

## **WAYS and MEANS COMMITTEE**

5:00 p.m., Tuesday, July 18, 2017

The regular meeting of the Ways and Means Committee was called to order at 5:08 p.m., Tuesday, July 18, 2017 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Berg, Bettelli, Carroll, Ferencz, Kinghorn, Rice and Ward, Mayor Cronin, Mayor ProTem Harrington, Administrator Tucker, Assistant Administrator Fragoso 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 Meeting's Minutes**

**MOTION:** Councilmember Carroll moved to approve the minutes of the regular meeting of June 20, 2017 as submitted; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

### **3. Citizens' Comments**

#### **Discussion of assignment of Series 2008 bond for the Public Safety Building – Rion Foley, The McNair Firm**

Mr. Foley informed Council that BB&T has notified the City that Stirling National Bank in New York has purchased a series of bonds from BB&T that includes the City's Series 2008 Bond for the Public Safety Building; no reason was given for the sale. The City, therefore, needs to assignment the bond to Stirling. He stated that he was providing information and no action was necessary at this meeting; he also noted that BB&T will reimburse the City for the legal fees associated with the assignment.

Mayor Cronin confirmed that the only change for the City is that it will now be paying a different bank.

### **4. Financial Statements**

#### **A. Financial Statement**

Treasurer Suggs stated that the financial statement through June 30, 2017 is preliminary and unaudited, and she said that she knows of certain revenues that will be received in July or August, i.e. June quarter's State ATAX, one (1) month's property taxes, one (1) month's Municipal ATAX from the County and Local Option Sales Taxes. The bulk of expenditures have been posted, but there may be some late invoices. With revenues of approximately two hundred fifty thousand dollars (\$250,000) yet to come, the General Fund is at one hundred one percent (101%) of budget. In General Fund expenditures, all departments are at or below budget except for the Fire Department which can be attributed to overtime during Hurricane Matthew; overall expenditures are at ninety-five percent (95%) of budget. General Fund cash balances were at three point four million dollars (\$3,400,000); and total cash is approximately twenty-two point four million dollars (\$22,400,000), including stakeholder funds for the beach renourishment project of approximately five million dollars (\$5,000,000).

Mayor Cronin reminded Council that the budget predicted a positive net result in FY17 of four hundred forty-two thousand dollars (\$442,000); he now estimates the number to be closer to seven hundred sixty thousand dollars (\$760,000). He said that he would like to see the money replenish the Capital Projects Fund since the City chose to expend a great deal of its reserves to fund the City's work for FY18.

Councilmember Ward expressed the opinion that some amount of money should go into the Disaster Recovery Fund since the increases to it are not keeping up with the rate of inflation.

The Mayor reported that the City has received an approved FEMA worksheet for debris removal; in the amount of one hundred eight thousand dollars (\$108,000); the City will receive eighty-five percent (85%) of the total or approximately ninety-two thousand seven hundred dollars (\$92,700). The funds will go back into the General Fund. The City had two (2) other FEMA worksheets that have not yet been approved.

The Treasurer announced that the auditors would be in the office beginning Monday, July 24<sup>th</sup> to begin their preliminary work.

#### **B. Tourism Funds**

With one (1) month to add, Municipal Accommodations Taxes are two percent (2%) higher than in FY16. As stated earlier, State ATAX funds for the June quarter have not been received. Hospitality Tax collections in June were approximately ninety-two thousand dollars (\$92,000) and one (1) month remains to be collected; the collections were seven percent (7%) greater than last year. In line with Municipal Accommodations Tax, the Beach Preservation Fee Fund was two percent (2%) greater than in FY16.

#### **C. Project Worksheets**

For the vehicle wash-down at the Public Works site, expenditures were the fourth pay application from Hitt Construction and a necessary special inspection; the Treasurer reminded the Committee that this project will carry over into FY18.

The only expenditure for the beach renourishment project was for professional services performed by Coastal Science and Engineering.

For Phase II Drainage, June expenses were for legal fees and finalizing and advertising the bid package. This worksheet was updated late in the afternoon to include the low bid, that was higher than estimated, and shows that the City has a funding gap of four hundred eleven thousand nine hundred dollars (\$411,900) which includes a fifteen percent (15%) contingency. The method contemplated for bridging the gap was to use the projected FY18 fund balance in drainage contingency reserves in the Capital Projects fund and to locate in the budget an additional twenty-five thousand dollars (\$25,000).

Administrator Tucker clarified that a portion of gap could be filled with an amended request for TST funds in the amount of two hundred thousand dollars (\$200,000); the request will go before Charleston County Council on August 17<sup>th</sup>.

Mayor Cronin commented that, based on conversations with Charleston County personnel at the TST, the Administrator is confident that the City will be awarded one hundred ninety-three thousand dollars (\$193,000).

The Administrator foreshadowed the need for a Special Meeting to award the construction contract for the project in order to maintain the timeline established. Timing of this project is critical because of commitments to those from whom the City has been granted easements and the Rural Infrastructure Grant has a time limit imposed on it.

**MOTION: Councilmember Kinghorn moved to authorize the City Administrator to enter into a contract with the low bidder on the Phase II Drainage project contingent upon the City receiving funding from Charleston County TST or CTC; Councilmember Bergwerf seconded.**

When Councilmember Ward asked the Administrator about discussions she might have had with Charleston County personnel about the likelihood of the City being awarded this money, she stated that her discussions with staff were favorable and supportive. They helped the City with Phase I and they know that the City has built reserves to fund the project.

**VOTE: The motion PASSED UNANIMOUSLY.**

On the subject of SCE&G franchise fees, Treasurer Suggs reported that the fees were approximately two percent (2%) lower than in FY16; when she talked with SCE&G staff, she was told that the dollar amount was correct. The revenue from the Isle of Palms was down from prior years and they attributed the reduction in having a mild winter and the increased energy efficiency of new construction.

**6. Old Business – none**

**7. New Business**

**A. Recommendation from the ATAX Committee to approve an advertising sponsorship in the amount of \$1,000 for the Carolina Coast Surf Club**

**MOTION: Mayor Cronin moved to approve the \$1,000 sponsorship for the Carolina Coast Surf Club; Councilmember Rice seconded.**

According to the Mayor, Included in the meeting packet was the ATAX application, and this amount is consistent with that of prior years.

**VOTE: The motion PASSED UNANIMOUSLY.**

**B. Approval of ATAX over-budget expenditures**

**1. Beach trash removal - \$6,019**

**MOTION:** Mayor Cronin moved to approve \$6,019 in expenditures from the ATAX fund for beach trash removal; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

**2. Thermal imaging camera & accessories - \$215**

**MOTION:** Mayor Cronin moved to approve \$215 in expenditures over budget from ATAX funds for a thermal imaging camera; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

**3. Easter Egg Hunt - \$12**

**MOTION:** Councilmember Bettelli moved to approve \$12 in expenditures over budget for the Easter Egg Hunt; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

**C. Reports on RFB 2017-03 – Drainage Improvements 45<sup>th</sup> to 52<sup>nd</sup> Avenues –**  
earlier in the meeting

**D. Reports on RFP 2017-04 – Rebid of Professional Services related to removal and replacement of underground storage tanks**

Administrator Tucker explained that this was a rebid for a consultant to assist the City in writing the bid specifications and for construction oversight for the removal and replacement of the underground storage tanks. Summit ELT submitted a proposal, and, after viewing their references and other similar jobs they have done, the Administrator entered into negotiations with them and received their price of twenty-one thousand seven hundred thirty-seven dollars (\$21,737) this afternoon. Staff recommends that Council award a contract to Summit ELT as quoted. If the contractor finds that the tank(s) have leaked or leached, Summit would submit a change order because the scope would change considerably.

**MOTION:** Councilmember Ward moved to award a contract to Summit ELT in the amount of \$21,737 for consultation for the removal and replacement of the underground storage tanks; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

**E. Consideration and selection of accounting software system**

Attached to the historical record of the meeting is a copy of the memorandum Treasurer Suggs wrote to Council explaining the reasoning about staff's recommendation.

Of the three (3) companies staff seriously considered, one (1) was eliminated from consideration due to a high annual maintenance cost; the other two (2) companies were asked to make presentations to staff members who will use the product. The Treasurer is recommending the middle priced product BS&A based on product demonstrations and conversations with other users; "the BS&A system has more "bells and whistles" yet seems to be more flexible and intuitive." Additionally, BS&A was described as more user-friendly by those participating in the

demonstrations. “BS&A users have been universally very satisfied . . . BS&A’s customer service received very high praise.” The FY18 budget has one hundred twenty-two thousand dollars (\$122,000) for new accounting software, and the BS&A price is one hundred fifty-three thousand one hundred twenty-five dollars (\$153,125). Treasurer Suggs was confident in finding the additional funds elsewhere in the budget, but she informed Council that the sales representative had stated that, if necessary, the City could delay the final payment until FY19.

Councilmember Ward sat in on portions of both demonstrations and voiced his agreement with the Treasurer’s assessment of BS&A. In the business license module, all the taxpayer has to do is input his gross receipts, and the taxes are computed automatically. He can pay the taxes online, and the business license is emailed to him.

**MOTION: Mayor Cronin moved to award a contract to BS&A for accounting software; Councilmember Ward seconded.**

Councilmember Ferencz noted that several items on the Agenda were over budget and the comment was made that “we will find the money.” She asked the Treasurer where she would find the money.

Treasurer Suggs reiterated that the City was going to end FY17 with surplus funds in excess of seven hundred thousand dollars (\$700,000), so that was a potential source. She added that, each year, one or more projects does not get done and is carried forward to the next year.

**VOTE: The motion PASSED UNANIMOUSLY.**

**F. Discussion related to Beachfront Farmers’ Market**

Since Council approved the Beachfront Farmers’ Market as a City-sponsored event, work has been happening; Assistant Fragoso has revised the application and it is online. A kickoff meeting was held with the volunteers involved and with the County Park to work on the various components. A resolution appears later on the Council Agenda that will solidify the fees; if Council wants to change the fees, the resolution will have to be amended. The Administrator has asked that all members of staff track the time they spend on the farmers’ market so that, in future years, time can be allocated.

**G. Consideration of Public Works Wash-down change order**

Administrator Tucker noted that this was change order #5 and assured Council that change order 1-4 were small and a couple were credits. The project engineer attended the Public Works Committee on Monday and explained the four (4) components of the change order; the Committee unanimously approved it, adding twenty-one thousand four hundred one dollars (\$21,401) to the contract. She commented that the City should expect more change orders on the project.

**MOTION: Councilmember Ward moved to approve Change Order #5 in the amount of \$21,401; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.**

**7. Miscellaneous Business**

**Next Meeting Date: 5:00 p.m., Tuesday, August 15, 2017 in Council Chambers**

**8. Executive Session – not needed**

**9. Adjournment**

**MOTION: Councilmember Bettelli moved to adjourn the meeting at 5:57 p.m.; Councilmember Bergwerf seconded and the motion PASSEDF UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk