

Real Property Committee
5:30 p.m., Tuesday, April 8, 2014

The regular meeting of the Real Property Committee was held at 5:30 p.m., Tuesday, April 8, 2014 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf and Buckhannon, Chair Loftus, City Administrator Tucker, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business.

1. Chair Loftus called the meeting to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Bergwerf moved to approve the minutes of the regular meeting of March 5, 2014 as submitted; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

4. Comments from Marina Tenants

Brian Berrigan, marina manager, reported that the tenants are diligently working to get parking under control at the marina. In addition, the tenants are working together to resolve the problem of bandit boats; the marina manager will be putting boots on vehicles and locking boats on the Morgan Creek Grill's slips for people who are not dining in the restaurant. Mr. Berrigan stated that boaters will receive a warning, but repeat offenders will be ticketed and must pay to unlock their boats. He also reported that all employees have been issued marina parking passes that are linked to the vehicle's identification record.

5. Old Business

A. Update on Mayor Carmen R. Bunch Park

Administrator Tucker reported that the City is making slow steps in the right direction; the park has been cleared of undesirable growth, and volunteers have removed some small plants of the varieties to be nurtured for relocation when the work is completed. The design for the entrance has been sent to Charleston County, but they have not yet responded.

B. Update on Watersports Dock Rehabilitation

John Shaffer representing Ocean and Coastal Consultants stated that the repairs have been completed ahead of schedule, and the Tidal Wave team is constructing the shed. The electrical contractor plans to mobilize this week and have the work completed by the end of the week. SCE&G has completed their work as well. Tidal Wave Watersports is expected to be operational by the Easter weekend.

C. Update on Marina Consulting Projects at the Marina

Brian Berrigan stated that, once the expense was approved at the March City Council meeting, John Tarkany was given the go-ahead for design and engineering; a work product should be ready for the May Council meeting.

John Shaffer reported to the Committee about his design work on reconfiguring the Intracoastal docks; he stated that preliminary designs have been completed and he is ready to meet with Administrator Tucker and Assistant Dziuban.

Mr. Shaffer stated that he has generated two designs and that both are within budget. He added that the City does not have to get a permit, and the designs make the docks more usable and flexible. Mr. Berrigan added that one (1) advantage is that boats can tie up hip to hip.

Mr. Shaffer noted that currently these docks can only accommodate boats twenty-two feet (22 ft.) or less; with the reconfiguration, the docks will accommodate any size boat. In addition, he believes that this reconfiguration will eliminate the problem of bandit boats.

Mr. Berrigan said that he will have firm numbers by next month's meeting and asked to be on the agenda for that meeting. Mr. Shaffer stated that he will be attending the informational meeting of the Boating Infrastructure Grant on April 22nd; he opined that this dock reconfiguration would qualify for these funds.

Mr. Berrigan noted that there are several projects going on at the marina at the same time; there is the watersports dock rehabilitation, the plan for the enhanced entry way, and a very preliminary concept for a master plan for the marina.

Chair Loftus stated that, if the City moves forward on the Intracoastal docks, he wants a firm understanding in writing for all tenants regarding what spaces belong to whom for parking. He added that, with increased use of the docks, the restaurant still needs sufficient parking for its customers.

The Chair asked Mr. Berrigan and Mr. Clarke of Morgan Creek Grill whether they have spoken with their neighbor Phillip Smith. Mr. Clarke said he has called a couple of times and learned that Mr. Smith has been out of town; he assured the Chair that he will discuss the dock reconfiguration with Mr. Smith before the next Committee meeting.

Administrator Tucker reported that about two thousand dollars (\$2,000) remains on the Ocean and Coastal Consultants contract, and Chair Loftus recalled that the money was to be spent on a meeting between Mr. Shaffer and the stakeholders at the marina to work on a master plan.

Mr. Shaffer stated that he wanted to start on the master plan in order to keep the momentum going.

Before proceeding, the City Administrator reminded the marina tenants, Mr. Shaffer and the Committee that a Boating Infrastructure Grant is reimbursable only, so the City must have funds on hand for any project.

D. Review of FY15 Operating and Capital Budgets for the Marina and Front Beach and Budgetary Tools

Administrator Tucker recounted the charge to Committees from the Ways and Means Committee to study their budgets and various tools provided by staff to be ready to make suggestions to balance the budget at the budget workshop that will be part of the next Ways and Means Committee meeting. Staff has provided more tools tonight that explain more of the role tourism plays in the City's finances.

The Administrator then directed attention to the schedule of all City revenues by source; she asked for special attention to the box on the bottom left that compares revenue from FY14 to FY15 and the percentage of the overall budget attributed to each source.

The next schedule for review was the full-time and part-time positions by department that are impacted by tourism. The percentages for three (3) departments were based on factors such as the increase in calls to the Police Department in the tourist season, the monthly call statistics for the Fire Department and the percentage of short-term rental residences on the island for the Public Works Department. The part-time positions, i.e. Beach Services Officers, County police and some firefighters, have historically been funded one hundred percent (100%) from tourism funds.

Two (2) columns illustrate the number of positions in the Fire, Police and Public Works Departments that are funded from tourism funds in the FY14 budget versus the number of positions that could be funded based on statistical data. Since no decisions have been made relative to using tourism funds for FY15, that column has no figures.

Councilmember Buckhannon noted that each department in the City is involved in tourism in one way or another, but there is no quantifiable data to support assigning personnel to tourism funds.

The second new schedule takes the audited FY13 revenues to the City and estimates the percentage of total revenue that can be attributed to each category; the categories are accommodations rentals, second homes, day visitors, all other revenues and the marina. Administrator Tucker explained the logic used to make assumptions for the schedule. The conclusion is the percentage of total City revenue attributable to each category as follows:

Accommodation rentals	47%
Second homes	17%
Day visitors	8%
All other City revenues	25%
Marina	4%

Councilmember Buckhannon took notice of the fact the day visitors contribute little to the City revenues, but require many City services while they are on the island.

Proceeding to the operating budgets, the first to be discussed was the Front Beach and beach restoration and maintenance expenses spread by funding source. The Administrator noted that

this is not the same budget discussed at Ways and Means; the debt service is included in this version. Again Administrator Tucker directed attention to the box at the bottom of the page, comparing FY14 and FY15 percentages of funds that supported expenses.

The same information was included on the schedule of marina expenses.

The Administrator then moved to the Fund Balance Roll-forward with FY15 budget numbers included; the first page contains information on the General Fund and includes a menu of options from which to select to close the gap of one million one hundred sixty-two thousand dollars (\$1,162,000) between revenue and expenses. The options are divided into four (4) categories as follows:

- Repeat FY14 Transfers In for Personnel and Operating Expenses;
- Additional Transfers in from Tourism Funds;
- Increase General Fund Revenues; and
- Reduce or Defer Expenses.

If the Committee supported the transfers-in for the FY14 budget, a total of six hundred twenty-thousand dollars (\$620,000) could be applied to reduce the gap. If the Committee were to also sanction transfers for four (4) additional existing firefighters and one (1) existing patrol officer, another two hundred seventy-five thousand dollars (\$275,000) could be applied to the gap. Assuming that all of the transfers in noted above were approved, the gap could be reduced by eight hundred ninety-five thousand dollars (\$895,000), leaving the gap at two hundred sixty-seven thousand dollars (\$267,000).

Under the heading of "Reduce or defer expenses" is a one-time accounting correction that has been on the books since the City made two (2) insurance payments in one (1) fiscal year; the auditors would be pleased to see this eliminated. This accounting correction captures approximately one hundred fifty-one thousand dollars (\$151,000).

Administrator Tucker reported that the last payment from Charleston County for property taxes was much less than expected; therefore, the option to increase the FY15 Property Tax budget to the FY13 actual received based on healthy FY14 activity must be taken off the list of options for increasing General Fund revenues.

Councilmember Buckhannon commented that among the options for reducing expenses is the funding of seven (7) firefighters despite the statistical data that support seventeen (17) firefighters could be funded from tourism funds.

Administrator Tucker encouraged the Committee members to consider options on the menu for increasing revenues, not just reducing expenditures, for the April Ways and Means meeting.

As discussions moved to the proposed budget for FY15, the Committee was directed to page 44, the Capital Budget for Front Beach, the public restrooms and parking. Administrator Tucker stated that, after a field assessment was conducted, the cost of replacing white fencing at Front Beach was increased to forty thousand dollars (\$40,000). Also in the budget is forty-nine

thousand two hundred twenty dollars (\$49,220) to cover the costs to evaluate alternatives, design for an approved site and preparation of bid documents for new public restrooms. On line 141 is cost for the re-surfacing of the City-owned portion of Ocean Boulevard at one hundred twelve thousand five hundred dollars (\$112,500); the Administrator stated that this work had rolled forward on the Capital Plan, but could be deferred to FY16. The Committee agreed to defer this project, having been told that the City may have to respond to emergency repairs. Displaying pictures of the boat ramp at Breach Inlet, again the Administrator said the sufficient repairs could be done to allow for this task to be deferred to FY16 as well.

Under the heading "Beach Restoration and Monitoring," this budget provides for another focused erosion project in the fall of 2014 at one million two hundred sixty-five thousand dollars (\$1,265,000). Administrator Tucker noted that the City does not have the funds for this project, so an informational meeting with the stakeholders has been held. With approximately six hundred thousand dollars in the beach restoration fund, the Administrator asked whether the Committee was interested in expanding the City's portion of funding for this focused erosion project.

Councilmember Bergwerf asked Administrator Tucker what the response from stakeholders had been; the Administrator indicated that little had been said by the stakeholders. The Administrator noted that the stakeholder agreement had to be amended. Since this project falls under the same permit, staff hopes to keep the price down by using the same contractor, who gave the City such a favorable price before. The Administrator expressed concern over the pricing because of the costs at Folly Beach for their renourishment project and the fact that many contractors are still on the New Jersey and New York coastline in response to Hurricane Sandy.

The next page in the FY15 budget is the Capital Budget for the marina; Administrator Tucker explained that several items listed have rolled into FY15 according to the Ten-Year Capital Plan. The only item on the budget that is not referred to as "only with failure" is the point-of-sale cash receipts system. The Administrator has been told that this system is at a critical point and needs to be replaced in this budget year. Chair Loftus commented that any new system must be upgradeable as credit/debit cards will soon be made with an embedded chip rather than the electronic strip on the back.

Chair Loftus questioned that the point-of-sale system was the City's responsibility rather than the tenant's; he asked Administrator Tucker to review the lease for the store to verify that the items on the Capital Plan are the City's responsibility.

Going to the Municipal Accommodations page of the FY15 budget, the Administrator directed attention to line 88 that is for future beach restoration projects and to line 89 that shows that the Beach Restoration Loan is paid off in FY14. On page 20, Administrator Tucker noted that line 144 will be reduced since the re-surfacing of the City-owned portion of Ocean Boulevard has been deferred to FY16. Staff has included fifty thousand dollars (\$50,000) for improved and decorative lighting for Front Beach; the Administrator suggested that the City invest in a demonstration project in a small section of Front Beach to test the effectiveness and the look of the new lights before making a substantial investment in them.

Continuing to State Accommodations Tax expenditures budgeted for the public restrooms/Front Beach/Breach Inlet, the Administrator remarked that line 295 will be reduced to its FY14 level with the deferral of the Front Beach re-surfacing. Line 302, Construction in Progress, is fifty percent (50%) of the cost to evaluate alternate sites, generate a design for the new structure, and to prepare the bid documents for new public restrooms.

Marina Fund expenditures, on page 33, remain relatively stable year over year.

The next page lists expenditures for the restaurant and watersports operation that has nothing new added.

6. New Business

Consideration of Contracts in Excess of \$10,000

Award of a contract to L&L Contractors in the amount of \$77,990 for the generator replacement at City Hall.

Administrator Tucker explained that this price assumes that the transfer switch does not have to be replaced; the bid for the transfer switch is an additional twenty thousand nine hundred dollars (\$20,900). Since the budget for the generator is one hundred five thousand dollars (\$105,000), the task will come in under budget even with if the transfer switch has to be replaced.

MOTION: Chair Loftus moved to award a contract to L&L Contractors in the amount of \$77,990 for the generator and an additional \$20,900 if the transfer switch has to be replaced; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Marina Rents Report

Administrator Tucker reported that all tenants are current in their responsibilities to the City.

Chair Loftus asked whether the new underwater power line from Mount Pleasant has been turned on; Administrator Tucker said that she would check with Directors Kerr and Pitts.

The Administrator reported that she has received notice from the marina tenants that they are ready to have the blue recycling containers removed.

Chair Loftus asked what kind of public education was planned for short-term rentals on the island. Assistant Dziuban reported that she would be working Charleston County's public education department to generate the materials specific to the Isle of Palms. Chair Loftus suggested that it would be good to include a map of the locations of recycling containers on the island as well as the pick-up dates.

Next Meeting Date: 5:30 p.m., Tuesday, May 6th, Council Chambers

8. **Executive Session** – not needed

9. **Adjournment**

MOTION: Councilmember Bergwerf moved to adjourn the meeting at 7:12 p.m.; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland