

WAYS and MEANS COMMITTEE
5:45 p.m., Tuesday, February 19, 2013

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, February 19, 2013 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Loftus, Stone, Thomas and Ward, Mayor Cronin, Administrator Tucker, Assistant to the Administrator Dziuban 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 were duly notified of the meeting in accordance with the Freedom of Information Act.

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

MOTION: Councilmember Bettelli moved to approve the minutes of the regular meeting of January 15, 2013 as submitted; Councilmember Bergwerf seconded.

Councilmember Ward pointed out an error on page 1, paragraph 5; the vote was six to three (6 to 3), not six to two (6 to 2) as indicated.

VOTE: The corrected minutes were UNANIMOUSLY APPROVED.

3. **Citizens' Comments** – None

4. **Financial Statement** – Treasurer Suggs

A. Financial Statement

The financial statement for review was for the period ending January 31, 2013, seven (7) months in to the fiscal year. General Fund revenue is at fifty-six percent (56%) of budget, and General Fund expenditures are fifty-two percent (52%) of budget. Since the last meeting, the City has received substantial property tax payments, and that revenue line is at sixty-seven percent (67%) of budget. The Treasurer explained that the Local Option Sales Taxes appear low because the quarterly payment was received in February, rather than January as in the past; the same is true for "From State" that includes State Aid to Subdivisions. All other revenue streams are running ahead of budget. Departments, with the exception of Judicial and BSOs are running below the budget target of fifty-eight percent (58%); the over-run in the Judicial Department is attributable to legal fees the City has incurred. At the end of January, cash on-hand totaled over two and one-half million dollars (\$2,500,000) which represents thirty percent (30%) of annual General Fund expenses.

B. Tourism Schedules

Municipal Accommodation Fees continue to run ahead of FY12 by nine percent (9%).

State Accommodations Taxes received for the quarter ending December 31, 2012 appear lower than in FY12; the City actually received thirty-seven thousand dollars (\$37,000) more than the one hundred forty-three thousand dollars (\$143,000) showing. In reviewing the detail that accompanied the check, the City is suspicious that the additional money does not belong to the Isle of Palms; it is, therefore, not being recognized as revenue until the questions are answered.

In addition, Treasurer Suggs reminded the Committee that, in the same quarter last year, a prior year's correction was made that resulted in the City's receiving an additional fifty thousand dollars (\$50,000).

The first bi-annual payment from the Charleston County Accommodations Tax Pass Through in the amount of one hundred eighty thousand dollars (\$180,000) was received; this represents a five percent (5%) increase over FY12.

January's Hospitality Taxes were below the prior year; thirteen hundred forty-five dollars (\$1,345) of the difference can be attributed to the closings of the Red & White, Huck's and Dominoes.

At this point, Mayor Cronin reported on the meeting he and the Administrator had with the new Director of the Department of Revenue, William Blume, and Meredith Cleland, Senior Administrator of Legislative and Local Government Services, as the result of an October letter jointly sent by the Charleston County Council Chair and the Mayor pointing out certain anomalies in the State Accommodations Taxes process. Based on the up-coming meeting, they had begun investigating on their own, and they recognized that they have some software problems and some reporting problems. Mr. Blume indicated that he would be communicating with the Mayor in two to three (2-3) weeks. Mayor Cronin described Mr. Blume as a CPA from Ernst and Young who was enthusiastic and willing to listen.

Administrator Tucker stated that she and the Mayor had made suggestions on how they could implement some systems that will correct some of the problems.

The Mayor stated that the question was raised as to whether legislative action needed to be taken to correct some matters, and they indicated that, in their initial look-through, there may be some legislation needed.

C. Projects Status

For the Beach Restoration Project, the City made one (1) payment to Coastal Science and Engineering. The primary change to the schedule is the remaining on contracts amount; CSE reconciled for the City the items that remain open on the focused erosion project. The City has six hundred thirty-nine thousand dollars (\$639,000) available to spend on a future project.

One payment was made to Civil Site Environmental for engineering on the drainage project.

5. Old Business

Update on Beach Preservation

Mayor Cronin reported that he and the other mayors of beach communities have been meeting for the past year, and one (1) topic under discussion was how to preserve the beach for future generations. Folly Beach relies on the Corps of Engineers to handle their beach erosion; the Corps' obligation is for eighty-five percent (85%) of the cost, but they do not have any money. Some engineering has been done for the restoration of the beach at the County park, and the

cost is now estimated to be twenty-six million dollars (\$26,000,000). Folly Beach now has to come up with another million and a half dollars (\$1,500,000), which is unimportant when the federal government has not budgeted any money.

Based on promises of assistance from state legislators in the area, the Folly Beach mayor thought he would get help from the state. But, in the state budget for the past couple of years, there is a specific proviso which states "funding for beach renourishment activities are suspended," and there is the caveat that states "only money to improve beach accesses."

With no help from the state or federal government, the local mayors pondered what they could do locally, and they looked at Hilton Head that has spent forty million dollars (\$40,000,000) on beach renourishment projects over the past sixteen (16) years from two percent (2%) accommodations taxes reserved for the beaches. Hilton Head gets three percent (3%) accommodations taxes and the County gets none; on the contrary, the Isle of Palms and the other beach communities in Charleston County get one percent (1%) and the County, North Charleston and the City of Charleston get two percent (2%).

As a result of these discussions, Representative Sottile, along with twenty-four (24) co-sponsors, has filed a bill in the House (House bill H-3390) entitled the Beach Preservation Act; the bill would permit all local municipalities that have beach activities to enact a one percent (1%) beach preservation fee. The funds could only be used for beach management. His co-sponsors are both Republican and Democrat and are from the beach areas, the midlands and a couple from the upstate.

Representative Sottile continues to seek additional support in the House; the CVB has inked a letter to him expressing its support for the legislation; the bill has been referred from the House floor to the Ways and Means Committee. Once out of the House, Senators Campsen and Thurmond have agreed to carry it forward to the Senate.

Mayor Cronin stated that seventy-five percent (75%) of all accommodations taxes in the state come from the coastal communities.

6. New Business

A. Award of a contract to Henley's Construction in the amount of \$61,300 for the construction of a beach access at Pavilion Drive and Ocean Boulevard

Administrator Tucker referenced the bid tabulation, noting that there was good competition for the project, and the recommendation is to award the contract to the low bidder. The original plan had been to replace the access at the public restrooms, but work was re-directed to this access due to the on-going permit issues with the other access.

Motion: Mayor Cronin moved to award the contract to Henley's Construction for \$61,300; Councilmember Stone seconded.

Councilmember Loftus asked for clarification on the alternate in the bid; Administrator Tucker explained that the alternate was to place pavers at the end of the path where the path goes onto

the beach. Staff has learned that they are more expensive than anticipated and, therefore, is not recommending it.

Responding to Councilmember Buckhannon's question, the Administrator stated that eighty thousand dollars (\$80,000) was budgeted for replacement.

VOTE: The motion PASSED UNANIMOUSLY.

B. Approval of a change order to Stantec in the amount of \$12,450 for detailed design services, inclusive of Court and Live Oak Park, bid documents, bid assistance and construction management.

Assistant Dziuban explained that the amount on the agenda is composed of three (3) pieces; one in the amount of six thousand nine hundred fifty dollars (\$6,950) for work Stantec needs to do to get the signs agreed upon over the summer in the ground and two (2) sign designs in the amount of two thousand seven hundred fifty dollars (\$2,750) each for Live Oak Park and for City Hall designating Court and the Building Department. Stantec is in receipt of the encroachment permit for the wayfinding signs, but SCDOT did not permit the on-pavement signage that had been requested.

Included in the larger amount is Stantec's work to prepare the bid documents, get the competitive bids and oversee the sign installation process to ensure they are installed as the permit requires.

The sign for the Building Department and Court was budgeted for five thousand dollars (\$5,000) in the FY13 budget. The Live Oak Park sign is unbudgeted since the purchase of that property was not contemplated in the budget. Once the design is approved, there will be a fabrication cost to these signs as well.

Councilmember Carroll questioned whether the Live Oak Park signage would be accomplished this year. Assistant Dziuban explained that the sign for the park is a requirement from Charleston County, and the sign must indicate the funding source and that it is public property. With the efforts being put into the wayfinding signs, these two signs should aesthetically match.

Mayor Cronin added that, by adding them to the signs already approved, the City hopes to get some economy of scale by getting all done at once.

MOTION: Councilmember Stone moved to approve the change order to Stantec in the amount of \$12,450; Councilmember Bergwerf seconded.

Councilmember Ward asked how the name for the park was determined.

Administrator Tucker explained that the Greenbelt application requires that the project have a name, and Live Oak Park was the option that got the most response since the property has many live oaks on it – it seemed to match the application the best.

Councilmember Ward stated that he would like for the citizens to have more input in naming the park.

Mayor Cronin thought it would be possible to amend the documentation; the Administrator said she needed to read the language in the grant agreement to know for sure.

Amendment: Councilmember Ward moved to amend the motion that the park be named Live Oak Park with citizen approval; Councilmember Carroll seconded.

Councilmember Bergwerf asked for clarification on the term "citizen approval." Councilmember Ward stated he simply wanted some citizen input.

Mayor Cronin agreed to discuss with residents at the public hearing following this meeting.

Amendment Vote: The Amendment PASSED UNANIMOUSLY.

Councilmember Buckhannon asked for more clarification on the design and bid work Stantec needed to do. Assistant Dziuban explained that, when Stantec presented Phase 1 to the City, they offered design concepts which the City approved, but they did not include the work of generating design specifications that would enable a vendor to construct the signs. Assistant Dziuban confirmed that Council awarded twenty thousand dollars (\$20,000) for wayfinding sign fabrication at the July 24th meeting. Administrator Tucker added that, ideally, Stantec should have informed Council at that July meeting that they had additional design work in order for the signs to be constructed.

Councilmember Loftus asked for information about the total project costs and how far along the City was in the project. The Administrator assured Council that they would have a project worksheet for wayfinding signs and beach access parking at the March meeting.

VOTE: The motion PASSED UNANIMOUSLY.

C. Discussion of prioritization of TST funding requests

Administrator Tucker noted that both the Public Works and Public Safety Committees have discussed the priority of the Transportation Sales Tax funding requests; the City's requests last year were first the drainage from 42nd to 52nd Avenues and second bike paths along the Palm Boulevard on both sides. One committee chose to reverse the order of last year's requests based on the impetus behind the Battery2Beach initiative and, therefore, the bike paths might be more favorably looked upon. The Administrator also remarked that the fact that the design for the drainage is not yet complete was also a factor in the decision. The deadline for submission is March 1, 2013.

Councilmember Buckhannon noted that the City has not received funding in the last two (2) funding cycles, and he was of the opinion that the reason was that the drainage project was not far enough along. Since the engineering and design have not yet been completed, he does not think drainage would get funding if it were the City's first priority.

Administrator Tucker commented to the fact that a member of County Council was on the Battery2Beach board, and a bike path request would certainly get that Councilmember's attention. On the other hand, drainage has been the City's number one initiative for a considerable period of time.

Councilmember Loftus stated biking is a major safety issue for the island, and it is a quality of life issue when residents are caught behind a cyclist who has nowhere to go to get out of the traffic lane.

Councilmember Bettelli said that he sees the bike path as a benefit for off-islanders whereas the drainage is a project that will enhance the lives of island residents. In addition, he referred to the discussion at the Public Safety Committee meeting about the route for Battery2Beach as being on Ocean and Waterway Boulevards, but that will not prevent cyclists from traveling on Palm Boulevard. If the TST Committee is reluctant to consider funding for the drainage because the City does not have engineering, the Councilmember inquired whether engineering existed for bike paths.

According to Mayor Cronin, a professor from The Citadel and some of his students have done some surveying relative to Battery2Beach routing from Folly Beach to the Isle of Palms; therefore, he reflected that the City is not far along on either drainage or bike paths.

MOTION: Councilmember Bettelli moved to prioritize TST funding requests with drainage being first and bike paths second; Councilmember Bergwerf seconded and the motion PASSED on a vote of 8 to 1 with Councilmember Loftus casting the dissenting vote.

D. Consideration of Alternate Business License due date

Councilmember Ward asked that an alternate date be considered for the business license due date because it presently comes due in the worst month of the year for a tourism-centered economy; for island businesses, January is typically the slowest in the year. In addition, property taxes are due in December; software updates for the new year are necessary; and restaurant business has slowed to a crawl. He indicated that he would like the Isle of Palms to adopt a June 30th fiscal year end with the business license due on July 31st by phasing the program in beginning with a half year payment due in 2013 and full implementation in 2014. Councilmember Ward expressed the opinion that such a change would help the cash flow for many island businesses.

MOTION: Councilmember Ward moved to phase in a change in business licenses due dates as stated above; Councilmember Stone seconded.

Administrator Tucker stated that staff had done research on this matter and that it was do-able. If the decision is to move forward, other components would need to be taken into consideration. The Administrator explained that the City one (1) period for the collection of business licenses for businesses on the island and a second period for the collection of short-term rental business licenses; with that in mind, the question is whether or not the function can be done with existing personnel in those time frames.

Director Kerr indicated that business licenses go with the calendar year, while the rental licenses are on a fiscal year. He stated that the City had approximately twenty-seven hundred (2,700) business licenses and eighteen hundred (1,800) rental licenses. The time frames were intentionally staggered. The Director explained that, when the short-term rental licenses came before City Council, the issue of staffing was discussed, and the decision was not to overburden the department by having two (2) separate licensing periods. Each process takes about three (3) months of staff time, with the following processes occurring:

- six (6) weeks before being due, notices are sent and staff responds to telephone calls with questions about fees or inactivating licenses;
- the due date arrives, and the City receives the licenses; and
- four to six (4-6) weeks in processing the applications, printing the new licenses and mailing them back.

According to Director Kerr, if the two (2) licenses were to be at the same time, staff could not maintain its current level of service; he said the Department would either need additional resources or addition time. In addition, a change in due date would require a budget of approximately five thousand dollars (\$5,000) to fund software changes, notice of the change to licensees and legal fees for an amendment to the City code.

Administrator Tucker stated that any alteration would also require a change to the timing on the short-term rental license in order to avoid any overlap in the two (2) processes unless Council is interested in increasing staff.

Councilmember Stone asked Director Kerr what months he thought would be best if a change were to be made. The Director's suggestion was to shift the business license due date to April possibly, but he questioned what a shift of a couple would help local businesses.

Mayor Cronin said that he would like to see a chart showing the current time line and when licenses come due, and then see where alternate windows can be inserted. In addition, the Mayor suggested that the Committee take a bit more time to consider with more information in hand.

Councilmember Loftus questioned how these changes would affect the City's cash flow, and the Mayor asked that this feature be included in the chart.

Councilmember Ward withdrew his motion with the understanding that staff will generate this chart for review at the March Ways and Means Committee meeting; Councilmember Stone withdrew his second as well.

E. Review of FY14 Capital Budgets and Long-range Capital Plan

Administrator Tucker reiterated the policy changes that are reflected in the FY14 budget as being an increase in the capital threshold from one thousand dollars (\$1,000) to five thousand dollars (\$5,000) and the establishing of reserves of money to avoid borrowing money for large capital purchases, such as garbage trucks, fire apparatus, etc.

The Administrator displayed a new schedule/worksheet that she and the Treasurer developed that illustrates how the savings amounts for future capital equipment were computed; it will be distributed at March committee meetings.

Administrator Tucker explained that the darkened lines on the capital budgets are endeavors that are in the current year's budget that may be completed by June 30 or may only be partially completed, so the figures may be lower when rolled into the FY14 budget as parts are completed.

The Administrator remarked that she will only mention the highlights of each department's budget for this meeting.

General Government

Replace 2 message boards (possibly w/computerized models)	35,000
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Police Department

Provision for implementation of possible beach access parking alternatives	300,000
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This figure is a placeholder should Stantec come forward with a plan that the City wants to implement; currently the City has no idea what they might propose or whether this is enough money or too much money.

Police Department – Assign fund balance for future expenditures

Radio replacements (Phase II compliance required FY17) set-aside	116,667
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Consolidated Dispatch

Charleston Co contracted personnel expense (3 qtrly pymts in FY14) This figure comes from agreement with Charleston County for IOP phased-in participation	375,000
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Other figures are expenses related to the City transition to Consolidated Dispatch, including maintaining a level of staffing on the island during the transition period as a failsafe.

Fire Department

This is the first department to have a reserve for future expenditures; at the bottom of the page is the savings to purchase fire apparatus in the future and the radio replacements as well.

2 mobile radio repeaters Re-budget from FY13	24,000
Replace Yamaha jet ski purchased in May 2009	11,000
Replace Ford F-150 purchased Nov 2003	30,000

Public Works Department

Public Works is also a department impacted by the debt avoidance savings reserve with an amount of one hundred ninety-five thousand dollars (\$195,000) to be set-aside in FY14.

Construction of 46 th -52 nd Avenue drainage project (2 yr project)	708,500
Sustainable Funding for road maint: \$31,000/mile x 28 miles (assume ownership of all IOP SCDOT roads) + 1 employee, including benefits	968,000

Administrator Tucker stated that these two (2) items are included in the budget to remind Council that they deserve consideration; for the drainage project, the City may want to save money over several years in anticipation of construction. The road maintenance has been included because, in talking about beach access parking, the City has limitations about what it can and cannot do in SCDOT controlled rights-of-way. Stantec provided staff with a sound, engineering number to know fully the impact of assuming control of some or all of the roads; the number included here assumes taking all of the roads and the expense of one (1) employee. The Administrator stated that she would be happy to provide Stantec's information on calculating this number.

Building Department has no capital expenditures for FY14.

Recreation Department

Replace Admin vehicle (2004 Explorer, 89,000 miles) This vehicle is used like a truck by the staff as well as taking the Director to and from work. This replacement has been deferred a couple of years.	25,000
Replace fencing on softball field (new fence will be higher for safety)	52,000

Beach Restoration

The savings does not fully fund a two million dollar (\$2,000,000) project, which is the amount the City put into the 2008 restoration project. If the beach communities are successful with the bill discussed earlier, the City would have a mechanism for capitalizing the needed funds.

Isle of Palms Marina

Replace ice machine in store	6,000
Replace non-functioning store walk-in freezer	10,000
Replace HVAC in store	25,000
Replace store Point-of-Sale cash receipts system	30,000
Replace store coolers	90,000
Replace store canopy, store & dock fuel dispensers and hoses	150,000
Design and permitting of new watersports/waverunner dock In FY13 budget, but unsure of status at fiscal year-end.	25,000
Construction of new watersports/waverunner dock A roll forward from FDY13	150,000

The final page is the schedule of bonded debt payments, principal and interest, for FY14. The Administrator noted that she has initiated dialogue with the McNair Law Firm about the potential for re-financing some of this debt, since there have been changes in rates; she will keep Council posted if it appears that it would be favorable for the City.

7. Miscellaneous Business

Discussion of City Issued iPads for use by City Council

Councilmember Carroll said that he looked at the mountain of paper he had accumulated over the past year, and he know that nine (9) times that amount had been compiled and distributed in that year. He voiced the opinion that it seemed smarter for the City to go to computerized meeting packets and certainly more economical.

Mayor Cronin commented that the effort has been discussed before in Council and providing laptops was considered; the iPad was certainly less expensive than laptops, and he thought them to be more user-friendly as well. The Mayor asked that staff put together a process to understand what it would mean for Council and the associated costs.

Mayor Cronin stated that County Council uses iPads, and he asked that they be added to the FY14 budget.

Councilmember Loftus said that he was under the impression that there were issues with trying to print from an iPad, and Councilmember Bergwerf confirmed that there were. In addition, Councilmember Loftus referenced studies he has read that retention is better with paper than with computers.

Mayor Cronin said that he would contact members of County Council to get their opinion on the use of the iPads.

Next Meeting Date: 5:45 p.m., Wednesday, March 20, 2013.

8. Executive Session – not needed

9. Adjourn

MOTION: Councilmember Bettelli moved to adjourn the meeting at 7:08 p.m.; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk