

## **WAYS and MEANS COMMITTEE**

5:00 p.m., Tuesday, August 15, 2017

The regular meeting of the Ways and Means Committee was called to order at 5:24 p.m., Tuesday, August 15, 2017 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Carroll, Ferencz, Kinghorn, and Ward, Mayor ProTem Harrington, Mayor Cronin, City Administrator Tucker, Assistant Administrator Fragoso and Clerk Copeland; a quorum was present to conduct business. Councilmember Rice was absent.

1. Mayor Cronin called the meeting to order and acknowledged that the press and public were 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 July 18, 2017 as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

4. **Financial Statements** – Treasurer Suggs

#### **A. Financial Statement Update on Year-end FY17**

The Treasurer noted that the first page of the financial reports was a preliminary and unaudited picture of the state of the City's finances at the end of FY17; she stated that the General Fund and other funds of the City were in good shape and cash balances were high as they need to be to address the very ambitious budget for FY18. She then reviewed the schedule prepared today that explain the components of the FY17 positive net result in the General Fund of approximately eight hundred ninety-seven thousand three hundred fifty-four dollars (\$897,354). The City received revenues in excess of budget in Property Taxes, Insurance Licenses, Building Permits and Court Revenues; she noted that Court Revenue includes parking ticket revenue which had a new contributor as a result of parking violations in the automated municipal parking lots. The revenue received from grants was not budgeted for; approximately twenty-five hundred dollars (\$2,500) was from a PARD grant for the Recreation Department, and the balance was FEMA reimbursement related to personnel and equipment usage for Hurricane Matthew. The standard rate for equipment usage includes the type of equipment, the hours of usage for addressing the damage, fuel and depreciation on the equipment; therefore their reimbursement for equipment is a very generous amount that more than addresses the City's actual expenses. The final line of revenues shows that the parking lots and meters did not meet the amount budgeted; FY17 was the first full year for the parking lots and staff over-estimated the revenue. Areas where the expenditures were less than budget were Salaries and Fringes, attributable to the Police Department operating understaffed for much of the year, vehicle fuel, vehicle maintenance, utilities, and professional services, attributable primarily to legal fees that were lower than estimated. In addition to these contributors to the positive net result, the City has yet to receive the last Local Option Sales Tax collection for FY17; it is expected to be approximately seventy-five thousand dollars (\$75,000).

Referring to the legal expenses, Administrator Tucker explained that this category includes the City prosecutor, the bond attorneys, and possibly others in addition to the City Attorney.

Treasurer Suggs stated that auditors would have additional journal entries to make when they do their field work in mid-September, but she does not anticipate any significantly impacting the numbers.

As one would expect, the financial statement for the first month of the fiscal year does not include anything of materiality because much of the revenue received in July is for FY17. The City did collect three hundred fifty-one thousand dollars in revenue from rental licenses and parking lots and meters in the General Fund. The target for expenditures was eight percent (8%), and, overall, the Departments were at six percent (6%); the Treasurer explained that the reason the Mayor and Council budget was twenty-two percent (22%) expended is that the premium for MeduCare Air was charged to Citizen and Employee Services in that budget. Cash remained very healthy through July, again in anticipation of the ambitious FY18 budget.

The Treasurer noted that BS&A, the City's new financial software vendor, has an ambitious conversion planned for the City. The initial conference calls have taken place; they will be on-site at the end of August for discovery-type meetings; they plan to convert ten years of the City's data in September. Training will take place in October, and the plan is to go live in November.

The Mayor urged Council to be patient with City staff as it goes through this process, especially in October when training is occurring.

## **B. Tourism Schedules**

The July collections of Municipal Accommodations Taxes were lower than the same month in 2016 and lower than expected; after review the Treasurer found that one (1) major taxpayer was missing from the detail and she will do additional follow-up to see if it is a timing issue. The final quarter of state ATAX was up significantly from FY16, resulting in a three and a half percent (3.5%) increase from last year. The City has strong months in June and July that resulted in the year ending with an increase of eight percent (8%) over FY16. Like Municipal Accommodations Taxes, the Beach Preservation Fee fund ended the year flat.

## **C. Project Worksheets**

At the request of the Administrator, discussion of the Beach Restoration worksheet will take place later in the meeting in coordination with the project bid opening.

On the Public Works Vehicle Wash-down project, two (2) June invoices were paid in July, and the worksheet has been updated to reflect the change orders approved last month.

When the Mayor inquired of an estimated completion date, the Administrator said that she has not been given a revised completion date. Although the project is fully funded, the amount of expense for FY18 will be greater than the amount budgeted.

On the worksheet for Phase II Drainage, Administrator Tucker recalled that, at the last meeting, Council authorized award of a contract to the bidder of the project once the City had sufficient funding; she then directed Council to page 2 of the project worksheet where the shortfall is shown as five hundred seventy-nine thousand eight hundred ninety-four dollars (\$579,894) which is larger than previously shown. She stated that the City has one hundred ninety-two thousand nine hundred sixty-eight dollars (\$192,968) in reserves in General Drainage and Roads that could be used; in addition, Charleston County Council will meet on Thursday night and will vote on the City's application for an additional one hundred ninety-three thousand dollars (\$193,000) in Transportation Sales Tax (TST) funds. Assuming the County awards those funds, the remaining shortfall would be one hundred ninety-three thousand nine hundred twenty-six dollars (\$193,926).

The Administrator also repeated that the Public Works Committee had instructed staff not to go into the project without a contingency, and the worksheet contains a contingency of fifteen percent (15%). After being reminded by the project engineer that Phase I drainage was done without a contingency, Administrator Tucker suggested that the shortfall be filled with a portion of the contingency, thereby reducing the contingency for the project to seven percent (7%).

The Administrator stated that she has been reassured by the City's representative to County Council that, if the contingency is depleted, the City could go back to County Council with an application for additional funding.

She reminded Council that Charleston County had followed and provided substantial funding for the Phase I project, and they have followed and contributed toward Phase II. Administrator Tucker noted that County Council recognizes that the City has saved money over time in order to do these projects and has successfully executed them.

Mayor Cronin stated that the underlying point is that the City asks so little from the County that they are willing to assist with a worthwhile, quality project.

**MOTION: Mayor Cronin moved to authorize staff to proceed with the award of contract assuming Charleston County awards the TST funds request; Councilmember Kinghorn seconded and the motion PASSED UNANIMOUSLY.**

5. **Old Business – None**

6. **New Business**

**A. Update on the Bid for Renovations to the Front Beach Restrooms and Boardwalk**

Administrator Tucker informed the Committee that staff has chosen not to accept the bid and to re-bid the project. After meeting with the architects, the decision was made to work on the design elements of the walkover. Since the boardwalk at the public restrooms is designated an emergency access, it must support the weight of multiple ATVs and must, therefore, be significantly more structurally sound than a typical dune walkover and those elements drove the cost up in the bid received. The goal is to alter some of the design elements to reduce the cost

of construction. Staff will also seek to determine if there is merit in splitting the project into two (2) separate bids, one (1) each for the restrooms and the boardwalk.

The Administrator commented that, with the work that has been done over recent months, the public restrooms were in the best condition they have been for a long while and, if properly maintained, the remaining renovations could wait for another year. On the other hand, the boardwalk is in “terrible shape and definitely needs to be replaced.”

Administrator Tucker reiterated that staff hopes that, with design modifications, rebidding the project will result in a cost that is within the budget established.

Mayor Cronin recalled that, at times, OCRM has one million dollars (\$1,000,000) to fund improved beach accesses, and the Administrator noted that the City has been a recipient of these funds in the past. The Administrator added that, the last time the City applied for one (1) of these grants, the process was painful, and the City lost a year’s time. Additionally, staff has found that OCRM prefers to use the money to fund a traditional access path, wooden and six feet (6 ft.) wide; they do not tend to fund anything that is out of the ordinary, for instance, the path at 42<sup>nd</sup> Avenue. The Administrator suggested this would be a good source of funds for one (1) of the beach accesses that is flooded currently.

**B. Recommendation from the Recreation Committee for award of a contract to Vic Bailey Ford for one F-150 pickup truck in the amount of \$31,834, state contract pricing**

**MOTION: Councilmember Ward moved to award a contract to Vic Bailey Ford as detailed above; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.**

**C. Consideration of a contract award to Hunter Powersports LLC for 2 Kawasaki Mule Pro-FX EPS LE (ATVs) in the amount of \$26,434.96 (cost increased to cover sales taxes and registration), including accessories, assembly, installation, delivery and 3-year warranty**

Mayor Cronin stated that budget for the ATVs was thirty-four thousand dollars (\$34,000).

**MOTION: Mayor Cronin moved to award a contract to Hunter Powersports LLC in the amount of \$26,434.96 for the purchase of 2 Kawasaki ATVs as stated above; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.**

**D. Report on RFB 2017-05 – Beach Renourishment Bid Opening**

Administrator Tucker indicated that she had sent Council emails of the bid tabulation and a revised project schedule that includes the bid numbers from the lowest bidder. Looking at the revised worksheet, the Administrator recalled that the project was estimated to cost approximately fifteen million dollars (\$15,000,000), which included