

WAYS and MEANS COMMITTEE
5:45 p.m., Tuesday, October 19, 2010

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, October 19, 2010 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Loftus, Piening and Stone, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. Councilmembers Duffy and Thomas' absences were excused, and there was a quorum present to conduct business.

1. Mayor Cronin 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 Loftus moved to approve the minutes of the regular meeting of September 21, 2010 as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

4. **Financial Statement** – Treasurer Suggs

A. **September Financial Statement**

Treasurer Suggs commented on the formatting changes that have been made to the cover sheet of the financial statement intended to provide the most important financial information for the month at-a-glance. For the first time, "Transfers In/Out" information is presented. Previously, transfers have been included in revenues, but separating transfers results in more meaningful revenue figures. The Treasurer distributed a schedule that details the individual transfers by account that are shown as lump sums on the coversheet of the financial statement. Treasurer Suggs explained that the tourism funds are, typically, giver funds and that, over time, the transfers zero out. No transfer activity has occurred in the first quarter of the year; transfers normally are large sums and take place toward the end of the fiscal year; all transfers are budgeted items.

An additional formatting change is the addition of the box on the bottom left of the page entitled "General Fund YTD Revenues" that compares revenue to prior years. Treasurer Suggs explained that the City's revenues come in sporadically throughout the year; therefore, comparisons to prior year's actual numbers are meaningful. The Treasurer commented that, for example, year-to-date FY11 revenue from property taxes is only forty-two percent (42%) of where the City was at the same time last year. Parking revenue is one hundred forty-five percent (145%) of FY10; Treasurer Suggs noted that parking revenue includes the City parking lots and parking meter revenue.

The Treasurer reported that the City's cash on-hand was twenty percent (20%) of annual General Fund expenditures. Responding to Mayor Cronin's comment about the "as of date" being omitted, Treasurer Suggs explained that she thought the information on the cover sheet would be more meaningful when all of the data was representative of the last day of the previous month rather than the date the financial statement was prepared.

The target for General Fund expenditures through three (3) months of the fiscal year was twenty-five percent (25%); all departments, except Beach Services Officers (BSOs), were below the target. The Treasurer explained that expenditures related to BSOs for the months of July, August and September were included, but no additional expenditures would be added until the 2011 season begins; therefore, the figure will even out as the months pass.

B. Tourism Schedules

The City has not received any State Accommodations or County Pass-through Funds; therefore, no information is available for the first quarter at this time.

Municipal Accommodations Fee Collections continue to exceed those of FY10; year-to-date, collections have increased nineteen percent (19%). Using this figure as a barometer, Treasurer Suggs anticipates an increase over FY10 in State Accommodations Taxes.

Hospitality Taxes collections reflect a strong September and an increase year-to-date of twelve percent (12%) over FY10.

Mayor Cronin reported that the City had sent a letter to Charleston County asking that the County restore the distribution of Charleston County Accommodations fees to historical levels based on the increases the City has experienced year-to-date; according to the Mayor, the County responded that "it is too early yet to call."

In addition, Mayor Cronin reported that he and Administrator Tucker had gone to Columbia to testify before the sub-committee considering a recommendation from the hospitality industry that would take funds from municipalities and devote them to marketing efforts through visitors' bureaus, for example; should the recommendation become legislation, the City would lose a substantial amount of revenue. The Mayor noted that the Isle of Palms had followed Mayor Riley of Charleston and the Mayor of Myrtle Beach, all of whom were opposed to the changes and who explained how each municipality uses accommodation tax funds to promote tourism. Next month the sub-committee will make its recommendation.

Administrator Tucker stated that some communities do not have the level of demand from tourists to provide opportunities to use the accommodations taxes they receive appropriately. The Administrator added that none of the municipalities that receive nine hundred thousand dollars (\$900,000) or more in state accommodations taxes have a problem spending the money tourist-related expenses; these communities are doing all in their power to keep up with the level of demand to ensure that all of their visitors have positive experiences and return.

C. Projects Status

Beach Restoration Project – One (1) invoice from Coastal Science and Engineering was paid in September for post-project monitoring of the original project area and engineering for the focused erosion project; funds in excess of eight hundred sixty-one thousand dollars (\$861,000) are available for beach restoration.

52nd to 57th Avenue Drainage Project – Treasurer Suggs recounted that she had informed the Committee in September that the City had requested reimbursement from Charleston County for expenditures to date on the project; since that meeting, the City has received one hundred thirteen thousand one hundred six dollars (\$113,106) in reimbursement from Charleston County. The receipts are reported under “Project Funding” as Transportation Sales Tax Grants and CTC Grants. In the month of September, expenditures were incurred for legal contract review and engineering for the project; approximately nine hundred eighty-eight thousand dollars (\$988,000) remain for the project.

City Hall Renovation – Expenses covered in September were for legal review and professional services from Liollo; funds in excess of three hundred thousand dollars (\$300,000) remain available for the project.

In conclusion, Treasurer Suggs reported she had completed her final review of the draft audit for the period ending June 30, 2010; bound copies of the audit will be in Councilmembers’ mailboxes in City Hall on Friday; she encouraged Councilmembers to study it and to relate any questions to her. David Phillips of Greene, Finney & Horton will attend the October 26 City Council meeting to give a PowerPoint presentation of the audit findings.

On the subject of the City Hall renovations, Administrator Tucker related that one (1) issue that needed to be done in connection to the building renovation was to make permanent the make-do actions taken over time to accommodate the computer wiring needs in offices. In addition, a temporary situation was established through the Building Department to provide computer access to the Public Works Department; a circumstance that needs to be remedied because the intent is to lease the building. Initially the Administrator thought a change order would be needed for the contractor to accomplish these tasks, but, after further consideration, the decision has been made to sub-contract the work to vendor that specializes in that type of work. Chief Buckhannon will be contacting the vendors that were considered in the construction of the Public Safety Building.

Chief Buckhannon explained that a fiber optic line runs from City Hall to the Building Department and terminates there; with plans to rent that building, the fiber optic line needs to be extended to the Public Works Building to keep the Public Works Department on the City’s network. The Chief remembered that the cost of running the line from City Hall to the Building Department had been approximately twenty-three hundred dollars (\$2,300).

The work needed in City Hall consists of running the cabling from the computer room to the wall boxes in each office networking them together; Chief Buckhannon added that he had suggested to the Administrator that changing out the wiring he had done at the same time would add little to the cost.

Administrator Tucker stated that this work would be paid from the Contingency for the City Hall Renovation Project.

Responding to Councilmember Buckhannon’s inquiry, Chief Buckhannon stated that the wiring was not included in the bid specifications; only the conduits and the wall boxes were included.

5. **Old Business – None**

6. **New Business**

Recommendation from the ATAX Committee for \$15,000 for Spoleto Festival USA 2011

Mayor Cronin noted that the application from Spoleto had been included in the meeting packet; the application provided history of the event, the budget, the needs, etc.; the Mayor related that Spoleto funding had received unanimous support from the ATAX Committee.

MOTION: Councilmember Piening moved to approve \$15,000 for Spoleto Festival USA 2011; Councilmember Loftus seconded.

Councilmember Bettelli reflected on the fact that the City had supported Spoleto in the past at a level of fifteen thousand dollars (\$15,000), but that, in light of the City's reduction in revenues, he thought that to support Spoleto at the same level was inappropriate.

AMENDMENT: Councilmember Bettelli moved to amend the motion to approve \$10,000 for Spoleto Festival USA 2011; Councilmember Stone seconded.

Mayor Cronin expressed the opinion that the City's ATAX fund was sufficient to support fifteen thousand dollars (\$15,000).

Councilmember Piening commented on the fact that the festival attracts crowds to the area, and many of them visit the island and maybe stay on the island to attend events. He stated that he saw definite benefit to the City from its contributing to the Spoleto Festival.

Vote on the Amendment: The amendment FAILED on a vote of 3 to 4; Councilmembers Bettelli, Buckhannon and Stone supported the amendment.

Councilmember Loftus stated that the Spoleto Festival brings the customer that the Isle of Palms wants; he indicated that, historically, they spend more than the average visitor to the Charleston Area. He believes this to be "money well spent."

Councilmember Buckhannon noted that he supported a lower level of support last year based on the percentage decrease in the City's budget. He wanted more substantial information on the impact of Spoleto on tourism on the island to warrant the degree of participation from the City.

Councilmember Stone expressed support for comments made by both Councilmembers Buckhannon and Bettelli based on the fact that the City is borrowing from reserves to balance its budget.

Councilmember Piening remarked that State ATAX funds had limited uses and the funds could not be used to operate the City.

Vote on the Main Motion: The motion PASSED on a vote of 4 to 3; Councilmembers Bettelli, Buckhannon and Stone cast the dissenting votes.

7. Miscellaneous Business

Next Meeting Date: 5:45 p.m., Tuesday, November 16, 2010.

8. Executive Session – not needed.

9. Adjourn

MOTION: Councilmember Bettelli moved to adjourn the meeting at 6:29 p.m.; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk