

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, May 15, 2012

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, May 15, 2012 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Loftus, Thomas, Ward, Mayor Cronin, City Administrator Tucker, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct despite the absence of Councilmember Stone.

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 April 17, 2012 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – none

4. Financial Statement – Treasurer Suggs

A. April Financial Statement

Through April of 2012, General Fund Revenues and expenditures were at seventy-five percent (75%) of budget when the target through ten (10) months is eighty-four percent (84%), but the Treasurer reminded Council that there are large expenditures and large collections at the end of the year. Despite Property Tax Revenues continuing to lag behind prior years' collections, the Treasurer expressed confidence that the budget would be met. All City departments are below budget through April; General Fund cash on-hand is at thirty-one percent (31%) of annual expenses with an excess of two point six million dollars (\$2,600,000) between BB&T and the Local Government Investment Pool.

Councilmember Loftus asked the Treasurer at what point after year-end would she stop accruing for the current fiscal year; she responded that she will accrue revenues for sixty (60) days after the June 30 year-end. Treasurer Suggs assured him that the City has always received all of the Property Tax Revenues by the end of that sixty day (60-day) window, but Councilmember Loftus expressed concern that the City would end the fiscal year under budget for this revenue source.

B. Tourism Schedules

Municipal Accommodations Fees collected thirty-nine thousand dollars (\$39,000) in April for March and is running twelve percent (12%) ahead of FY11 collections.

State Accommodations Tax collections for the third quarter were thirty-six thousand eight hundred dollars (\$36,800); this fund is up thirty percent (30%) with the eighty-thousand dollar (\$80,000) prior year correction.

Hospitality Tax collections were approaching fifty thousand dollars (\$50,000); they included eight thousand dollars (\$8,000) in delinquent fees – a record high month even without that amount. When asked if the delinquent payer was caught up, the Treasurer replied that they were meeting the payment schedule.

C. Projects Status

Beach Restoration fund paid the first application to Baker Infrastructure Group, consulting fees to Chris Jones, and project oversight to Coastal Science and Engineering, leaving approximately four hundred thousand dollars (\$400,000) in the fund. This balance is final only to the extent that the final report on the 2008 project and the 2012 project have not yet been accepted by the permitting agencies. More post-project monitoring could be required.

Dredging schedule saw the addition of a column for the Tidal Wave dock repair in the amount of twenty-four thousand dollars (\$24,000) from the project's contingency fund. Payments from the project in April were the final application from Marcol Dredging and the dock repairs that came in under estimates.

The 53rd to 57th Avenue Drainage project was reproduced because the estimate to relocate the drainage line in Wild Dunes has come forward at seventy-five thousand eight hundred seventy-four dollars (\$75,874). Administrator Tucker explained that the easement agreement with Wild Dunes contained the stipulation that, if at some time in the future the need arose to re-locate the line, the City would do so at its own expense; in return for the relocation of the line, Wild Dunes will give the City a permanent easement for the line. The Administrator stated that she was comfortable with the estimate since the City's contractor, Civil Site Environmental, worked in concert with Wild Dunes on the relocation. Since this agreement was a part of the original easement agreement, no action is needed by the City at this time.

Councilmember Buckhannon asked if the City expected to incur any additional expenses related to this project; Mayor Cronin said that there would be no more and that the City would use these funds towards the 42nd to 52nd Avenue project.

5. Old Business

Review of FY13 Capital and Operating Budgets

Mayor Cronin indicated that the Public Works Committee, in its May meeting, had suggested that the amount budgeted for dune walkovers be reduced. Administrator Tucker explained that for the past several years, the budget has included eighty thousand dollars (\$80,000) for the repair and/or replacement of dune walkovers. Due to the delays incurred as staff investigated a new and more durable material, the FY12 dune walkover replacement at the Front Beach restrooms has been re-budgeted to FY13, along with the walkover replacement for FY13 of the eighty thousand dollars (\$80,000). The two (2) dune walkovers most travelled are the Front Beach restrooms and the Sea Cabins walkover; staff hopes to replace both with the new PermaTrak material that is engineered concrete for reduced maintenance and durability. If the amount budgeted for FY13 is reduced, staff does not think the funds will be sufficient to complete the two (2).

The pine walkovers are extremely maintenance intensive – nails can pop up, be hammered into place today, and pop up again tomorrow; that problem would be non-existent with the PermaTrak since the pieces fit together like Lincoln Logs.

When the Mayor asked for the Committee's reasoning for cutting the budget, Councilmember Carroll stated that the Committee thought that, since this is a new material, the City would do well to do one (1) walkover now and to delay a year to see if the product lives up to its advertising before constructing the second. This would also save money in this budget year.

Mayor Cronin said that he was concerned about the liability to the City should someone fall; he indicated that the City had been put on notice last summer relative to the condition of the Sea Cabins walkover. Councilmember Carroll stated that he understood the liability to the City and the condition of the walkovers, but he thought the replacement could be delayed a year.

Councilmember Bettelli commented that the beach access path at 41st Avenue was also in need of repair; he indicated that boards have bowed and nails have popped up creating another liability to the City.

Administrator Tucker added that, if Councilmembers were to take the time to walk all of the beach accesses, they would see that many of the access paths need repair or replacement. In areas where the City has not constructed an access, residents have put down "makeshift devices" to improve their ability to get to the beach; if someone were to fall on one (1) of these, the City would be held liable. The Administrator noted that dune walkovers are better for the environment in that they preserve the dunes by keeping beach-goers from traversing the dunes.

Councilmember Buckhannon voiced agreement with his fellow Committee members that the walkover at Sea Cabins should be delayed; he also suggested that, during the FY14 budget process, the City develop a five-year (5 yr.) plan for replacing/repairing dune walkovers.

Prior to taking an action, Administrator Tucker recommended that either Director Pitts or Director Kerr should explain to Council their "enthusiasm" for replacing the two (2) access paths with the PermaTrak material, as well as the economies of scale associated with moving forward with the two (2) walkover replacements. Director Kerr reported that two (2) structural failures have occurred to the Sea Cabins ramp; one time the ramp was shored up with cinder blocks and the second time significant repairs were made. Unlike the pine walkovers, the PermaTrak is six (6) inches thick of concrete; he, therefore, expects these boardwalks to last fifty (50) years. The Director was clear that, structurally, he did not think the two (2) walkovers being discussed can wait another year to be replaced, preferably with PermaTrak. He described cases where one (1) girder broke and another came completely detached leaving the ramp dangling in mid-summer.

Mayor Cronin inquired as to the status of the OCRM permit, and Director Kerr reported that the plan is being finalized and the permit applications are expected to be filed this week with a permit being issued in three to four (3-4) weeks. Assuming that timeframe holds, the City will be in a position to purchase materials in a month.

Councilmember Bergwerf summarized her understanding that these two (2) dune walkovers have been in the FY13 budget and that the Public Works Committee, at its last meeting, voted to take one (1) out. She also confirmed that the two (2) walkovers were in the FY13 budget and that no tax increase is needed to the budget; Administrator Tucker stated that the Councilmember was correct in her thinking. That being said, she expressed her opinion that the budget should not be changed, i.e. that the two (2) walkovers should remain in the budget.

The Mayor noted that the walkovers were to be paid from tourism funds with no implication to the operating budget and residents' taxes; Councilmembers Bettelli and Bergwerf agreed that both walkovers were travelled primarily by tourists.

Councilmember Buckhannon stated that the discussion on PermaTrak was limited to its use at the Front Beach walkover and that, initially, the FY13 walkover replacement was "yet to be determined." Based on his understanding and due to the cost of PermaTrak material, the FY13 budget should have two (2) lines of eighty-five thousand dollars (\$85,000) each to cover the costs of replacing two (2) walkovers with this material. The Councilmember stated that, if this eighty thousand dollars (\$80,000) stayed in the FY13 budget, he would find eighty thousand dollars (\$80,000) somewhere else to cut.

Councilmember Loftus agreed that, only in recent discussions, has the replacement of the walkover at the Sea Cabins been on the table.

Mayor Cronin reiterated that, in the FY13 budget, eighty-five thousand dollars (\$85,000) is a re-budget from FY12 for the Front Beach/public restrooms and that, as in past years, eighty thousand dollars (\$80,000) is included for a replacement in FY13 based on an evaluation of the walkovers by staff, which has turned out to be the one (1) at Sea Cabins.

Director Kerr stated that, if the City were to proceed with the purchase of materials, the City would see savings by demolishing both walkovers at once, executing all the pile driving at once, executing all of the shipping at once and completing one (1) bid process involving one (1) legal review.

Director Pitts added that, in the design process, the landscape engineer had decreased the distance the PermaTrak would run at the Sea Cabins walkover by extending the sidewalk to reduce the cost of the PermaTrak.

Councilmember Buckhannon stated that, if the Committee could see firmer numbers of the actual costs to replace the second (2) walkovers, he would be more inclined to support it.

Mayor Cronin explained that there would be no firm numbers until the bids on the project were opened, and the Administrator explained that the bid was only for the installation of the PermaTrak because the material can only be procured from one (1) vendor.

MOTION: Councilmember Ward moved to approve \$80,000 for the walkover as stated in the budget version before the Committee; Councilmember Bergwerf seconded; the motion tied with Councilmembers Buckhannon, Carroll, Loftus and

Ward in opposition. The motion FAILED on a tie and the item will be removed from the budget.

MOTION: Councilmember Loftus moved to remove the float for the Mount Pleasant Christmas Parade for \$1,200 from the Hospitality Tax Budget; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

MOTION: Councilmember Ward moved to remove \$25,000 from the ATAX budget for Christmas light displays; Councilmember Buckhannon seconded.

Mayor Cronin stated that this had been an initiative that had passed the ATAX Committee as an action to draw visitors to the island in the off-season.

Responding to Councilmember Carroll's statement that Committee members were looking for any way to save the City some money, Mayor Cronin noted that these lights were being paid for from tourism funds and would cost the citizens of the island nothing. The Mayor remarked that hospitality taxes came from people eating in island restaurants and that this was a marketing initiative to draw people to the island who might do just that.

VOTE: The motion PASSED on a vote of 5 to 3; Councilmembers Bergwerf and Bettelli and Mayor Cronin cast the dissenting votes.

MOTION: Councilmember Carroll moved to reduce the line item for beach renourishment to \$379,680; Councilmember Ward seconded.

The Mayor explained that this was a placeholder for staff to address the stakeholders about the need to re-capitalize the beach renourishment fund for the next shoal attachment; the City's engineers have gone on the record in the last week as saying that the shoal is moving faster than they projected. According to the Mayor, this line item has no impact on the City since the funds will come from the stakeholders in the area affected by the shoal attachment; in his opinion, to reduce this line will limit the City's ability to leverage for funding from the stakeholders.

Councilmember Loftus indicated that he was always looking for ways to save the City money, but he wanted the City "to stay ahead of the curve" and to avoid having to borrow money for a beach restoration project.

VOTE: The motion FAILED on a tie vote with Councilmembers Bergwerf, Bettelli and Loftus and Mayor Cronin casting dissenting votes.

Councilmember Ward asked whether money had been added to the budget to fund the restoration of the cannonball; Administrator Tucker reported that the Public Works Committee meeting had voted to add five thousand dollars (\$5,000) for the restoration, and staff recommended that the funds come from Municipal Accommodations Fees.

The Administrator explained that the cannonball needs to be immersed in a chemical solution to

kill the organisms that will continue to grow on the surface of the cannonball; her conversations with the group restoring *The Hunley* have not produced an estimate of the cost to do so. In addition, once restored, the cannonball should be displayed in a climate-controlled location, preferably on the north end of the island where it was found. Based on the opposition from

Council, Mayor Cronin said he would approach Wild Dunes about taking possession of the cannonball since it was found in that area of the beach.

Councilmember Buckhannon referred to the recommendation from the ATAX Committee to hire an event planner for an event to be held in the off-season; he indicated that he had discussed this with some island residents who agreed that the island is home to people who are qualified to serve in this capacity and who would offer their services to the City at no charge.

Mayor Cronin again pointed out that this is an ATAX issue with no impact on residential taxes.

MOTION: Councilmember Buckhannon moved to remove \$25,000 from the ATAX budget for an event planner; Councilmember Bergwerf seconded.

Councilmember Bettelli commented to the fact that the merchants have not come forward with an idea for an off-season event and that the Ways and Means Committee should pay attention to the ATAX Committee.

VOTE: The motion passed on a vote of 7 to 1; Councilmember Bettelli dissented.

MOTION: Councilmember Loftus moved to reduce the Advertising line of the ATAX budget to \$15,000 for a professional marketing program; Councilmember Bergwerf seconded.

Councilmember Loftus stated that he understood that a portion of this money was to be spent to draw people from Washington, D.C., Philadelphia, or New York to the area; he thought that was too broad an approach and not practical.

Councilmember Buckhannon noted that the City paid the Charleston Visitors Bureau three hundred eight-eight thousand dollars (\$388,000) to do advertise the City to markets within a one (1) day's drive; he stated that he wanted to know what the City was getting for that investment.

Councilmembers Loftus and Bergwerf withdrew their motion and second, respectively.

MOTION: Councilmember Loftus moved to reduce the ATAX Advertising line to \$3,000; Councilmember Bergwerf seconded; the motion PASSED UNANIMOUSLY.

A lengthy discussion followed about an off-season Front Beach promotion that included a possible fireworks display at the Christmas tree lighting. The Committee was told that the idea of a fireworks display had been taken off the table in favor of a different kind of event for the tree lighting. In addition, Treasurer Suggs explained that the fifty thousand dollars (\$50,000) in

ATAX Programs and Sponsorships was the money made available to the ATAX Committee to support new initiatives that might be presented for funding throughout the year.

Responding to Councilmember Buckhannon's query about off-island storage, Administrator Tucker said they remaining storage holds the lights and attendant materials for the Front Beach Christmas lights.

Councilmember Buckhannon questioned that eighty-six thousand dollars (\$86,000) remains in the budget for the reconfiguration of 1301/1303 Palm Boulevard; Mayor Cronin explained that nothing would be spent without the approval of the Public Works Committee and the approval of Council.

Administrator Tucker indicated that staff will proceed with removal of the temporary fence and the installation of the permanent fence at the back of 1301 Palm Boulevard that would leave the large oak tree visible from Palm Boulevard. When asked by Councilmember Ward about the source of funding, the Administrator reminded the Committee that staff had brought forth a schedule for their review several months ago and before SCE&G came forward request for an easement from the City.

6. New Business

Recommendation from the Real Property Committee to Develop an RFP related to Municipal Parking Lot Lease

Councilmember Loftus reported that the parking lot lease expires September 30, 2012 and the Real Property Committee had voted unanimously to develop an RFP for the lots, anticipating a better deal for the City. Since that meeting he has reconsidered his position and would suggest that the City consider taking over management of the lots and keeping the revenues.

Councilmember Loftus stated that the discussion was straying from the agenda where the subject is an RFP. If the City wants to manage the lots, the discussion should begin at the next Real Property Committee meeting.

Councilmember Buckhannon related that the discussions in the Committee had included an annual lease whereby the lots would produce revenue for the City year-round.

MOTION: Councilmember Buckhannon moved to develop an RFP to lease the municipal lots; Councilmember Bettelli seconded.

Administrator Tucker offered reasons for discussion before the Committee as (1) the current vendor had offered to extend the lease for one (1) additional year with an additional twenty thousand dollars (\$20,000) in revenue for the City and (2) off-season leasing ideas included boat storage or RV rental space.

In Councilmember Bergwerf's opinion, as the City moves toward a City-wide parking plan, the lots become more valuable making the City's management a more viable alternative.

VOTE: The motion **PASSED** on a vote of 7 to 1 with Councilmember Loftus voting against the motion.

7. Miscellaneous Business

Next Meeting Date: 5:45 p.m., Tuesday, June 19, 2012

8. Executive Session – unnecessary

9. Adjourn

MOTION: Councilmember Bettelli moved to adjourn the meeting at 7:30 p.m.; Councilmember Buckhannon seconded and the motion **PASSED UNANIMOUSLY**.

Respectfully submitted:

Marie Copeland
City Clerk