

WAYS AND MEANS COMMITTEE

5:45 p.m., Tuesday, July 19, 2011

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, July 19, 2011 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Duffy, Loftus, Piening, Stone and Thomas, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. A quorum was 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 Meetings' Minutes

MOTION: Councilmember Stone moved to approve the minutes of the Special Meeting of June 6, 2011 and the regular meeting of June 21, 2011 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Financial Statement – Treasurer Suggs

A. Preliminary Year-end Financial Statement

Treasurer Suggs announced that the financial statement for discussion was the preliminary and unaudited statement for June 30, 2011; she reminded the Committee that adjustments will continue to be made for the next couple of months. General Fund revenues at July 15, 2011 are one hundred eighteen thousand dollars (\$118,000) below budget; yet to be received are two (2) months' Local Option Sales Taxes, six (6) months' of Comcast Franchise Fees, one (1) quarters' Aid to Subdivisions, as well as the General Fund portion of the quarterly State Accommodations Tax. With these payments forthcoming, the Treasurer stated that she is confident that revenue budget will be met or exceeded. Revenues are at ninety-seven percent (97%) of 2010 revenue, meaning that revenues for the City are basically flat. General Fund transfers are forty-seven thousand dollars (\$47,000) below budget; transfers yet to be made reflect firefighter, BSO and police officer payroll entries for June. At July 15, 2011, General Fund expenditures were four hundred ninety-six thousand dollars (\$496,000) below budget; she indicated that Accounts Payable is typically held open for two (2) months after year-end to capture all relevant invoices. Journal entries to recognize deferred revenue remain to be made in the Capital Projects and Beach Renourishment funds.

Just over three million dollars (\$3,000,000) are deposited between BB&T and the Local Government Investment Pool; this figure represents thirty-seven percent (37%) of annual General Fund expenses.

Mayor Cronin commented that, like last year, a surplus is expected in the General Fund, and, following the audit, Council will need to decide how it is to be used.

Treasurer Suggs noted that the auditors will begin their work in mid-August.

B. Tourism Schedules

State Accommodations Taxes – The payment for the June quarter has not been received.

Municipal Accommodations Fee – One (1) month remains to be collected, and collections were strong for June. Collections are nineteen percent (19%) ahead of FY10.

Charleston County Pass-through – The second of two (2) payments has not been received.

Hospitality Tax – Collections for the City were also strong in June, and collections are twelve percent (12%) ahead of FY10.

C. Project Schedules

1. Beach Restoration – June expenditures were for post-project monitoring for the original project and permitting for the remedial restoration project. At the County's request, the City has provided additional documentation for the pay request made last month and is expecting to receive funds imminently.
2. 53rd to 57th Avenue Drainage Project – The sixth (6th) pay application for Eadie's was paid.
3. City Hall Renovation – Payments for blinds and irrigation supplies were made in June plus the replacement for damaged outlet covers. Based on recent Council decisions, changes related to the demolition of 1301 Palm will be made for the August report.

5. Old Business – None

6. New Business

A. Discussion of Remedial Focused Erosion Permit Budget

Administrator Tucker explained that the permit application had been submitted and considered by the permitting agencies who have submitted their comments to the City. The primary permitting agency is the Corps of Engineers, but they receive comments from US Fish and Wildlife and the Department of Natural Resources, National Marine Fisheries, as well as other agencies. The permitting agencies perceive the City's project as being different from others they typically permit; the typical permit is a one (1) time request for a one (1) time action. The City's project is based on a situation of "if this happens, action is triggered." Because the project is different, several permitting agencies advised against issuing a permit, and some said that, if the project is to be permitted, certain conditions should be imposed on the permit. If the City is unable to adjust or mitigate these conditions, the cost to meet them far exceeds the budget the City originally anticipated.

The City's responses to the comments were due July 16, but the Administrator thought it important for the Committee to be aware of the type of stipulations that could be placed on the permit and their added expense to the project to meet them. Included in the FY12 Budget is approximately six hundred seventy thousand dollars (\$670,000) for the focused erosion project, but a brief analysis of the level of requirements currently set forth indicates the cost would exceed one million dollars (\$1,000,000) and could go as high as one million seven hundred thousand dollars (\$1,700,000).

With such costs, the City would have to decide whether it would have some level of participation or whether the City would be returning to the stakeholders for additional money. Staff is hopeful that, if the Committee agrees that the City's responses to the agency comments should be submitted to the Corps of Engineers, the City can propose alternates to the commenting agencies that will be less expensive and less frequent in the monitoring requirements – generally the City could set forth good arguments against what they are requiring. If unsuccessful, the City may be forced into a position to move around less sand in each of the occasions when needed in order to contain costs.

Administrator Tucker reminded the Committee that the project is a multi-rooted funding effort, and, if the City is unable to proceed on a smaller scale within the existing budget, the City would be looking to share the additional expense. A "quick and dirty" analysis projected approximately eight hundred thousand dollars (\$800,000) – an expense of approximately three hundred thousand dollars (\$300,000) to the biggest stakeholder. In the Administrator's opinion, the bottom line is that the permitting agencies are placing requirements in their comments on this permit that far exceed what was required in the major restoration project in 2008.

Coastal Science and Engineering (CSE), the City's consultant, has pointed out that the City has struggled to satisfy the Department of Natural Resources (DNR) on the biological monitoring requirements for the 2008 project. CSE has, therefore, recommended a strategy to mitigate that issue by entering into a legal agreement between the City and DNR offering funding to make them responsible for doing that element of the monitoring, suspecting that they will not argue with their own work.

Despite her opinion that this focused erosion project is a worthy one, Administrator Tucker indicated that she would not proceed without the Committee's knowledge and approval based on all of the facts. The project could be a much smaller scale than originally anticipated; the project could become more frequent smaller projects; or, in the worst case, a project for which additional funds had to be acquired to accomplish the goal.

Steven Traynum of CSE was in attendance, and Mayor Cronin asked him to clarify the time and yardage involved in the permit request. Mr. Traynum answered that a permit has a five (5) year life; the City's permit requested to do multiple events over a five (5) year period, if necessary. Triggers were put into the permit application to avoid impacting the beach unnecessarily. CSE's recommendation was to do larger events, over smaller events of twenty-five to fifty thousand cubic yards, because the smaller projects wash away pretty quickly; to do a larger event that straightens the shoreline actually affects the causes of beach erosion. In the permit application, the worst case scenario would be an event of up to three hundred thousand (300,000) cubic yards; comparing the post-project condition in July 2008 and September 2010, approximately one hundred twenty-five thousand (125,000) cubic yards has moved from the area between Summer Dunes Lane and the dogleg on the 18th hole of the gold course and represents the volume of sand to be moved if done now.

Mr. Traynum stated that one (1) question to be posed to the permitting agencies is whether the monitoring requirements be the same for one hundred thousand (100,000) cubic yards as for two hundred thousand (200,000) cubic yards. Mr. Traynum explained that each biological monitoring event costs thirty to forty thousand dollars (\$30,000-40,000), and agency comments

recommend quarterly monitorings until the beach fully recovers, which is a date that may never be met due to the dynamic nature of the beach. In addition, Mr. Traynum indicated that biological monitoring is a very inexact science that is based on where the organisms are collected, the weather conditions when the collections are made, etc. He commented that his experience with biological monitoring reports relevant to this type of project on the Isle of Palms in the 1980s, Myrtle Beach, Folly Beach and an extensive study in New Jersey all come together to indicate that any kind of beach impact with (off-shore) renourishments have a recovery period of three to six (3-6) months. According to Mr. Traynum, the Director of DNR's research institute has done many of the studies and has stated that organisms on the beach are not a concern, but the concern is digging off-shore where the borrow-area can fill in with mud and change the community structure.

The argument from CSE in opposition to the quarterly monitorings will be that the science has already been done and the impacts from an off-shore project are known, as well as with this type of project; therefore, the question is: what is being added to the understanding by requiring this level of monitoring? Mayor Cronin expressed his opinion that the monitoring requirement appears to the City doing research for "some agency or some doctoral thesis with no consequence for the results."

Mayor Cronin described the proposed agreement between the City and DNR as hiring them to do their own research via the biological monitoring, and Mr. Traynum agreed, stating that it is such an inexact science where the methods differ. In addition, it may be as cheap, or cheaper, to hire DNR than hiring an environmental consultant to do the work; he explained that CSE does not do this type of work because there are only a few people who are trained to identify the various organisms found in a sampling.

The Mayor stated that he wanted for the City to proceed and get as much as possible and then determine what the economic results would be and react accordingly.

Another monitoring recommended was a lighting survey for nighttime lights before and after the project; CSE will contend that such a survey is not relevant to the project. Such a survey is not a precedent that CSE is willing to set that would allow the agencies to require research that is not related to the project. CSE will address the fact that the City has a lighting ordinance that is enforced which should satisfy the agency.

Mr. Traynum voiced his opinion that the City stands a good possibility of having a significant amount of the monitoring eliminated.

Councilmember Piening asked on what kind of timetable the City could expect to get decisions back from the Corps of Engineers. Mr. Traynum said the responses could be submitted in the next week, and the permit from the Corps could come by late fall; in his opinion, the City is still on-track for construction in the coming winter if needed. At this time, approximately seven hundred fifty (750) feet of beach actually reaches the established trigger, which is one hundred (100) feet from the building line that follows the seaward edge of the 18th fairway. Mr. Traynum offered an aerial photograph of the area of concern; a copy is attached to the historical record of the meeting. On the photograph, the red dash line is the one hundred (100) foot trigger, and the solid blue line is the line based on the June 2011 survey.

Administrator Tucker summarized the activities to go forward, assuming the permit is secured and some of the requirements negotiated down, as generating a revised project budget for the Committee to re-assess the project at that time.

B. Review of bid Tabulation for the City Hall Cleaning Services

Assistant Dziuban explained the City Hall cleaning services was not a contractual arrangement; therefore, no contract will be awarded at this meeting. The City did follow the City's procurement code by developing and advertising an RFP then holding a sealed-bid opening; the results of which were included in the meeting packets. This information is presented to inform the Committee that the FY12 Budget was developed using FY11 costs, which were lower; in accepting the lowest bid, this line item will be over-budget by one thousand one hundred seventy-six dollars (\$1,176). The Assistant assured the Committee that every effort will be made to recapture that amount over the course of the coming year.

C. Recommendations from the Public Safety Committee

- 1. Award of a Contract to Carolina Composites LLC in the amount of \$39,798.00, state contract pricing, for one Pioneer 197 boat, motor and trailer to be funded equally from State and Municipal Accommodations Taxes as part of the FY12 Capital Budget.**

Administrator Tucker reiterated that this boat, similar to those used by the Department of Natural Resources (DNR), is state contract pricing; it also meets the requirements established to meet the needs of the IOP Fire Department water rescue. At the time the budget was being developed, state contract pricing for this type of boat was lower; the price increased when the new state contract was bid, but still within the City's FY12 Budget.

MOTION: Mayor Cronin moved to award the contract to Carolina Composites LLC as stated; Councilmember Bettelli seconded.

Councilmember Loftus reported that, at the Public Safety Committee meeting, he had voted against the purchase of the boat for this price; he voiced his opinion that forty thousand dollars (\$40,000) for a seventeen (17) foot boat was excessive. The Councilmember added that he thought there were other options open to the City, for instance, locating a quality used boat or issuing an RFP to seek lower pricing. In addition, he questioned that the City was acquiring more options on the boat than were necessary to meet the needs of the Fire Department when the Department has six (6) boats available for "disposable rescue." He reported that he had looked back at the Fire Department's budget from 2007-2008 and determined that the annual budget for the Department has increased twenty-one percent (21%) in four (4) years. Councilmember Loftus stated that, based on what is happening nationally, the City should be looking to cut costs while continuing to provide necessary services without overspending.

Councilmember Bettelli stated that the City is in the water rescue business, but does not have six (6) boats as stated by Councilmember Loftus. It has jet skis, a flat bottom boat and one (1) sea rescue boat. Prior to the recent announcement of the new state contract; Chief Graham did not know which boat would be on it or the associated price increase. He agreed that the City

could generate RFPs for equipment to be replaced, but he was of the opinion that the City should take advantage of the vetting processes established by the state. In this situation, DNR determined the specifications, and he was, therefore, confident that the City would be getting the best product for the dollars spent.

Councilmember Bettelli reported that Chief Graham had made a concerted effort to locate a used boat, as the Committee had requested, but had not located one (1) that would hold up under the demands of the Fire Department's uses.

Councilmember Bettelli stated that, when someone has been injured in the water, a nineteen (19) foot boat would be required to get that person safely back to shore. A jet ski would not accomplish the job.

Councilmember Duffy asked Chief Graham how long the City's rescue boat has lasted; she responded that the boat has been in service since it was donated to the Department in 1988. He followed by asking whether she expected the boat to outlast the seven (7) year hull warranty; the Chief said the owner of the company had told her that he would warranty it for life, but she has not seen that warranty in writing. Chief Graham added the DNR has been "very satisfied" with the Pioneer boat.

Mayor Cronin referenced the fact that the State of South Carolina has been buying used school buses which have been very costly to maintain; he, therefore, is not inclined to support the City's buying a used boat for the Fire Department to use rescuing people and saving lives. He added that, for the City to get twenty (20) years' use from a new boat makes it reasonably priced.

In response to Councilmember Thomas' concern that there was one (1) price for the boat but three (3) for cleaning City Hall, Administrator Tucker explained that the State had issued the request for bids, received multiple competitive bids and selected the best product for the best price. For the City to duplicate the process could produce a lower price, but could also produce a higher price for the same product. Mayor Cronin noted that the State had done the due diligence for the agencies qualifying to use state contract pricing.

Councilmember Stone indicated that he was quasi-supportive of this purchase; he questioned the time spent in storage versus the amount of time on the water rescuing people. He voiced his opinion that the City goes into the water to rescue people in distress, but the City does not have lifeguards on the beach. He also expressed concern over the number of water vehicles the City owns; he stated that he needed to understand why the City needed so many others.

Councilmember Buckhannon noted that he had not supported this acquisition when the FY12 Budget discussions were taking place, but Council had decided to budget forty thousand dollars (\$40,000) for the purchase. He reported that he had knowledge that DNR had just purchased a used boat because they could not afford to purchase new.

Councilmember Loftus agreed that the City's boat needs to be replaced, but it has survived this season; he again suggested that the City go back to work to find a replacement boat at a reduced price.

Councilmember Bettelli stated that the boat Chief Graham originally looked at was forty-six thousand dollars (\$46,000), but the Chief negotiated with the builder for a price of forty thousand dollars (\$40,000). He reminded the Committee that the FY12 Budget, as originally presented, had a figure of fifty thousand dollars (\$50,000) for the boat.

Councilmember Bergwerf stated that she could not support the purchase of a used boat for salt water use; she expressed confidence that the City would get twenty (20) years from a new boat. She agreed that forty thousand dollars (\$40,000) is a lot of money, but the value of using the boat for saving lives could not be measured.

Councilmember Buckhannon noted that the Police Department had donated the boat to the Fire Department; he questioned Chief Graham about the boat that had been used before this one. Chief Graham replied that the Fire Department had access to the boat while it was a part of the Police Department's inventory, because the Fire Department used the boat more frequently than the Police Department, the boat was transferred to the Fire Department.

VOTE: The motion PASSED on a vote of 7 to 2; Councilmember Buckhannon and Loftus cast dissenting votes.

2. Award of Contract to Safe Industries in the amount of \$26,322.40, state contract pricing, for air packs and accessories, as included in FY12 Budget

MOTION: Mayor Cronin moved to award the contract to Safe Industries as stated; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Notification of Changes to Comcast Billing Rates

Administrator Tucker announced that she had received a notification from Comcast that, beginning with billing statements of June 21, 2011, they would be reducing rates as follows:

- Limited Basic Customers with four (4) or more digital adapters from \$1.99 to \$.50 per month effective August 1, 2011, and
- Limited Basic Customer with digital converters from \$3.20 per month for primary and additional outlets to \$2.50 per month effective August 1, 2011.

A copy of the correspondence to the City is attached to the historical record of the meeting.

At the Mayor's request, Administrator Tucker initiated a discussion on the Greenbelt funding meeting attended by Assistant Dziuban the previous afternoon. The Administrator explained that the meeting was the second (2nd) of four (4) steps in the approval process to access Greenbelt funding allocated to the City in the amount of four hundred seventy-four thousand dollars (\$474,000). In order to access the funds, the City must submit an application that is first

(1st) considered by the Greenbelt Advisory Board; the City received a unanimous approval from them for the grant application to purchase of the lot at 3206 Palm Boulevard.

The second (2nd) step in the process is the consideration of the application by the Charleston County Parks, Recreation and Tourism Commission Board; it was this meeting that Assistant Dziuban attended the previous evening. Subsequent committees to act on the funding application are the Charleston County Finance Committee and the Charleston County Council.

Administrator Tucker wanted the Committee to hear Assistant Dziuban's description of her experience before the Committee; the Administrator stated that the City had been told to have a representative in attendance to answer any questions the Committee members might have, but did not need to be prepared to make a presentation.

Assistant Dziuban reported that the meeting opened with public comments, and representatives of the local governments with applications before the Committee indicated their presence to respond to questions; as Public Comments were ending, three (3) individuals who identified themselves as Isle of Palms' residents spoke in opposition to the City's Greenbelt application. Among the reasons given for not supporting the application were suggestions that the City could find a better way to use the money or find alternate projects, like bike paths or handicapped walkovers; the property identified was too expensive; and the City had not done its due diligence to find the right project for the funds available.

After Public Comments, the meeting opened for consideration of the various applications by the Board members. When they got to the City's application, one (1) member of the Board, who identified himself as a resident of the island, indicated that his primary concern about the City's project was safety. He described having ridden his bicycle down Palm Boulevard on the previous Saturday, seen the level of traffic, seen visitors opening their vehicle doors to exit their vehicles and had connected the City's project to parking and safety issues along Palm Boulevard.

The PRC Committee Chair then asked Assistant Dziuban to speak on behalf of the City, and she addressed the concerns that had been identified. She related how she had described the City's process for identifying the project, that projects like bike paths are not Greenbelt eligible projects, that this was the first project the City had identified that had a cooperative owner and this was the first project that met the Greenbelt criteria. In addition, Assistant Dziuban explained the City's parking initiatives and the right-of-way structure along Palm Boulevard; she had indicated that the City has no plans for infrastructure improvements to the property, such as restrooms or water fountains.

When time came to act on the City's application, one (1) member of the Board recommended that they take no action, but the motion was made to disapprove the City's application that passed on a vote of three to one (3 to 1).

Councilmember Piening asked the name of the Board member who lived on the island, and Assistant Dziuban identified him as Mike Surles. He then asked if Mr. Surles had spoken to anyone on the City staff or on City Council; the response from all was that he had not.

Mayor Cronin stated that he had learned that Mr. Surles lives in the 800 block of Carolina and has been a resident of the island since 2007.

Assistant Dziuban added that the three (3) residents who spoke against the City's application presented the Board with six (6) letters of opposition from neighbors.

Mayor Cronin remarked that the Committee was not being asked to take any action tonight, but was being kept informed on the City's progress toward acquiring funds to purchase 3206 Palm Boulevard.

Administrator Tucker recounted that, when the Greenbelt Board had made their site visit to the island, the comment was made by a Board member that this project was exactly what the Board should be doing.

The Mayor stated that he intended to talk with the City's County Council representative.

On the subject of the City's parking initiative, Councilmember Duffy suggested that Administrator Tucker be tasked with hiring a consultant to develop an overall parking plan; he stated that the time had come for the Planning Commission to have professional assistance in order to move forward. Councilmember Loftus recommended that the City needed to hire a traffic engineer to devise a plan to efficiently move people on and off the island as well as parking.

Administrator Tucker stated that she thought the City needed a full-service firm, so that, when a good plan was set forth, they could execute it. The Mayor said the City would look into the cost and time considerations involved and get back to the Committee.

In conclusion, Mayor Cronin reminded the Committee of the "Operation R&R Charleston" program that was presented at the June Council meeting; on Thursday, August 4, the group will hold a meeting at the Recreation Center seeking volunteers to greet and assist the service men, women and families that will be visiting the island. He encouraged participation.

Treasurer Suggs informed the Committee that the 2009 Mack garbage truck was paid off, per Council instructions, with an interest savings of twelve thousand one hundred three dollars (\$12,103).

8. Executive Session – not needed

9. Adjourn

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

Respectfully submitted:

Marie Copeland
City Clerk