

SPECIAL CITY COUNCIL VISIONING WORKSHOP

12:00 p.m., Wednesday, November 16, 2016
Council Chambers
1207 Palm Boulevard, Isle of Palms, South Carolina

The Special Council meeting was called to order at noon 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, Rice and Ward, Mayor Cronin, Administrator Tucker, Attorney Halversen, Assistant Administrator Fragoso, and all department managers of the City. A quorum was present to conduct business.

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. The Mayor stated that the purpose of the meeting was to look at the long-range vision of the City, i.e. where are we now and where we potentially could go.

Vision

The Vision Statement included in meeting packets is the statement from the City's Comprehensive Plan that was revised last year and states how Council has embraced the view of the island.

Councilmember Ferencz stated that she does not think the statement captures the island; she sees the City as more than a variety of housing styles. She asked whether the Vision Statement wanted to bring attention to "the natural cycle of beach erosion"; she thought it should be more positive.

Mayor Cronin commented that the Planning Commission had spent a great deal of time studying the Comprehensive Plan in the process of updating it last year; and, once completed, City Council approved it.

Councilmember Ferencz wanted the task of drafting a positive vision statement to be assigned to a Committee, but the Mayor commented that the purpose in giving the job to the Planning Commission was for them to update it. Councilmember Ferencz stated that the Planning Commission had not been tasked to re-develop the statement, but "to change words that they did not feel were cognitive at the time." She was in favor of a vision statement for the City that could be used as a marketing tool, projecting the image of family, residential, natural resources, etc.

The Mayor would consider the best way to develop a more positive vision statement, but he commented that the Vision Statement from the Comprehensive Plan was never meant to be a marketing tool, but a document based on the City's land use plan and the zoning maps as a planning guide. He pointed out that this vision statement was approved through an ordinance and he was not interested in going back through the ordinance process again.

Administrator Tucker indicated that the Vision Statement was on the Agenda for Council to decide if it wanted a different one than what is in the Comprehensive Plan.

Fiscal Vision

A. Ten Year Capital Plan: Additions, deletions and refinements

Also included in the meeting packet was a list of large scale projects the City anticipates doing in the next eighteen (18) months; he corrected the Phase II Drainage to be from 45th to 52nd Avenues. The Mayor noted that the drainage project was awarded a half a million dollar (\$500,000) grant from the South Carolina Rural Infrastructure Authority. He stated that none of the projects are minor, including two (2) major beach renourishment projects that are underway, the marina redevelopment plan, the NPDES improvements at the Public Works site, etc. (The project list is attached to the historical record of the meeting)

Councilmember Rice asked that an improved fitness room for the Recreation Center be added to the list.

Councilmember Carroll noted that each of the items on the list has a dollar figure associated with it; therefore, he suggested that they be prioritized. For him the highest priority should be given to the beach renourishment projects because the City derives so much revenue from tourism.

Recalling the meetings from the previous evening, Mayor Cronin stated that Council had approved a modification to the permit to include the entire seven miles (7 mi.) of beach, but the question still remains how to execute a project on the west end of the island. He explained that the estimate of a four million dollar (\$4,000,000) price tag was based on ten dollars (\$10.00) per cubic yard and four hundred thousand cubic yards (400,000 cu. yds.), of sand needed to complete the project. The estimate is also predicated on the west end project being coincident with the east end project, resulting in one (1) mobilization/demobilization expense. When the Mayor asked the City's coastal engineer about using sand from Breach Inlet, he was told that to do that would mean a new project with a new permit.

Councilmember Bergwerf said that the west end of the island did not need a restoration project, saving four million dollars (\$4,000,000) because the area was accreting as of yesterday; she added that the beach has been accreting since the protective dunes were created. She said that she is seeing walkways that have been covered by the accreting sand for years; she would prefer for the City to delay actions and look at the beach on the east end in six (6) months and to have an expert tell Council at that time if the area is in danger.

The Mayor stated that the focus of any restoration project should be to achieve a dry sand beach.

According to Councilmember Rice, when the permit is modified, the City will have five (5) years to execute it and doing one (1) project does not necessitate doing two (2).

If the City were to use the same formula for funding a project on the east end, the City would be a million to a million and a half dollars (\$1,000,000 – 1,500,000) short of funding the project.

Councilmember Rice repeated that the use of accommodations funds for this purpose seemed very valid and that many local governments use all of their ATAX money every year.

The funding for the restoration project at the east end of the island is as follows:

FY17 Budget	\$2,800,000	(\$1,200,000 borrowed)
State of South Carolina	6,900,000	
Lowe Wild Dunes	1,000,000	
Stakeholders	2,100,000	

The Mayor reminded Council that the City must have the stakeholder money in-hand before applying to the state.

In addition to voicing his support for allocating a percentage of ATAX funds annually to beach restoration, Councilmember Kinghorn asked that some of those funds be used for beautification of the beach access paths, for example, uniform signage, landscaping, benches, etc.

Mayor Cronin asked the Administrator if the City had the resources to manage all of the beach accesses as the City would like; the Administrator said that the City does not have those resources.

Councilmember Bergwerf suggested that the City's landscape vendor be given the responsibility for the improvements and maintenance of the beach accesses along with the green spaces on the island.

In the way of guidance to staff, the Mayor stated that, in the future, the City would budget one percent (1%) of accommodations tax revenue to beach preservation, if affordable.

For clarification, Administrator Tucker asked if Council had an appetite for re-directing more ATAX money to beach restoration if it meant that ATAX could not make enough transfers-in to pay for what it pays for now and that result in a tax increase. She got a resounding "no" from Council.

Councilmember Rice commented that she views beach restoration as a constant cycle with the rising tides, so she thought that the City needed to be prepared because erosion was not going stop.

In Councilmember Harrington's opinion, the City could increase revenue by parking mobile homes/recreational vehicles in the municipal parking lots in the off-season where currently it is not allowed.

When the Mayor asked if the parking lot would then need a flush out area; Chief Buckhannon said that getting utilities to the lot would be very expensive. As for waste, the Chief said that the lot would have public sewer at each site or the lot would be required to have a dump station.

When asked if the revenue generated from recreational vehicles (RVs) would make it cost effective to install the utilities, Councilmember Kinghorn replied that the more amenities the location offers the higher the per night charge; he has seen the most basic, small space rented for fifty dollars (\$50) per night. He added that the City has much to offer people who rent space in the lot, i.e. the ocean across the street and restaurants offering hot dogs to cuisine close at hand, and the police department across the street for security.

Without any investment from the City, it could store boats in the winter months and save island residents who take their boats out of the water from going to Mount Pleasant; Councilmember Carroll said that people could also store RVs there.

The Mayor said that both options warrant further consideration.

Director Kerr commented that, if the City were to decide to establish RV parking, an amendment to the City Code would be required because it does not allow anyone to sleep overnight.

Attorney Halversen said that she would look at the Code to determine if there is a prohibition for storage.

Councilmember Bergwerf asked how many Council members would, in principle, consider using the municipal parking lot as a RV park for maximum two (2) night stays in the winter. Councilmembers Carroll, Ferencz and Ward indicated that they would not support the activity. Councilmember Ward said that to use the lot for winter RV storage would be against the residential character of the island and indicated that he would prefer to see boat storage.

Referring to the list of major projects that are ahead for the City in the next eighteen (18) months, Administrator Tucker stated that frequently a result of a visioning workshop is more work for staff; by including the list in the packet, Council can readily see the projects on which staff are working now.

With that statement in mind, Councilmember Carroll repeated his stance that the City needs to hold a referendum to learn what the residents want the City to do because of the dollar amount associated with each. He was of the opinion that the pursuing some of them would lead to a tax increase for residents.

Considering the marina redevelopment plan, Mayor Cronin distributed a schedule with the heading "History of Marina Funding;" he pointed out that in a couple of years the debt incurred to purchase the marina will be paid in full. At that time, all of the lease income generated by marina tenants and paid to the City will be available for other purposes.

Councilmember Carroll then asked if the City ATAX funds "subsidize the negative income" at the marina, and the Mayor assured him that was not the case because lease revenue from the tenants exceeds the amount the City pays toward the debt. The Mayor noted that State ATAX and Hospitality Tax funds have been used in the FY17 budget for engineering of the marina enhancement plan – City property tax dollars are not used for expenses at the marina. The City has made it a practice of using accommodations taxes to fund projects like dredging, insurance, renovation of the watersports dock, etc. The schedule shows that in the ten years (10 yrs.) following the payoff of the marina debt, the City will receive approximately four million four hundred fifty thousand dollars (\$4,450,000) in unencumbered revenue; therefore, the City could borrow four million dollars (\$4,000,000) against that revenue stream.

On the issue of the referendum, the Mayor indicated that it should be specific as far as how the marina redevelopment will be financed and that it will not be a tax burden on the residents. The discussion was moot since, currently, the City does not yet have the cost estimates.

Councilmember Bergwerf remarked that Council has limited parking on Waterway Boulevard and 41st Avenue, but, in doing that, the marina, with its unorganized and limited parking, has been put into a “tough spot.” In her opinion, the City must pick up its share of responsibility to fix the parking.

Councilmember Rice asked when the City expected to receive the renderings and cost estimates from ATM; Administrator Tucker replied that the City has not received an update from ATM related to that in a while, but they have reached out for a copy of the bulkhead assessment.

According to Assistant Administrator Fragoso, the contract with ATM allows six (6) months to complete that phase of work.

Mayor Cronin added that the City will not hear if it has been awarded a Boating Infrastructure Grant until March 2017.

Administrator Tucker stated that, if the City borrows any money for the marina enhancement plan, a section of the law states that a small number of the City’s electorate could demand a referendum.

Councilmember Kinghorn asked whether the cash flow and the financing were such that the City did not have to borrow, knowing that dependent on the timing of the implementation, the current tenants’ lease payments will be available.

If the City holds a referendum, November is the natural time to hold it.

Administrator Tucker made it clear that, based on the expense of the marina enhancement, with or without grants, and what is known today, the City could not do the job without borrowing.

The ten-year capital plan included in meeting packets extends to FY26 and on it are some big ticket items that need discussion, for instance the 41st Avenue roundabout for seven hundred thousand dollars (\$700,000); the consensus of Council was to remove it from the plan. Councilmember Kinghorn asked what kind of improvements were planned for the dais for twenty-five thousand dollars (\$25,000). Administrator Tucker said that, presently, councilmembers cannot see each other, so, at one time, reconfiguration was considered, as well as some audio/visual improvements. Again the consensus of Council was to remove this item from the ten-year plan. Mayor Cronin then referred to the Gateway Enhancement Phase II, 14th Avenue and Palm Boulevard from City Hall to 21st Avenue; he explained that this was a beautification project for the entrance to the island. Administrator Tucker added that also included in the project was the undergrounding of power lines; Councilmember Carroll suggested a change in the description because he thought people would then support the project. Despite the fact that City matching funds are required, Councilmember Kinghorn stated that he strongly supported using the funds available in the Non-standard Service Plan with SCE&G every year; otherwise, they just disappear.

Since this was a visioning meeting, Councilmember Ferencz asked when the City was going to decide to move Public Works away from the entrance to the island and, possibly, off island.

Councilmember Kinghorn thought relocating Public Works was "a nice idea," but it was impractical. A brief discussion ensued that also included outsourcing public works services.

With encouragement from the Mayor, Council agreed to leave the Gateway Enhancement for four hundred thousand dollars (\$400,000) on the ten-year plan.

No changes were made to the plan for the Police and Fire Departments; the Mayor did point out that the sinking fund for capital assets is projected to pay for a new seventy-five foot (75 ft.) ladder truck in FY19 and a pumper truck and ninety-five foot (95 ft.) ladder truck in FY20.

As further guidance to staff, Councilmember Kinghorn emphasized that, when possible, capital purchases should be thoroughly examined to determine if replacement in the fiscal year designated could be deferred to a point in the future; Councilmember Bettelli assured Councilmember Kinghorn that such examinations are a routine exercise in the budget process.

Mayor Cronin noted that the Fire Department's trucks suffer from the salt water environment before they accumulate high mileage; these particular trucks endured the elements 24/7 while the Public Safety Building was constructed. Councilmember Rice reminded Council that the City frequently sells its equipment after it is replaced.

The Mayor reported that the replacement of a thirty yard (30 yd.) Mack truck is scheduled for FY18 for the Public Works Department; he stated that staff was diligent about keeping equipment for as long as possible. He also added that these trucks get a lot of use; in the wake of Hurricane Matthew, the trucks were operating constantly for a minimum of two (2) weeks collecting debris.

When Councilmember Kinghorn asked about the City acquiring the island's roads, Council agreed that the City would not do it, and the fund allocation was taken off the capital plan. Mayor Cronin told Council that, the last time he and the Administrator met with SCDOT, they brought the subject up to the City.

Since the City is trying to increase the number of handicap accessible beach accesses, Councilmember Rice asked if the amount allocated for Mobi-mat was sufficient.

Administrator Tucker agreed that the dollar amount should be increased especially since the use of it on beach paths "has been favorably embraced by the community." In discussing the landscaping contract, staff has talked about adding a new duty to the contract for sweeping sand off the Mobi-mat and wooden mats as part of their normal routine. Currently the Mobi-mat inventory is used to replace worn out segments as they occur, and new Mobi-mat is put on an access as the result of a citizen appeal. The Administrator suggested that the amount be increased to thirty thousand dollars (\$30,000) annually. For FY18, Councilmember Kinghorn agreed to an allocation of thirty thousand dollars (\$30,000) with a reassessment in the following budget cycle.

In the Recreation Department, the largest allocation of funds is two point two-five million dollars (\$2,250,000) for a swimming pool in FY21. Again Councilmember Carroll thought that a

referendum should be held to determine the will of the residents; Mayor Cronin stated that he did not think a majority of Council supported the project to move it to a referendum.

Director Page said that it was easier to tell people that a pool was in the master plan than to tell them it was not planned at all; therefore, she supported it staying on the ten-year plan.

Councilmember Ward recalled that a referendum on a pool was held in 1990 or 1991, and it was narrowly defeated. He indicated that he supported moving the pool project to an out-year, possibly seven (7) years in the future.

In leaving the pool in the plan, the notation would remind a future City Council that it has been an topic for discussion and was a worthy consideration at that time.

In Councilmember Kinghorn's opinion, the answer was to remove the pool from the Recreation Master Plan.

Since the residents provided input for the development of the Master Plan, Councilmember Ferencz did not think Council had the authority to make changes to it.

When Councilmembers were polled about the pool, the vote was five to four (5 to 4) to eliminate it from the ten-year capital plan.

When Councilmember Harrington asked whether the City could consider a two-year (2-yr.) budget, he was told that state law requires local governments to have annual budgets.

Another expensive project in FY21 was the construction of another gymnasium for two and a half million dollars (\$2,500,000), also a part of the Master Plan; Council agreed to make no changes.

On the other hand, Councilmember Rice was in favor of moving the construction of a fitness facility from FY21 to FY18, but she did not think the price tag would be two hundred fifty thousand dollars (\$250,000).

The Mayor suggested making the change to FY18 and to vet the viability of a fitness facility in the budget process.

In an update to Council, Director Page recalled that the original quote from the architect included a lot of things that she did not think were necessary, and she has calculated the cost of a 25 X 25 fitness space as one hundred twenty-five thousand dollars (\$125,000). If the gym were to be remodeled, a lot of it would have to be torn out and reconstructed, and it could be done. She added that she was waiting for architectural (engineering and design) fees.

When asked if architectural and design fees were included in the one hundred twenty-five thousand dollar (\$125,000), the Director said they were not.

Councilmember Ferencz questioned that having a covered walkway at the entrance to the Recreation Center was necessary since it has a two hundred fifty thousand dollar (\$250,000) cost. Director Page stated that she thought it was a necessary addition; she recalled moving people

into the building at last year's Easter Egg Hunt due to lightening, but, with a covered walkway, they would have had shelter from the weather on the covered walkway.

Councilmember Rice suggested moving the walkway to FY21 so that it could be done in conjunction with the new gymnasium.

Proceeding to the projects planned for the Front Beach area, the Mayor commented that the resurfacing of the City-owned portion of Ocean Boulevard was scheduled for next year, but he thought that a cost of one hundred twelve thousand five hundred dollars (\$112,500) was too low. He asked whether the depressions in the road would have to be fixed before it was resurfaced, and the Administrator responded that the City would have to figure out what was causing them before that determination could be made.

Councilmember Bergwerf voiced concern over spending sixty thousand dollars (\$60,000) on the Breach Inlet boat ramp that is used by maybe (10) people and is part of the property owned by Carroll Realty.

Councilmember Carroll stated that he has proposed to the City that the property owners in the area pool their resources to pay for dredging there; he noted that the ramp is unusable from mid-tide on. He asked if the City could apply for the permit for dredging to be paid for exclusively by the property owners.

Councilmember Bergwerf also pointed out that a boater cannot tie up to the dock there because it is private property.

Mayor Cronin thought that the City could seek the permit on behalf of other property owners with legal agreements drawn up to protect the City; he added that to do so would put a burden on City staff to administer the permit.

If the dredging area contains beach compatible sand, the Mayor thought it would be relatively simple to pump it to front beach, but he did not think there would be a sufficient quantity of sand for renourishment. Councilmember Carroll stated that he would donate the sand to the City.

The suggestion was made to leave the projects related to the Breach Inlet boat ramp until FY23.

Referencing the annual allocation of one hundred thousand dollars (\$100,000) for dune walkovers, Councilmember Rice confirmed that, in the future, the expense would be paid from the one percent (1%) accommodation tax for beach preservation.

Councilmember Rice reiterated her opinion that the Front Beach area was no longer attractive with dead grass, no mulch, broken lights, exposed irrigation pipes, etc. She stated that it was not being cared for properly, and she asked Councilmembers for input on a solution.

Administrator Tucker said that the previous vendor was taking care of some of those issues and was responsible to report other problems to the City so they could be fixed. Due to poor performance, the City is planning to re-bid the landscaping contract.

According to the Administrator, the City needs a full assessment of Front Beach related to repairs and replacements and identifying what needs to be done with some cost projections; in her opinion, more than seventy-five thousand dollars (\$75,000) of work needs to be done and then it needs to be properly maintained. With the exception of the Recreation Department, none of the City's properties are properly maintained; the City is reactive, not proactive.

The question posed to Council was what image it wanted to project to residents and visitors alike, and Council appeared to be in complete agreement that improvements need to be made. Currently the City budgets sixty-three thousand eight hundred dollars (\$63,800) annually for grounds maintenance.

Councilmember Ferencz stated that the City needs an island-wide plan from Breach Inlet to 57th Avenue for underground lighting, landscaping, the bike path, etc.

The Mayor suggested that the City needs to get advice from a landscape architect, and Councilmember Rice thought that the City should have a staff member who would be responsible for oversight of the landscape contractor, as well as constantly visiting City-owned properties to make repairs and handle maintenance needs when possible. With approval from the City Administrator, when outside assistance was required, he would seek out the appropriate vendor and oversee their work to insure that the repair/maintenance was done properly and up to City standards.

Administrator Tucker stated that she would like to see all City-owned properties to project the well-kept and well-maintained appearance of the Recreation Department, but that would require getting the work done and having the people to perform the ongoing maintenance.

Responding to Councilmember Ferencz' inquiry about the cost of the maintenance and upkeep of the Rec Center, Director Page said that it takes a person who can assess what is going on and what needs to be done, and then searching for whatever it takes to get that done, i.e. builder, contractor, landscaper, etc. The City's staff person would oversee the job.

Councilmember Ferencz expressed her opinion that the City does not have to increase personnel; that person could be a part of the job for an outsourced maintenance company.

Mayor Cronin agreed that the City does not need someone on staff, but a competent contractor.

One (1) difference between an employee and a contractor is the pride an employee builds in a job well done, whatever the job, not just what is in his job description or contract.

The Mayor liked the idea of outsourcing; he stated that Wild Dunes does not have a grounds maintenance crew, but the grounds are done by one (1) contractor who is inside the gates every day. In Wild Dunes, Dave Kynoski has the oversight responsibility, but he also has committees; in addition, he does not have the level of departments to manage that fall to the IOP City Administrator.

Since Council appeared to be in agreement, Councilmember Kinghorn suggested that, as part of the budgeting process, staff be tasked with coming back to them with a recommendation to

accomplish the goal of having the Recreation Department level of maintenance and upkeep for all City-owned, outside properties.

Since DOT has confirmed that they will install bike paths on both sides of Palm Boulevard, biking safety was briefly discussed, particularly in relation to Waterway Boulevard.

Moving on to the ten-year plan for the marina, Mayor Cronin recalled that the replacement items for the restaurant are being moved forward every year.

Councilmember Rice noted that Morgan Creek Grill has three (3) more years on its current lease, and the City has postponed extending the lease because of the redevelopment plan. She asked for input from Council on what they envision for the future of the restaurant.

Councilmember Kinghorn said that the City could go with year-to-year renewals until the redevelopment project is complete and the City would be forced to do something with the lease.

The Mayor recalled that Mr. Clarke, leaseholder for the restaurant, has offered to take responsibility for everything if he were granted an extended lease.

Councilmember Rice thought that the City should consider re-bidding the lease in the near future to test the marketplace; once the lease expires, the City has the right to re-bid it, and Mr. Clarke would be welcomed to bid.

Councilmember Ferencz expressed the opinion that, since the City granted the marina manager a thirty (30) year extension, it should feel obligated to do the same for the restaurant; she pointed out that Mr. Clarke has done everything the City has asked of him to be a good tenant.

Mayor Cronin wanted to find a way to transfer the responsibility for replacing the items on the capital plan to the tenant.

Attorney Halversen added that part of the previous discussion was that to assume the responsibility for these items was not economically feasible for the tenant.

In clarifying her position, Councilmember Rice said that she was trying to look forward; the end of the lease is a few years out, and Council needs to decide how it plans to handle the issue when it does come before them in order to get the best possible deal for the City.

Councilmember Carroll said that the tenant needs to be told that the City will be looking at a triple-net lease with any renewal; he should know in advance what is expected to decide if he is willing to renew under those terms.

The discussion turned to the multiple businesses operating out of the marina; Attorney Halversen explained that, if a business has a sub-lease of a portion of the marina property to another entity that would be a sublease that would come before City Council for approval; a written document is not required. The lease states that all of the liability, including indemnification and other insurance requirements, fall to the tenant; the marina tenant could have other contractual arrangements underneath him, but he is ultimately responsible to the City for everything. If the

City chooses not to contract with the businesses, like TidalWave Water Sport or Ecotours, etc., the lease states that the tenant is encouraged to do so.

Agreement was reached to remove the replacement of the generator, walk-in freezer, sprinkler system, and hood/ventilation system at the marina restaurant from the ten-year capital plan.

When Councilmember Ferencz asked whether the replacement of the underground storage tanks would happen in FY17, the Administrator answered that to replace them was the goal, but it may have to be moved to FY18.

Mayor Cronin questioned dredging the marina again in FY18. Administrator Tucker explained that dredging typically has a seven year (7 yr.) cycle, and that it was scheduled next year. Since no one has expressed a need for dredging, the Mayor suggested moving the project to FY20.

Recalling that the City was not going to borrow money in order to do the beach restoration project, Councilmember Ferencz questioned the newly-added entry for principal and interest for an offshore project.

Mayor Cronin said that the City did not know at this time if borrowing was going to be necessary; the budget indicates that the City will borrow for the 2017 restoration project.

Councilmember Ferencz said that she understood from earlier discussions that the City was going to use ATAX funds, and the Mayor cautioned that the City may have to do this as early as next month.

The Mayor was pleased to report that the City's total debt is under ten million dollars (\$10,000,000); it is dropping at a rate of a millions dollars (\$1,000,000) a year.

Another tool included in packets was a prediction of the General Fund in FY18. (A copy is attached to the historical record of the meeting.) The revenue is projected to be greater than eleven million dollars (\$11,000,000), an increase of approximately two hundred seventy-eight thousand dollars (\$278,000); expenditures are forecast at approximately eleven million two hundred fifty-eight thousand dollars (\$11,258,000), an increase of three hundred eighty-five thousand dollars (\$385,000). Based on these projections, the funding gap is foreseen as one hundred seven thousand dollars (\$107,000).

Treasurer Suggs noted that revenues collected thus far in 2017 are relatively low, resulting in the relatively small increases in projected revenue; as the year passes, it is very likely that the revenue projections will increase enough to cover the predicted shortfall.

Based on the construction on the island, Mayor Cronin expects to see an increase in property tax revenue for the first time in several years.

Councilmember Kinghorn asked what opportunities Councilmembers see for additional revenues.

The City is assured of additional revenue in FY17 coming from permits for the new hotel to be constructed in Wild Dunes and the re-opening of The Palms hotel on Front Beach.

Based on the City's success with automating the municipal parking lots, Councilmember Kinghorn questioned the feasibility of adding a kiosk to the Breach Inlet parking lot.

Councilmember Carroll was quick to respond that the City does not own the property; it belongs to the State.

The Administrator commented that SCDOT would allow the City to install a kiosk there like it did when they owned Front Beach and the City installed kiosks.

Mr. Carroll had said that he would not support putting kiosks in that lot because he thought it was a good thing that people could come to the island and fish off the bridge or go crabbing on the beach. He stated that Breach Inlet was probably one (1) of the most dangerous places on the island and swimming is prohibited, and he thought it senseless to charge people to go into an area that is dangerous.

Councilmember Kinghorn noted that the lot is used constantly and year-round, and, therefore, a potential of constant revenue that would reduce the shortfall in the budget.

Attorney Halversen ended the discussion when she stated that state law prohibits the use of parking fees as a source of additional revenue; if it were an area that needed traffic control or had safety issues, kiosks would be more favorably looked upon.

Other new revenue sources set forth by Councilmember Kinghorn were to continue pursuing grants, an alternate use of the municipal parking lot in the off-season, and franchise fees.

Councilmember Ferencz remarked that franchise fees are passed along to consumers and feel like an additional tax to residents.

Mayor Cronin indicated that he was willing to look at the other franchise agreements the City has, telephone, cable, SCE&G, etc.

With the discussion of alternative uses for the municipal parking lot, Councilmember Rice asked how boat storage fees were determined; Administrator Tucker said that the fee is typically per foot for the length of the boat. The monthly rate charged at the IOP marina is twelve dollars (\$12) per foot. The Councilmember then asked whether the City would need additional insurance in order to store boats on its property. The Administrator said she would need to discuss it with the insurance representative, but she reiterated her opinion that additional lighting and security cameras would be necessary.

Councilmember Ward stated that he has a client who has a boat storage business, and he has found that it can be "a collection nightmare."

Service Vision

From research by staff, the Mayor has learned that forty percent (40%) of the students at Sullivan's Island Elementary School are from the Isle of Palms, approximately four hundred students (400) attend public schools and approximately two hundred (200) attend private schools;

therefore, more than eight hundred fifty (850) school-age children live on the island since pre-school age children were not included in the research. Director Kerr said that the 2010 census indicated seven hundred sixty-eight (768) children under nineteen (19) years of age live here.

The point the Mayor was seeking to make was that Council needs to be sure that activities on the island deal with families and children; what the City does must serve that population because it is a large percentage of the total people on the island.

In addition, Mayor Cronin wanted Council to be aware of the island's demographics as he sees it as a large part of who the City is. The Recreation Department is always focused on the young and the young-at-heart.

Outside of the Recreation Department, Councilmember Ferencz asked what the City did for the children, and the Mayor answered that the City is looking to enhance the marina, in part, to give it a children-friendly environment for families, freshening up the Front Beach area to make it inviting to families, and making parking in the municipal lots free for residents in-season.

B. Establish priorities for the next two years – see above discussions

C. Streamlining initiatives

A. Budget Process

The Mayor stated that, for the past several years, every Committee has gone through the budget(s) under its purview, and every month the Administrator has reviewed those budgets with Council focusing on the changes – a lot of redundancy. He would prefer to break the budget into two (2) cycles and have two (2) separate meetings for the budget creation, i.e. one (1) meeting for revenue and the General Fund and a second meeting for Capital Projects; two (2) meetings dedicated solely to the budget. The Committees would be free to look at the Capital Fund budget or capital needs for the department(s) they oversee, but the overall City budgets will be discussed in these two (2) meetings.

Administrator Tucker said that she was hearing from individual members of Council that there has been too much focus on a line-by-line review and that the attention should be drawn to where there are changes, but also she would like for the group to embrace that, for the General Fund, certain things are not going to change year over year thus avoiding the line-by-line explanations. Staff is always willing to answer questions about what is contained in any line of the budget, but there is no need to review it unless there is question or an aberration.

Councilmember Kinghorn commented that Council's obligation is to come prepared, and, if members have questions beforehand, they should ask them beforehand. He recommended that, in preparation of those agendas, the items with variations be identified and reported to Council.

Referencing the fund balance schedules from the meeting packets, Mayor Cronin remarked that he has been asked how the City's fund balances measure up to other local governments' fund balances and whether the City was saving too much. To learn the answer, he delved into the financial statements of three (3) other beach communities, i.e. North Myrtle Beach, Hilton Head

and the City of Myrtle Beach, and he distributed copies to Councilmembers. (Copies is attached to the historical record of the meeting.)

The Mayor noted that these communities are different from the Isle of Palms and have a different format for the presentation of their financial information, but not dramatically so. Looking at fund balances for North Myrtle Beach in FY15, they had a year-end balance of eleven million dollars (\$11,000,000), but their community is significantly larger than the Isle of Palms; their property tax revenue is fourteen million dollars (\$14,000,000). Their fund balance for all events was just under their property tax revenue. In their tourism funds, they had zero fund balance in either local accommodation tax or hospitality tax; it appears to have all be transferred to the General Fund.

Councilmember Carroll recalled that North Myrtle Beach has a very unique beach renourishment program; the Mayor commented that the Corps of Engineers has a piece of the obligation for the entire Grand Strand.

The end-of-year fund balance in State Accommodations Taxes for North Myrtle Beach was less than thirty thousand dollars (\$30,000) whereas IOP's fund balance in its tourism funds is over four million dollars (\$4,000,000).

For the City of Myrtle Beach, the property tax revenue was twenty-one million dollars (\$21,000,000) and an end-of-year fund balance in the General Fund was thirteen million dollars (\$13,000,000), approximately two-thirds ($\frac{2}{3}$) of their property tax revenue. In their state accommodations taxes, the fund balance was zero; it was transferred to the General Fund. In their local accommodations taxes, the fund balance was one million three hundred thousand dollars (\$1,300,000), and the fund balance in hospitality taxes was half a million dollars (\$500,000). The Mayor was surprised to see that the City of Myrtle Beach appears to use its tourism funds as if they were a General Fund revenue stream.

The Town of Hilton Head had property tax revenue of twenty-four million dollars (\$24,000,000) for FY15; the fund balances from all government funds totaled sixty-four million dollars (\$64,000,000) and included the Beach Preservation Fee fund balance of sixteen million dollars (\$16,000,000). Hilton Head collects a two percent (2%) Beach Preservation Fee whereas the Isle of Palms collects one percent (1%); their annual revenue to this fund is approximately six million dollars (\$6,000,000). The Mayor noted that Hilton Head has a twenty-million dollar (\$20,000,000) beach renourishment project happening now.

Recalling his opinion stated many times in the past, the Mayor said that he never likes to see the tourism funds drop below the level of the Disaster Recovery Fund; he added that, if the City could transfer the tourism funds to the General Fund, the City would have a Disaster Recovery Fund of five million dollars (\$5,000,000).

When the question was asked about what level of funding would the City be satisfied with, the Mayor responded that, like one's personal finances, it is never enough, but he pointed out that the City's tax rate has been stable for several years. The City has been successful in establishing and maintaining a sinking fund from which to pay for capital assets as the need arises. As long as the City can continue to maintain a credible fund balance and a bond rating that allows the City to be viewed as a premiere community, it should not deviate from its path.

Treasurer Suggs wanted Council to understand that the City's total fund balance of fifteen million dollars (\$15,000,000) includes savings, such as the Beach Preservation Fund, so the City is not always going to have fifteen million dollars (\$15,000,000). When the City buys the big ladder truck, the total dollars will be reduced by approximately one million dollars (\$1,000,000).

Councilmember Ferencz asked how much of the fifteen million dollars (\$15,000,000) was not reserved, and Councilmember Ward answered that the two point six million dollars (\$2,600,000) in the General Fund was unassigned. The Treasurer noted that the sinking fund money was spread between the Capital Projects Fund, Municipal ATAX and the State ATAX fund.

The Mayor paraphrased Councilmember Kinghorn's earlier statement that, if the worst happened and the City had no revenue stream for a year, it could continue to function for a period of eighteen (18) months on the existing fund balances.

B. Composition of Council

According to Mayor Cronin, the question has been raised about why the City has a nine-member Council; typically, towns the size of the Isle of Palms have five or seven (5-7) Council members. If the Council were to be seven (7), everyone would be much more intent into all facets of the operations of the City; Councilmembers would serve on more committees. He asked whether Council would entertain beginning the process to move from nine (9) to seven (7).

Responding to Councilmember Ferencz' question about how the number nine (9) was chosen, Administrator Tucker stated that local lore is that, at the time discussions were going on about the formulation of the City, the key players involved did not want anyone to be left out, so they created nine (9) positions because these key players were a group of nine (9). The Administrator added that she has never found any facts to substantiate that story.

Councilmember Carroll stated that the current number of Council members provides for a good cross section of the community and a cross section of different opinions.

Councilmember Kinghorn indicated that he would support a reduction; he stated that nine (9) was unnecessary for what Council has to do.

Since the current number has worked for over fifty (50) years, Councilmember Ward was not in favor of a change; he added that some Councilmembers regularly talk to residents he does not know. Some of his friends have said that Councilmember Ward, and possibly one (1) other, is the only person on Council they know; therefore, they believe that he will be their voice to Council. If representation was reduced, he contended that there would be more distance to meet between the community and government.

Councilmember Ferencz stated that, in her first year on Council, she understood that the form of government was strong Council/weak Mayor and that the work done by Council was done in Committees. Presently she sees a consensus that Council needs less Committees and less time, but, at the Council meeting the previous evening, she had only two (2) sets of minutes. Since Councilmembers are discouraged from attending Committee meetings on which they do not serve, and, since she was without minutes, she asked how Council was to get the information on

which to base decisions. She opined that a reduction in the number of meetings has been proposed to reduce the time staff spends in meetings, but they were the only ones with the information, and she was of the opinion that, instead of committees, Councilmembers will be meeting with the Administrator or the Assistant Administrator or the City Treasurer all of the time. She said that the City is supposed to be a Committee-structured government, and, for her, lowering the number of Council members was lowering the information and lowering the amount of work to be done by all; she did not understand why this discussion was taking place.

Councilmember Bettelli commented that Council was simply having a discussion, and, on the subject of the minutes, he pointed out that this meeting was taking place on the fifteenth of the month when it is typically later; with staff's workload, he thought it was an impossible task because Council does not want overtime to get them completed. He suggested that committee members take notes on the meetings they attend.

Councilmember Kinghorn acknowledged that he has supported reducing the number of committee meetings and has provided Council with his reasoning; currently Council has, at least, two (2) meetings every week year-round. He commented that the number equates to over one hundred (100) meetings a year that staff must support; he sked that Council consider how staff's time could be spent more productively. The Mayor's statement that a council of seven (7) members would be more involved was true, but that did not mean more meetings. In his opinion, the purpose of a meeting was to validate something, to provide supervision and to set policy; the real work does not take place in a meeting; Council should be studying, doing research and/or assessing things and come prepared to contribute to an effective meeting. His proposal has not been to eliminate meetings but to reduce the frequency by half. He remarked that what was effective when the City was originally formed might not be effective today.

Councilmember Ward pointed out that the form of government was changed in the 1990s from a strong mayor to strong council.

C. Reform of frequency and content of meetings

Mayor Cronin proposed scheduling committee meetings on the same day and time each month like Ways and Means and City Council meetings; if that were done, everyone could look ahead twelve (12) months knowing what meetings are happening and when. If a committee had no reason to meet, it would not meet.

Voicing his support, Councilmember Ward stated that the public should know that committees have a set time for each committee to meet.

Administrator Tucker noted that to have the Public Safety Committee meeting on the first Tuesday of the month would make it difficult to have the departmental reports ready.

The Mayor indicated that he might schedule several combined Ways and Means Committee and City Council meetings in the coming year. He told Council that he would work with staff to prepare a meeting calendar for 2017 for Councilmembers to review at an upcoming meeting. One (1) change he wanted to make was to have the November meeting after Thanksgiving rather than before in 2017. In March, the CALEA conference falls between Ways and Means and Council;

therefore, he proposed holding Ways and Means and Council meetings on the fourth Tuesday along with a budget meeting one hour (1 hr.) before Ways and Means. Brief consideration was given to permanently holding Ways and Means Committee and City Council meetings on the same day.

Mayor Cronin summarized the meeting as one when Councilmembers shared a lot of information and maybe improved the process to be able to start the New Year “with feet on the ground running.”

3. Adjournment

MOTION: Councilmember Carroll moved to adjourn the meeting at 4:08 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk