



**Special City Council Meeting  
Budget Workshop #1  
3:00pm, Tuesday, March 21, 2023  
Council Chambers  
1207 Palm Boulevard, Isle of Palms, SC**

**MINUTES**

**1. Call to Order**

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

Staff Present: Administrator Fragoso, Director Kerr, Treasurer Suggs, various City Department heads and staff

**2. Citizens' Comments -- none**

**3. Purpose – Discussion of the FY24 Budget**

Mayor Pounds reviewed the budget assumptions for FY24 including: tourism funds assumes 90% of the last 12 months; recognizing \$1,085,000 of ARPA funds for public dock renovation; 95% staffing rate in the Police Department; 2.5% merit and/or step-based wage adjustments effective 1/1/24; fuel prices of \$3.75/gallon marine grade unleaded and \$4/gallon diesel; staff headcount increased by 4; transfer of \$1,305,000 from tourism funds, and \$1,145,000 transfer from General Fund to the Capital projects fund.

The Mayor reviewed a summary of revenues by fund showing Actual FY22, Budget FY23, Forecast FY23, Budget FY24, and the increase from the FY23 budget, indicating there is a \$2.5 million increase from Budget FY23 to Budget FY24. For the next draft of the budget, Council Member Pierce asked this chart include “a column to show the increase and decrease from the current 12 months.”

The City is anticipating a need for a financial analyst, and a portion of that salary is included in the budget. The need for that position will be determined after the new Finance Director is in place.

A brief discussion ensued about the anticipated increase in assessed property values in the fall. Mayor Pounds said, “If the assessed value goes up, we are going to adjust our millage to keep it flat, all things being equal.”

Council also discussed the development of sinking funds for City properties versus the 1% of building value included in the budget. The 1% of building value monies are used for the one-off types of maintenance that happen throughout the year. Administrator Fragoso reminded Council

that the work of the Assistant Director of Public Works focuses on facilities maintenance and that he follows a regular schedule of maintenance for each City property.

Council Member Bogosian expressed concern about the numbers related to personnel costs. Treasurer Suggs said she would run the numbers again, but pointed out that some employees at the high ends of their pay scales have or will be retiring and their replacements will not be paid as much. Administrator Fragoso said the personnel costs include 3.5 new employees but does not include any new Fire Department personnel.

Key budget initiatives include completion of the 36<sup>th</sup> Avenue outfall project; \$29,000 for the permitting of the outfall project at 41<sup>st</sup> Avenue; smaller drainage projects identified by the Comprehensive Drainage Plan; public dock renovation and greenspace at the Marina; marina dredging design and permitting; T-dock repairs/improvements; permitting for future shoal management and beach renourishment project, beach access paths boardwalks & footbridges, along with numerous initiatives discussed by the Public Services & Facilities, Public Safety, and Administration committees. Administrator Fragoso highlighted some new projects and changes from FY23 including work at the Breach Inlet boat ramp, new software in HR, Public Works, Recreation, and the Fire Department, and the addition of a Medsafe pharmaceutical dropbox at the Police Department.

Administrator Fragoso said she has asked Kirby Marshall of ATM to re-evaluate the proposal for the improvements that need to be made at the T-dock. City Council had approved an amount not to exceed \$400,000, but she believes it can be done for less than that.

Mayor Pounds added that another initiative needing to be considered is the reconfiguration of City Hall. Administrator Fragoso said, “My recommendation would be that we follow the same process we did with the Public Safety renovation where we had a design-build team. So we issue an RFP, get a design-build team in place. They work on the design together with the contractor, and then we don’t have to rebid to get a contractor. We have already done that at the beginning of the process. It is much more efficient, and that would allow us to start construction potentially earlier.” Work on City Hall would not need to be restricted to working in the off season. Mayor Pounds said he hoped to have more definitive numbers in the second draft of the budget.

Administrator Fragoso said she has asked Dominion Energy to review the projected costs of previously identified undergrounding projects within the City. She will bring those updates to the Public Services & Facilities Committee for review.

Council Member Pierce would like to see a placeholder in the budget for software to track the number of dwelling units on the island. Council Member Ward would like funds added to the budget to increase the amps of power to the Magnolia & Palmetto rooms in the Recreation Center. Administrator Fragoso said she would add that cost to the A/V upgrade scheduled for that building.

Council Member Pierce suggested reviewing franchise fee amounts to see if they could be increased. Administrator Fragoso said that some of those fees are already maxed out, but she will review fees in other municipalities to see if they are competitive.

Council Member Bogosian asked about sending out RFPs for the City's insurance. Treasurer Suggs said the City's insurance comes through MASC and they have not profit motivation in their premiums. If the State's insurance pool is overfunded, the City receives a refund.

Mayor Pounds said the Martin Luther King, Jr. event will be added to the City's ATAX budget in the next draft. He shared that there has been a lot of pushback on the idea to request a one-time budget proviso to fund a special project. He said, "We had meetings with ExploreCharleston. They are certainly willing to put in their budget the walkability study, for lack of a better term, and also a tourism management study through College of Charleston. They would help us develop some strategy around tourism management. So those two items they are putting in their budget, the 30% bucket for next fiscal year. So we kind of get to the same spot, just a different path, if you will."

Council members reviewed the cost options of adding a paramedic program. Chief Oliverius said he would supply Council members with a breakdown of emergency medical calls for residents and non-residents. Mayor Pounds said the paramedic program needs more input from the community before adding it to the budget. Community listening sessions will be held at the Recreation Center.

Mayor Pounds reviewed some options with regards to the millage rate and its effect on the FY24 budget. Administrator Fragoso said that potential increases in fees related to short-term rentals along with projected decreases in the Fire Department overtime budget could help fund the addition of the paramedic program.

Treasurer Suggs said she could recast the budget using additional funds from ATAX and review the projections, which she noted could be too conservative. Council Member Bogosian said he would like to see the budget recast without a millage increase. He believes the paramedic program is worth pursuing.

Treasurer Suggs said, "This budget assumes there is over a million dollars of excess revenues to transfer to the Capital Projects fund. So you could lessen that number and cover this [expenses related the paramedic program]. But then you have to think about what are the down-the-road consequences of not funding the Capital Projects Fund to that high a level. But then again, every year, we seem to end up a little bit better than we thought, so that money goes into the Capital Projects Fund, so there are a couple of different ways to skin this cat."

Council Member Bogosian would like to see the next draft of the budget include the paramedic program without a millage increase.

Administrator Fragoso said the parking management analysis is based on feedback from one parking management company. The City would still hire some BSOs but would not need the full contingent of 10. Not included in these estimates is the amount of staff time (outside of the police department) dedicated to parking ticket-related issues. Council Member Ward spoke in favor of the addition of such a program.

Mayor Pounds reviewed the proposed increase to short-term rental license fees. Director Kerr expressed his preference for an increase to the base fee for short-term rental licenses as it would

reduce the number of transactions Building Department staff would have to initiate. This fee increase will be included in the next draft of the budget.

Director Suggs reviewed the work to be done for the next draft of the budget: add 12-month actual to the revenue slide, check the FY24 payroll budget because it seems low; add \$30,000 Recreation grant for the outdoor fitness court; move the \$1 million City Hall construction estimate into FY24; add \$35,000 to the Building Fund department in the IT line for software related to property management; adding \$10,000 to the Recreation AV line for an increase in amps; add \$10,000 in State ATAX for an additional event; reduce parking revenue by approximately \$50,000 to assume outsourced parking management in the second half of the fiscal year; add \$200 per short-term rental license into revenues; and look at assumptions in revenues in the General Fund.

The next draft of the budget will be reviewed at the City Council Workshop in April.

#### **4. Adjournment**

Council Member Ward made a motion to adjourn and Council Member Streetman seconded the motion. The meeting was adjourned at 5:08pm.

Respectfully submitted,

Nicole DeNeane  
City Clerk