



**Ways & Means Committee Meeting
5:00pm, Tuesday, June 21, 2022
1207 Palm Boulevard, Isle of Palms, SC 29451
and broadcasted live on YouTube: <https://www.youtube.com/user/cityofisleofpalms>**

MINUTES

1. Call to Order

Present: Council members Hahn, Bogosian, Miars, Ward, Streetman, Pierce, Anderson, and Mayor Pounds

Absent: Council Member Popson

Staff Present: Administrator Fragoso, Treasurer Suggs, various City Department heads

2. Approval of previous meeting's minutes

Council Member Ward made a motion to approve the minutes of the May 17, 2022 regular meeting and Council Member Streetman seconded the motion. The motion passed unanimously.

4. Citizen's Comments -- none

5. Financial Statements – Treasurer Suggs

Treasurer Suggs reported that General Fund revenues are running 5% ahead of budget and expenditures are running behind budget. She said property taxes are at 100% and she is forecasting them to be slightly over. The “big players” are business licenses, rental licenses, building permits, and parking, which are all significantly ahead of budget and forecasted to be ahead of budget at the end of the fiscal year. The current forecast predicts general fund revenues to be \$2.7M ahead of the budget. June is historically a heavy expense month, however, the City “will have a significant excess of revenues over expenditures in the general fund as of June 30. It will be up to City Council to determine where and how those funds are spent.

The City continues to experience “significantly over budget revenue streams” on Accommodations and Hospitality taxes. They are currently 62% ahead of this time last year, and Treasurer Suggs is forecasting that at the end of the FY22, they will be \$1.7M ahead of the budget.

The City has \$31.5M in cash deposits, which includes \$3.3M of unspent bond proceeds, \$1M in unspent Federal ARP funds, and \$12M restricted for tourism expenditures or beach preservation.

The April revenue for municipal accommodations tax was \$186,478, which is a record amount received for any month. She expects to receive a healthy payment for State ATAX as well. Hospitality tax came in at \$137,604. She noted that hospitality taxes for restaurants in Wild

Dunes were up 45% month over month and Harris Teeter was up 50%. Council Member Bogosian said he would like a breakdown of the impact of the new Wild Dunes hotel on hospitality taxes. Treasurer Suggs pointed out that these revenues do not include the new marina restaurant since it only opened in May. Local Option Sales Tax is also 17% ahead of last year.

Payments to Quality Enterprises were recorded out of the Phase 3 Drainage funds. There was no financial activity on the marina in May, and no big changes to note on legal expenses.

5. Capital Projects Report

A. Phase III Drainage

Administrator Fragoso gave an overview of the work being done on the Phase III Drainage Project. A slide detailing all of the work done on this project can be seen in the YouTube recording of this meeting linked on the City's website. She said work on the golf course portion of 30th Avenue is nearly complete. Work will then stop until late August when the road work will happen, leading to road closures. She said that project is progressing well.

Road closure as a result of work at 36th Avenue is not expected until the end of the fall.

The City is still waiting on final permits for 41st Avenue. The grant writer is working with Thomas & Hutton on the amendment to the Office of Resiliency to include the piping over of the ditch at 41st Avenue.

B. Comprehensive Drainage Island-wide Drainage Plan

Administrator Fragoso referred to the slide in the meeting packet detailing the work that has been completed on the Drainage Master Plan to date. She reported on a meeting that Davis & Floyd had with a resident who has drainage issues on their property, and that resident provided ideas and solutions that are being considered. Davis & Floyd may work with the City to establish a pilot program to help "establish what kind of solutions property owners could do on their own property." They will bring further recommendations to City Council about that program upon completion of the project.

The City is also working with Davis & Floyd to identify projects to apply for via the Rural Infrastructure Authority, who has \$900M available for water and wastewater management projects.

C. Overhead to Underground Conversion

Administrator Fragoso said construction agreement with Dominion Energy for this project has been executed. The project is on track to begin in the fall or winter.

D. Construction of the Pickleball Court and Reconstruction of Outdoor Basketball Courts

Administrator Fragoso said these are FY23 projects. The RFPs for both projects went out last week and the deadline for proposals is July 7. The goal is to get a contract approved by City Council by the end of July so that it can be executed and then issue a notice to proceed. Director

Page has personally delivered copies of the RFP to contractors they have worked with in the past.

6. **Old Business** -- none

7. **New Business** – none

MOTION: Mayor Pounds made a motion to reorder the agenda so that the item regarding ATM could be presented first. Council Member Ward seconded the motion. The motion passed unanimously.

A. Discussion and consideration of revised proposal from ATM for design, engineering, and permitting of public dock replacement and “T” dock improvements [FY23, Isle of Palms Marina - \$57,500 for public dock engineering and \$400,000 for “T” dock improvements]

Administrator Fragoso said, “ATM is again the project engineer and project manager for the dock rehabilitation project. Earlier this year, City Council approved a change order to ATM for the design and development of specifications and permitting of the improvements to the T-dock and the public dock. At that time, the projects as they were conceptualized were just repairs on both of those projects. As you all know, throughout the budgeting process, City Council decided and voted to pursue a more robust plan for the public dock at the marina and then to make repairs to the T-dock in an amount not to exceed \$400,000. So the scope of the project has changed since January until now when Council approved the two different projects. So that is why Kirby is here because there is going to be significantly more engineering that needs to be done for the public dock because it is a full replacement that requires a full new permit from the permitting agencies. And then there is going to be some changes related to the T-dock. So just for the record, you all had considered a proposal earlier this year, but because again the scope changed, this proposal and the work we need them to do to get to a point where we are ready for construction will change.”

Mr. Kirby Marshall of ATM spoke in greater detail about the changes to the scope of work and what will be required as far as engineering, permitting, and preliminary work needing to be done ahead of construction. Mayor Pounds clarified that this proposal is for an additional \$53,000, \$42,000 of which is for geotechnical services and increased regulatory requirements. Mr. Marshall said the bidding for the T-dock will likely happen this fall, while the bidding for the public dock will not take place until the permits are in hand, which could be up to a year.

Administrator Fragoso clarified the request: “What we are requesting approval for is for task one, which is the work that needs to happen as part of the prep to go through the permitting process, and that is a total of \$110,500. We have \$57,500 in the budget, which was part of what was approved in January. And then task number two, which is related to the technical specifications for the improvements to the T-dock. We have budgeted an additional \$400,000 for that work on the T-dock. So that \$25,000 could come out of that \$400,000. And for task three, I would only request approval of the task 3.1, which is bidding support services for the T-dock.”

Mr. Marshall added, “All of these are lump sum fees, so it is all in. We have assumed a limited amount of coordination with agencies post-submittal and post-public notice. Just based on the

conversations I have had with the Corps, what we are look at with the Corps on the public dock is pretty benign. Basically, if we don't go any farther out into the waterway, we're not really changing the use of it to be any more commercial than it was. It is going to be less. It's very straightforward with that agency. And with OCRM, their only stated concern was with the width of the structure. We feel we can get through that discussion with them during the pre-application meeting process and don't really anticipate any substantial public comment or opposition to this certainly based on our last experiences out there with what we did at the water sports dock, which was a lot more controversial."

Council Member Anderson expressed concern about the placement of anything on the public dock that could impede ADA access and asked Mr. Marshall to be aware of that during the final design phase of that project.

Administrator Fragoso expressed confidence that the \$400,000 budget for the work on the T-dock will be more than sufficient to cover the additional engineering costs.

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

B. Consideration of purchase of Polaris GEM [FY23 Budget, Police Department, State ATAX - \$18,000]

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

C. Consideration of replacement of three (3) patrol vehicles [FY23 Budget, Police Department, Capital Projects, Muni ATAX, State ATAX - \$135,000]

Administrator Fragoso said this is State contract pricing and exempt from the procurement code.

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

D. Consideration of replacement of two (2) pay stations at Front Beach [FY23 Budget, Front Beach Business District, Hospitality - \$36,000]

Administrator Fragoso said the quote for these kiosks came in significantly lower than budgeted. The goal is to reduce the number of kiosks over time and move to text-to-park.

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

E. Consideration of purchase of one (1) F-250 replacement (re-budgeted from FY220 - \$70,000 [FY23 Budget, Fire Department, Capital Projects - \$70,000])

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

F. Consideration of proposal from Thomas & Hutton in the amount of \$17,900 for additional design, engineering, and permitting for the 41st Avenue outfall project to extend piping of ditch along 41st Avenue [FY23 Budget, Public Works, Capital Projects, Drainage - \$350,000]

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

G. Preliminary Discussion of FY22 positive net results and potential projects/expenditures to consider

Committee members discussed possible options for the use of the positive net results of the FY22 budget. Administrator Fragoso noted that while the wage & compensation study did increase staff salaries (outside of the Fire and Police Departments), those increases are not keeping up with inflation. Council Member Bogosian expressed concern about a possible negative financial impact on FY23's assumed 10% increase in revenue and the impact on fund balances.

Mayor Pounds will prepare a list of items for the Committee to consider.

H. Update on marina leases assignment

Mayor Pounds said the City is currently awaiting the audited financial statements, balance sheet, and opinion letter. He is not sure if they will be ready by next week's City Council meeting.

I. Discussion of ATAX Taskforce recommendations on the expenditure of the 30% State ATAX funds for tourism promotion and advertisement

Mayor Pounds thanked Council Member Streetman for his leadership with the ATAX Taskforce. Council Member Streetman gave an overview of the work done by the taskforce. He detailed the seven areas that the taskforce felt defined success with regards to the use of the 30% State ATAX funds for tourism promotion and advertisement: more accountability, local focus, more flexibility in the use of the 30% ATAX funds, resident input into how funds are spent, more collaboration with the City, an off-season focus to advertising, and tourism management focus.

Recommendations from the ATAX Taskforce to City Council are:

1. Request more accountability, collaboration, and local focus from the Charleston Visitor's Bureau, the City's existing direct marketing organization;
2. Support the development of the new Isle of Palms Chamber of Commerce so they can act as an alternative direct marketing organization for the Isle of Palms in the future;
3. Request City Council to advocate for changes to State law to lower the percentage of State ATAX monies that is mandated to be spent only on tourism and advertisement.

Mayor Pounds said he had multiple conversations with MASC and the City's lobbyist "trying to ascertain interest on helping us coordinate forces across the state around the reduction of the

30%.” He has also had some preliminary conversations with local mayors about joining forces and “have a powerful voice in Columbia” around this topic.

8. Miscellaneous Business

The next regular meeting of the Ways & Means Committee will be Tuesday, July 19, 2022 at 5pm.

9. Adjournment

Council Member Ward made a motion to adjourn and Council Member Miars seconded the motion. The meeting was adjourned at 6:13pm.

Respectfully submitted,

Nicole DeNeane
City Clerk