

Ways and Means Committee
5:00 p.m., June 19, 2007
Isle of Palms, South Carolina

The regular meeting of the Ways and Means Committee was held at 5:00 p.m. on Tuesday, June 19, 2007 at the City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Present were Chairman Taylor and Council members Bettelli, Buckhannon, Cronin, Hanbury, Marino, McMackin, Rice and Mayor Sottile, as well as City Administrator Tucker and City Clerk Copeland.

1. **Call to Order.** Councilman Taylor called the meeting to order and stated that the members of the press and the public ha been duly notified in accordance with State and Federal law.

2. **Approval of Previous Month's Minutes.**

MOTION: Mayor Sottile moved to approve the minutes of the Budget Workshop of May 14, 2007 and the minutes of the regular meeting of May 15, 2007; Councilman Bettelli seconded. Councilwoman Hanbury corrected the Budget Workshop minutes by noting that Councilman Marino was not the chairman, but he was in attendance at the meeting. **MINUTES WERE UNANIMOUSLY APPROVED AS CORRECTED.**

Chairman Taylor asked Mayor Sottile to comment on the events of the past twenty-four hours in the City of Charleston. He began by stating that we should never take our public safety people for granted since they are risking their lives for the betterment of the community every time they don their uniforms. He related that he had spoken with Mayor Riley's office to express the condolences of the people of the Isle of Palms and made it known that the resources of the City of Isle of Palms were at the City of Charleston's disposal. During the afternoon, Mayor Riley responded back to City Hall thanking the City for its kindness and thoughts. The Isle of Palms Fire Department was asked to man the Cannon Street station; provided fuel for the generator and water and other supplies during the night and our personnel are assisting with the cleanup process. The thought of losing one (1) firefighter is a tragedy, but to lose nine (9) is beyond description. Nine (9) firefighters is an entire shift. He asked that the families of these brave men be kept in our prayers.

3. **Citizens' Comments.** None

4. **Financial Statement** – Debbie Suggs, City Treasurer

Treasurer Suggs reported that the target percentage for expenditures May 2007, the eleventh month of the fiscal year, was 92% and the General Fund is at 85%; being 7% below budget for expenditures equates to over \$400,000. Revenue is at 89% of budget; she reminded the Committee that there are substantial funds that come in the last month of the year, i.e. SCE&G franchise fees, insurance licenses and Local Option Sales Taxes for June and July

are accrued. At this time, Treasurer Suggs is hopeful of a \$300,000 surplus in the General Fund.

Two (2) expenditure areas running over budget are the Fire and the Judicial Departments; both of these situations are primarily due to overtime. The ramping up of the Livability Court and the Livability judge also contributed to the Judicial overrun.

In addition to the May 2007 financial statements, Treasurer Suggs distributed a worksheet on Fire Station #2 and the most recent Hospitality Revenue schedule. She expressed that she had been concerned that the receipts for May 2007 had been less than those of May 2006, but she had been reassured that one of the City's larger customers had been delinquent, but had paid thereby making up the difference.

5. OLD BUSINESS

Discussion of Bulkhead Replacement related to FY07-08 Budget and Consideration of Awarding Contract to General Engineering for Continuing Bulkhead Monitoring in the Amount of \$7,755.00.

Administrator Tucker stated that the direction she had been given at the last meeting was that the FY07-08 Budget would include the replacement of the bulkhead with the idea of executing the installation in the fall of 2007. At the Real Property Committee meeting of June 7, 2007, she saw it important to walk through what has to happen and the cash flow required.

In the course of that meeting, circumstances came to light which should be brought to this Committee's attention since they could influence the decision to move forward now. Item one is that the \$1.5 million currently in the budget is not enough to fund the bulkhead construction, and nothing is contemplated in the FY07-08 Budget to fund the difference. Clearly the City would be looking at borrowing money to complete the project. Secondly, a portion of the work to be done associated with the bulkhead replacement is to replace the electrical. Present tonight is Johnny Deden, an electrical engineer, with Charleston Engineering who has assisted with the electrical evaluation. The electrical must be replaced at the same time as the bulkhead; there are multiple problems with the electrical currently in place, one of which is that some of the lines run through the bulkhead itself. When these lines are replaced, they must connect to the other electrical going out to the docks and to the pedestals into which the boats hook. If the docks are not replaced at the same time that the electrical is done, the work would basically be thrown out when the docks are eventually replaced only to do the electrical work again.

Summarizing, Administrator Tucker stated that, without having the money identified for a full replacement and with the issue of potentially borrowing money to construct then turning around to rip it back out to replace the docks, it may be best to wait another year. In the

meantime, a more thorough analysis to include everything that needs to happen at the marina, including the possibility of dredging, needs to be done. The marina manager has indicated that, when dredging was done before, they would not get close to the old bulkhead due to fear that it would contribute to a collapse if too much material were pulled from the bulkhead; as a result, the bulkhead is more silted in now. Administrator Tucker's opinion is that the bulkhead and electrical need to be replaced and possibly the docks, even reconfigure the docks, and dredge. With all of this in mind, the Administrator's recommendation is to keep the \$1.5 million in the FY07-08 Budget and to spend the next year doing more in depth planning for all that needs to be done at the marina site. To dredge and to replace docks will require different types of permits than those for a bulkhead replacement.

Administrator Tucker noted that to postpone the replacement for a year assumes that additional monitoring is done that does not show anything alarming and spending the next year doing significant planning.

Councilman Bettelli, Chairman of the Real Property Committee, reported that there was no question that everyone wanted to replace the bulkhead this year, but the reality is that there is not enough money and there are additional things that need to be done that were anticipated as part of the long term plan. The Real Property Committee felt that it would be prudent to wait until the FY08-09 Budget to do the complete project at the marina.

MOTION: Councilman Cronin moved that the \$1.5 million remain in the FY07-08 Budget, but proceed by doing only complete planning and engineering work until these matters that are open are resolved, and to contract with General Engineering in the amount of \$7,755 for continued bulkhead monitoring; Councilman Buckhannon seconded.

Councilwoman McMackin stated that she preferred that there be no motion; she expressed her concerns that to defer would only put the bulkhead replacement on the back burner. She noted that the issues about the electrical would not have surfaced were forward movement not occurring.

Chairman Taylor clarified the issue before the Committee as one where the City has come up to a financing cycle where more money must be allocated for the bulkhead replacement or devise a plan for borrowing the balance needed.

Councilwoman Rice express her thoughts that if there were even a possibility that the docks were to be re-configured, there needs to be a Comprehensive Plan for the marina that includes the best placement for the ramps and docks, the location for loading and unloading, a good traffic pattern, etc., as all are inter-related. For the expense involved, everything should be included.

Chairman Taylor reminded the Committee of the present time line which is a budget that needs to be finalized in ten (10) days and a current start date for this project within ninety (90) days.

Councilwoman Hanbury voiced her support for the Administrator's recommendation, but asked if would be prudent to reduce the FY07-08 budget set aside for the bulkhead replacement thereby eliminating the strain on this budget and possibly reducing the tax increased that this budget demands.

Councilman Bettelli stated that three (3) or four (4) issues have been brought before the Committee tonight which will only increase the cost of the project; therefore, the set aside proposed in the FY07-08 budget is absolutely necessary. In addition, the permits for dredging and dock re-configuring will be very expensive.

Mayor Sottile agreed with postponing the work until the FY 08-09 Budget year and also with the need to see the process continue. He also spoke to the fact that the City's borrowing power is near its ceiling now. The Mayor reminded the committee of the legal issues it had incurred with the "spoil area" when dredging Morgan Creek before; he anticipates that to be more of a problem today.

Councilman Buckhannon again stated that there is not enough revenue to support the project and no one knows exactly what the electrical impact will be. He does not want to move forward until the majority of the money to cover the cost is set aside. He noted that one of this great things that this Council and administration has done is not move forward on projects until there were enough funds set aside to pay for projects in full.

Councilman Taylor restated the motion as one where the bulkhead project will be postponed for one year, the \$1.5 million set aside will remain in the FY07-08 Budget, contract with General Engineering in the amount of \$7,755 for additional monitoring and to spend the next year in obtaining in-depth planning and engineering work.

AMENDMENT: Councilwoman McMackin moved that, in the coming year, bid specifications and any additional permits be obtained for the project; Councilman Cronin seconded; AMENDMENT PASSED UNANIMOUSLY.

AMENDED MOTION PASSED UNANIMOUSLY.

Councilwoman Hanbury had questions on the FY07-08 Budget as follows:

- Salary adjustment as a result of Wage Study – Council does not even know the findings of the Wage Study. Administrator Tucker responded that the study has not yet been contracted and that the budget figure for salary increases is a cushion should the study suggests increases.

- Beach renourishment in the amount of \$223,000 – She recalled that a \$200,000 had been discussed at the previous meeting. Administrator Tucker stated that in the current fiscal budget \$46,000 had been allocated for a consulting engineer to do the Long Range Beach Management Plan, and the project is spanning two (2) fiscal years, so \$23,000 carries over to the new fiscal year.

In addition, Councilwoman Hanbury stated her concern for the \$200,000 set aside for beach renourishment since no one has any idea what kind of recommendations or when recommendations are going to come from the Long Range Beach Management Committee.

Administrator Tucker responded that permits for any type of project, which could be contemplated for that area, will run \$300,000 to \$600,000. There is also the fact that the Committee is to devise a program for the entire beach, not just the problem area that exists today. The current set aside is to begin to build “a pot of money” to go toward whatever type of shoreline solutions the City decides to pursue. To clarify status of the Long Term Beach Management Committee, Administrator Tucker explained that Chris Jones is a much sought after coastal consultant; he has successfully used the method of assembling the stakeholders and experts to study the issue and to come to a consensus. As a result, he suggested the persons who should serve on the Committee, which is a working committee to assist him in implementing what he has been asked to do for the City.

6. New Business

A. Recommendations from ATAX Committee:

- i. Approval of \$20,000 for Repairs to Gymnasium Ceiling
- ii. Approval of \$7,500 for Isle of Palms Connector Run and Walk for the Child

Administrator Tucker reviewed the two (2) requests and the reasoning on the use of ATAX funds.

MOTION: Councilwoman Rice moved for the approval of both requests; Councilman Buckhannon seconded.

Councilman Bettelli asked Recreation Director Page if the work on the gymnasium ceiling was a repair or an upgrade. She responded that it is actually an upgrade in that the ceiling will be dropped and new lighting added.

Councilman Cronin noted that the total cost of the project is \$55,000 then asked the source for the balance. Administrator Tucker responded that the \$35,000 will come from the Recreation Building Fund.

MOTION PASSED UNANIMOUSLY.

B. Agreement with Charleston County for Collection of Municipal Accommodations Tax

Administrator Tucker reported that Charleston County has made its revenue collecting department an Enterprise Fund; associated with that, they collect the Municipal Accommodations Tax for the City of Isle of Palms. In the past there has been no charge for collecting these funds, but, for the new fiscal year, they have presented the City with a new agreement that includes a fee of 0.5% of collections. The County will be charging all of the municipalities for whom they collect this fee. For the City of the Isle of Palms the 0.5% fee equates to approximately \$2,400 dollars per year; the City could not collect the Municipal Accommodations Tax for that amount. She also stated that she has reviewed the new contract in terms of the Business License agreement with the County and found that the terminology is the same. She is, therefore, requesting authorization to enter into this agreement with Charleston County.

MOTION: Councilman Cronin moved that Administrator Tucker be authorized to enter into the agreement with Charleston County to collect the Municipal Accommodations Tax for a fee of 0.5%; Councilwoman Rice seconded.

Councilman Cronin asked if this were in a form that would allow the County to collect 2%; Administrator Tucker responded in the negative. His second point was that there have been issues with the County in doing a proper accounting of all of the accounts on the island; therefore, he asked that the City staff be "hands on" with the County to ensure that they are doing the job.

MOTION PASSED UNANIMOUSLY.

7. MISCELLANEOUS

Councilwoman Hanbury asked for more information on the SCE&G Non-Standing Service Fund. Administrator Tucker responded that the fund is setup so that a certain percentage goes into the Non-Standard Service Clause Pool; for a municipality to use that fund, it must match that amount of money. Councilwoman Hanbury clarified her question as one of the funds that each resident pays in their monthly bill and if that was the money that SCE&G was contributing. Treasurer Suggs explained that the 3% fee on the monthly billings goes directly to the municipality; SCE&G's revenues multiplied by one half (1/2) of one percent is their contribution to the Non-Standing Service Fund. This is SCE&G's money that is made available to a municipality if it agrees to match it for projects.

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Councilman Cronin voiced his consternation at that SCE&G's installation on poles of a huge piece of metal with guide wires in the turn radius of Fire Station #2. Administrator Tucker related that SCE&G had approached the City with plans for this site, but neither Councilman Bettelli nor the Administrator believe that they have actually done what the City approved. She is going to research the issue for the Committee.

Councilwoman Hanbury commented on the rate increase that is being sought by SCE&G and asked if this should be reflected in the FY07-08 budget. Chairman Taylor stated that he felt there was enough flexibility in the budget to accommodate it as it has the gasoline increases.

MOTION: Mayor Sottile moved for no Ways and Means Meeting in July 2007; Councilman Cronin seconded; MOTION PASSED UNANIMOUSLY.

The next meeting date was set for **5:52 p.m. on Tuesday, August 21, 2007.**

With no further business to come before the Committee, the meeting was duly adjourned.

Respectfully submitted,

Dee Taylor, Chairman