

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, June 19, 2012

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, June 19, 2012 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Buckhannon, Carroll, Loftus, Stone and Ward, Mayor Cronin, City Administrator Tucker and City Clerk Copeland; despite the excused absences of Councilmembers Bettelli and Thomas, 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 Loftus moved to approve the minutes of the regular meeting of May 15, 2012 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

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

A. May Financial Statement

Being eleven (11) months through the fiscal year, the expenditure target is ninety-two percent (92%) of the General Fund annual budget; all departments are below the target and overall the Departments are at eighty-three (83%) of budget. General Fund revenues are seventy-nine percent (79%) collected; Property Taxes Revenues continue to lag behind prior years, but the City has received an additional one hundred forty-eight thousand dollars (\$148,000) since the reports were generated. The Treasurer added that Charleston County continues to close out months, with January 2012 being the most recent; collections are presently three hundred sixty thousand dollars (\$360,000) short of budget.

Treasurer Suggs pointed out that Local Option Sales Taxes have exceeded collections for the same period in FY11 which she interprets as a sign that the economy is picking up as do the increases in Business Licenses, Building Permits and Rental Licenses. Other Licenses revenue does not reflect the same trend because the greatest part of that is the annual payment of franchise fees from SCE&G which is typically paid June 30th of each year; additional revenue reflected in that line includes insurance licenses collected by the Municipal Association on the City's behalf.

Cash in the bank at the end of the month was twenty-eight percent (28%) of General Fund annual expenses; Treasurer Suggs noted that the City will pay two (2) more payrolls for FY12 and accrue six (6) additional days before closing the FY12 books, plus pay a semi-annual property insurance payment and a quarterly workers compensation payment.

The Treasurer explained that the "Month-to-date Actual" for property tax revenues is negative because, when the County advances Property Tax collections to the City, they do not have a

breakdown between debt service and taxes; that breakdown only occurs when they reconcile a month. The negative reflects a reclass of money received into its proper category and the difference between this negative line and Property Tax Debt Service is the collection for the month.

B. Tourism Schedules

Municipal Accommodations Fees had record collections for the month of seventy thousand five hundred dollars (\$70,500); this represents occupancy in the month of April with collections year-to-date running twelve percent (12%) greater than FY11.

Neither State Accommodations Tax and the Charleston County Pass-through had any activity in the month of May.

Hospitality Tax Collections also set a record in May with collections exceeding sixty-eight thousand dollars (\$68,000); included in that number is twelve thousand dollars (\$12,000) in delinquent taxes, but all taxpayers were current at the end of last week.

C. Projects Status

1. Beach Restoration

In May, the fourth and fifth (4th and 5th) applications for payment were made to Baker Infrastructure Group, an invoice for project oversight and permitting was paid to Coastal Science and Engineering, and the City's General Fund was reimbursed for payroll costs for employees who served as truck counters.

Mayor Cronin chose to take this time in the meeting to inform the Committee about actions by the legislature related to the future of the State's beaches; he read a communication that the City received in April stating the following:

Dear Coastal Mayors, Administrators and Municipal Staff:

Please see the attached request for application issued by South Carolina DHEC Office of Ocean Coastal Resource Management; they have up to one million dollars (\$1,000,000) of funding available under a supplemental appropriation from the South Carolina General Assembly and has been allowed to only allocate these funds for coastal access improvement projects per Proviso 22.34 of the 2011-2012 South Carolina appropriations bill. Under this proviso, applications for beach renourishment funding are not eligible. DHEC reserves the right to make all final funding decisions based on the merits, scope and scale of the individual proposals.

The Mayor continued that the proviso reads "DHEC Beach Renourishment and Monitoring the Coastal Access Improvement: Beach renourishment activities are suspended. Funds allocated for beach renourishment may be spent for coastal access improvements and shall be spent in accordance with the requirements of the state federal permitting certificate. If state funds are made available from any general revenue, capital or surplus or bond fund appropriated to the

department for beach renourishment and maintenance, the department shall be able to expend not more than one hundred thousand dollars (\$100,000) of these funds annually to support annual beach profile monitoring coast-wide until department determine the erosion rates and to identity priority areas needed renourishment, maintenance and to mitigate erosion, etc. Appropriations for reach renourishment projects that are certified by the department as access may be spent for coastal access improvements only.“

From conversations with both Representative Sottile and Senator Campsen on this matter, Mayor Cronin learned that, as the state's budget neared finalization last year, senators from the Upstate banned together against money being spent on beach renourishment or any activities on the beach front and inserted the proviso prohibiting beach renourishment spending. Senator Campsen admitted that he was unable to prevent his fellow senators from supporting the proviso. The Mayor and Mayor Goodwin from Folly Beach will meet with local legislators next week in hopes of preventing the same wording that is in the FY12 budget from being included in the FY13 budget. The Mayor concluded by saying that “it is disheartening to see that the State fathers do not recognize that the beach and the beach communities all up and down the coast are the major driving force the tourism industry in the entire state and that they are willing to let it wither.”

Councilmember Stone noted that a couple of those Upstate senators did not survive the recent primary election.

2. Marina Dredging

May payments on this project included the 5th and final application for payment to Marcol Dredging, the repairs to the Tidal Wave stationary dock, and March and April project oversight to GEL Engineering. Treasurer Suggs stated that she believes all invoices on this project have been paid; therefore, the schedule will be retired.

3. 53rd to 57th Avenue Drainage

Treasurer Suggs pointed out that a new column has been added to the schedule for the next phase of the drainage and the design and engineering contract for one hundred sixty-nine thousand dollars (\$169,000). Payments in May were to Lowe Wild Dune Investors for re-locating the storm drain and two (2) payments to Civil Site Environmental (CSE) relative to Phase 2 engineering. After brief discussion, the Committee agreed to discontinue this schedule and to initiate a Phase 2 schedule with the CSE contract and funds budgeted for FY13.

Before leaving the financial reporting portion of the meeting, Mayor Cronin thanked Treasurer Suggs, Administrator Tucker and the remainder of the staff for their hard work in successfully getting an improved rating to Aa1 from Aa2 from Moody's Investor Service based on years of successful financial management and keeping the City stable. Statements from the Moody's report quoted by the Mayor were:

- Moody's expects the \$3.7 billion tax base will remain stable given its stable residential component, close proximity to employment centers and relatively stable tourism economy; and

- Moody's expects the City's financial position to remain stable given the City's solid record of operating stability supported by conservative fiscal policies, ample fund balance levels, and consistently sound financial performance relative to budget expectations.

Councilmember Carroll congratulated the Mayor and City Administrator for successfully lobbying Charleston County Council to get forty-six thousand dollars (\$46,000) – more than any other local government – to offset the cost of additional Beach Service Officers in FY13.

Councilmember Stone referred to the information provided about the beach renourishment proviso and asked whether the City had applied for any of the beach access improvement funding. According to the Mayor, the City did apply under beach access improvement for funding toward the dune walkover, but the City has not been notified of a determination.

5. Old Business – None

6. New Business

Award of contract to Motorola for maintenance for 2 dispatch consoles in the Telecommunications Center for \$10,800.35 for budgeted annual maintenance contracts at state contract pricing

MOTION: Mayor Cronin moved to award the contract to Motorola as stated above; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Mayor Cronin announced that the City had been approached by "Today in America" about doing a five (5) minute spot with Terry Bradshaw for nineteen thousand five hundred dollars (\$19,500); after consulting with the Charleston Visitors Bureau, the determination was made that this is not the best use of City funds.

Administrator Tucker asked that everyone "save the date" of Friday, November 30th for the return of the annual holiday party at The Windjammer.

Responding to Councilmember Loftus question about marina tenant rents, Administrator Tucker reported that everyone was current with the possible exception of Tidal Wave Water Sports who pays on a different schedule from other tenants.

Councilmember Buckhannon asked about progress with the wayfinding signs, and the Administrator reported that a meeting with the Stantec is planned for Thursday; they have been on the island on the weekends and ridden with police officers to get a firsthand look at traffic patterns and parking issues. This meeting will be followed by a meeting with SC DOT.

Next Meeting Date: 5:45 p.m., Tuesday, July 17, 2012.

8. Adjourn

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 6:14 p.m.; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk