



SPECIAL CITY COUNCIL MEETING – BID APPEAL
4:00pm, Tuesday, February 10, 2026
City Hall Council Chambers
1207 Palm Boulevard, Isle of Palms, SC

MINUTES

1. Call to Order

Present: Council members Streetman, Miller, Bogosian, Ward, Carroll, Pierce, Miars, Cohen, and Mayor Pounds

Staff Present: Administrator Kerr, Deputy Administrator Kuester,

2. Bid Appeal

Mayor Pounds explained the procedure and timing allotments for the hearing.

Administrator Kerr spoke on behalf of the City. He reviewed the criteria the City uses in making a selection in a bid process. He said one of the issues the City had with Quality Enterprises' bid on the Waterway Boulevard project was a lack of confidence in placeholder amounts for subcontractor work. The City's primary concern is their previous experience with Quality Enterprises. He gave a synopsis of this prior experience at the outfall projects at 30th Avenue and Forest Trails. The project was significantly delayed and is still in litigation with a property owner. The project ultimately used a lesser quality product than the City wanted to accept. There were over \$530,000 in change orders requested in addition to the \$140,000 difference in cost of the lesser quality valve used.

Administrator Kerr said, "If you were to aggregate all of the requests and liabilities still open to the City and paid by the City, it is approaching \$1.4 million in additional claims that came from that project. That excludes hundreds of hours of legal time and expense the City incurred. It excludes hundreds of hours of engineering time to look through the substitutions, the change orders, all of the documentation, and hundreds of hours of staff time. To say that it was a bad experience would be a gross understatement." For those reasons, the City deemed Quality Enterprises to be a not responsible bidder.

Administrator Kerr noted there are some aspects he cannot discuss as a result of the settlement agreement and an NDA.

When asked about the delayed work, Administrator Kerr said the work is completed, but still in litigation. The issues surrounding the delay included the City needing to delay the project because it was not complete enough to avoid the busy season.

There were also delays relating to the project design. “There was a fairly consistent and constant back and forth between Thomas & Hutton, the engineer on the project, and QE in terms of the project was a designated design. A large part of the design of the details of that project, the onus of handling that design was designated to the contractor and his subcontractor. That portion of the project was a real challenge for QE. There was a lot of placing blame on their subcontractor.”

Large boxes were to have been manufactured for the project. QE would tell the City that the subcontractor said they could not make the boxes as designed.

He added that some delays were blamed on supply chain issues, but this was well after those delays created by COVID. He did say that \$370,000 of the \$530,000 in change orders was awarded.

Mr. James Weatherholtz spoke on behalf of Quality Enterprises. Mr. Weatherholtz reviewed the events leading to the bid appeal hearing. He reviewed an email detailing change orders requested by QE on the prior project and explained why he thinks that does not deem them as non-responsible. He specifically mentioned Change Order #9 saying that Thomas & Hutton refused to help them with this order and it was not a frivolous claim.

He said, “This was a not a claim that was made to drive up the cost or to increase the contractor’s profit on this project. This was a good faith dispute and at times, probably a heated dispute between a contractor and an engineer about whether the design that was provided by the engineer was adequate for the contractor to build.”

In response to an email from Rick Karkowski of Thomas & Hutton, Mr. Weatherholtz said, “There is a comparison in the second half of Mr. Karkowski’s email where he is making a recommendation to the City about responsibility that compares this project to other projects. And I would say that is not a fair comparison. Those are apples to apples. I mean, some projects have claims. Some projects have change orders. Some don’t. Every now and then, you get a project that has what we would consider to be a pretty significant design error, and it just has to be addressed, and that is what Quality Enterprises did here.”

Mr. Weatherholtz spoke about Quality Enterprises’ 55 years in business. He would like the City to judge their bid on more than prior experience. He said the City needs to show good faith reasons for not accepting this bid. He believes that the City must have documentation supporting their claim that Quality Enterprises is a non-responsible bidder. He noted that the City paid less for the outfall project in question than expected, even with all the change orders.

Mr. Weatherholtz said he does not believe it is Quality Enterprises’ responsibility to determine whether or not a design will work.

In rebuttal, Administrator Kerr said that previous work can be part of a bid decision, and that QE’s prior work with the City played heavily into their decision.

Regarding the designated design, the design of the boxes was the responsibility of the contractor, and the City waited 1-2 years for them to design them. Mr. Rick Karkowski of Thomas & Hutton said that design error is a very serious accusation. A similar box of the same design is already in

place on the island. He added that there are similar requirements in the new contract that must be met by the contractor.

In rebuttal, Mr. Weatherholtz said he is not suggesting that Thomas & Hutton are not good at their job. He said the dispute was with who had responsibility for the design. He said he does not believe there is another box with the same specifications in place on the island.

Council Member Carroll asked whose responsibility it was to make sure QE could complete the project as requested and why did they not realize the size of the box was not going to work.

Mr. Weatherholtz responded, "Because they had not yet gone to the supplier to say here are the specifications that you have to build this to and gotten the answer it can't be done. And I think the longer answer to that question goes back to this issue of what information was provided on the drawings and whether or not the contractor under the bid documents has the responsibility of figuring out what we would call a design discrepancy in the plans. And the general rule on that is that contractors are not designers and they are not responsible for figuring out if there's a problem with something as designed. It is their job to build it as shown, and if it cannot be done, then you go back to the designer and you try to figure it out."

He added that the law does not require for all of that to be known at the time of the bid. There is a reasonable assumption that it can be done as the engineer designs the project. Quality Enterprises is taking the position that Thomas & Hutton has to provide the design, and Thomas & Hutton said it was up to QE to design.

Mr. Weatherholtz said the QE put round numbers on the work they would be doing themselves on the current bid.

3. Executive Session

MOTION: Council Member Ward made a motion to go into Executive Session in accordance with SC Code Section 30-4-70(a)(2) to receive legal advice. Council Member Streetman seconded the motion. The motion passed unanimously.

City Council entered into Executive Session at 4:47pm.

City Council returned from Executive Session at 5:07pm.

Mayor Pounds said no decisions had been made.

MOTION: Council Member Pierce made a motion to deny the appeal based on the materials and the facts presented. Council Member Streetman seconded the motion. The motion passed unanimously.

Mayor Pounds said, "As a result of that, within 20 days of this meeting, I, or a designate of the Mayor, will prepare a written decision including reasons for the action taken consistent with Council's decision. Council will vote on whether to approve this written decision at its next regular meeting, which is two weeks from tonight or a special called meeting. We will send a copy of the decision to the protestor."

4. **Adjournment**

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

Respectfully submitted,

Nicole DeNeane
City Clerk

Randy Bell 22 41st Avenue

Citizen comments for 9/8/2025 IOP Council Workshop

Conflicts of Interest and required Recusal sourced from S.C. Code and the Municipal Association of S.C.

A key requirement of South Carolina's ethics laws is that public officials, members of public bodies and public employees must not use their offices in a way that provides themselves, members of their family, or businesses with which they are associated with financial gain.

To prevent officials from taking acts that benefit them financially, state law addresses situations where they must recuse themselves from voting on an issue, or even deliberating on an issue as represented in SC Code Section 8-13-700.

Yet, in the wrong venue, two members (Ward and Carroll) of the Administrative Committee with an orchestrated 2-1 vote introduced tonight's agenda item (9.a.iii) Discussion of license strikes being citations instead of founded complaints thus allowing Councilmember Carroll to blatantly violate S.C. state ethics law. For Ms. Carroll, owner of Carroll Realty, the discussion and subsequent vote could not be more clear. Mayoral "leadership" should not have placed this item on the agenda and zero debate should take place that includes Councilmember Carroll.

A reminder to Council, and particularly those advocating enforcement over numerical limitations on short-term rentals, you did finally take an appropriate step by passing the ordinance now unpopular with the "Family Vacation Rental Group" which Councilmember Carroll openly states she is representing, and "meets regularly to discuss these types of things..."

"*We're proposing*" is Councilmember Carroll's exact quote from the committee meeting. I'll repeat, "*We're proposing.....*" as clear representation of commercial interest, not the elected position on Council

Recusal from a vote involves several steps.

Step 1: Prepare a written statement.

The law requires them to make a written statement describing the matter requiring action and the nature of the conflict.

Step 2: Submit the statement by providing it to the Mayor as presiding officer

Step 3: Place into public record

Step 4: Avoid taking any further action.

Avoiding any official action means not voting and not deliberating. The member is not required to leave the meeting, but the SC Ethics Commission advises that members of public bodies who recuse themselves physically leave the room for the portion of the meeting concerning the conflict of interest to avoid any perception of undue influence.

Ethics Commission Sanctions

- Public reprimand,

- A civil fine of up to **\$2,000 per violation**
- A cease-and-desist order

Should there be any confusion on this topic I would advise going into Executive Session for advice from the city attorney.

S.C. Code Section 8-13-700 is not optional, and all elected officials are required to comply

You may all recall Councilman Buchanon recused himself a few years back simply for owning one STR. As for any long-serving Council member, you should certainly know better than violating the ethics laws.