merit increase that we tossed or increasing the existing budgeted merit increase for FY21.”

**7. Miscellaneous Business**

The next meeting of the Ways & Means Committee will be Tuesday, March 16, 2021 at 6pm.

**8. Adjournment**

Council Member Buckhannon made a motion to adjourn and Mayor Carroll seconded the motion. The meeting was adjourned at 8:21pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk