

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, July 16, 2013

The Ways and Means Committee held its regular meeting at 5:45 p.m. on Tuesday, July 16, 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, City Treasurer Suggs, 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 had been 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 June 18, 2013 as submitted; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

4. **Financial Statements** – Treasurer Suggs

A. Financial Statements

The statement for review at this meeting is the very preliminary year-end for FY13; according to the Treasurer, the audit will begin on Monday, August 19th and take about two (2) weeks of in-office work. Expense entries yet to be made include an approximate one hundred thousand dollar (\$100,000) payroll accrual, invoices in the amount of forty-four thousand dollars (\$44,000) in the General Fund, and likely twenty-five to fifty thousand dollars (\$25,000-50,000) in invoices yet to be received for the General Fund. On the other hand, revenues yet to be received include one month's property taxes, two months' Local Option Sales Taxes, the second bi-annual payment for Comcast franchise fees and the final quarter for State Aid to Sub-divisions and State Accommodations Taxes; today the City received a wire transfer for one hundred eight-five thousand dollars (\$185,000) for brokers' licenses related to insurance license fees. Treasurer Suggs reported that the revenue budget for the General Fund has been met, and expenditures overall in the General Fund represent ninety-five percent (95%) of the expenditures budgeted for FY13. All departments are under-budget with the exception of the Judicial Department that has been discussed on multiple occasions and the Recreation Department that is never over-budget. The reasons the Recreation Department situation are (1) that the level of instructor-led classes is up as evidenced by the twenty thousand dollars (\$20,000) the department is ahead of budget in revenues, (2) a long-term sick leave had to be covered with temporary labor, and (3) the expense related to the Wellness Program at the Fire Department. Cash on-hand is at thirty-eight percent (38%) of annual General Fund expenditures, and relatively evenly distributed between BB&T and the Local Government Investment Pool.

Councilmember Loftus concluded that the City will end FY13 with a gain of between five hundred thousand and seven hundred thousand dollars (\$500,000-700,000) under budget, and Treasurer Suggs agreed.

B. Tourism Funds

Municipal Accommodations Tax fees were in excess of sixty-one thousand seven hundred dollars (\$61,700), which is approximately nine thousand dollars (\$9,000) less than the same month in FY12; without examining the detail of the two (2) months, the Treasurer suggested that the difference could be a timing issue with one (1) or more taxpayers. The fund is still seven percent (7%) ahead of FY12. Mayor Cronin pointed out that another month's fees had been received while the Treasurer was on vacation in the amount of seventy-five thousand three hundred five dollars (\$75,305).

Final payments have not been received for the Charleston County Accommodations Tax Pass-through and the State Accommodations Taxes.

Hospitality Taxes represent taxes on meals served in May; the collection of sixty-eight thousand dollars (\$68,000) was considerably lower than in FY12. Treasurer Suggs researched both years and learned that there was an anomaly in FY12 which means that actual monthly collections were relatively similar; FY13 collections are one percent (1%) higher than FY12.

C. Projects Status

For wayfinding signs, expenditures were for consulting services from Stantec, sign fabrication and installation by Turnkey Creative and the deposit for the new sign at City Hall indicating the location of Court and the Building Department.

Expenditures for engineering were paid to Civil Site Environmental for Phase II Drainage. The budget has a balance of thirty-four thousand dollars (\$34,000) on the existing contract.

For the Beach Restoration Project, the City paid Coastal Science and Engineering for shoal management lighting and compaction tests and bank service charges. Available to spend in the project fund is just over six hundred twenty-seven thousand dollars (\$627,000).

Councilmember Loftus recalled that the City had submitted a request for funding on the drainage project from Charleston County and asked where that request was in their process. Administrator Tucker indicated that the City is normally notified by the County when Committee meetings for the distribution of Transportation Sales Tax funds were to take place; to-date the City has not be notified of such a meeting.

Mayor Cronin reminded the Committee that dialogue has been taking place regarding the re-financing of certain City debt. The City has been told that it might get a favorable rate on the remaining balance of marina debt, a taxable bond, that will have a balance of less than one and a half million dollars (\$1,500,000) once the FY14 payment is made. Staff recommends making that payment early to qualify for a lower rate; the rate on the existing debt is five and fifteen hundredths percent (5.15%). If the City were to get a rate of two percent (2%) and pay a one percent (1%) early pay-off penalty of fourteen thousand dollars (\$14,000), the City could save approximately one hundred four thousand dollars (\$104,000) over the life of the debt.

Responding to a question posed by Councilmember Ward, the Treasurer stated that the City would not be extending the term of the debt; it is due to be paid off in 2019. The fact that the debt would be short-term is another reason that the City is anticipating to get a good interest rate.

MOTION: Mayor Cronin moved to authorize staff to proceed with re-financing the marina purchase bonds, paying off the existing debt, at the most favorable rate; Councilmember Bettelli seconded.

Councilmember Ward stated that he would be interested in knowing whether the new debt would carry an early payoff penalty.

VOTE: The motion PASSED UNANIMOUSLY.

5. **Old Business – None**

6. **New Business**

A. Award of a Contract to Jones Ford in the amount of \$24,934.00, state contract pricing, for a budgeted 2014 Ford Explorer.

MOTION: Mayor Cronin moved to award a contract to Jones Ford as detailed above; Councilmember Ward seconded.

Councilmember Loftus asked for information on the vehicle being replaced; Administrator Tucker identified the vehicle as Rec 1 with ninety-three thousand miles (93,000) on it. In addition, she explained that the vehicle currently needs approximately three thousand dollars (\$3,000) in repairs; one (1) repair involves the line from the gas cap to the fuel tank – only a small amount of fuel can be added at one time without creating a hazardous spill on the ground. The trade-in offered on the vehicle is eighteen hundred dollars (\$1,800), but Administrator Tucker indicated the vehicle would not be traded in, but likely sent to auction.

VOTE: The motion PASSED UNANIMOUSLY.

B. Award of a Contract to Safe Industries in the amount of \$27,161.53 for 5 air packs with accessories, included in the FY14 budget.

MOTION: Mayor Cronin moved to award the contract to Safe Industries as detailed above; Councilmember Bettelli seconded.

Administrator Tucker stated that each year the Fire Department budgets for replacement gear; this is a sole source contract in order to maintain consistency with existing equipment. A copy of the sole source documentation is attached to the historical record of the meeting.

VOTE: The motion PASSED UNANIMOUSLY.

C. Award of a contract to T2 Systems for 3 Casio IT-9000E Handheld Ticket Writers in the amount of \$12,822.00, included in the FY14 budget.

MOTION: Mayor Cronin moved to award a contract to T2 Systems for ticket writers as stated above; Councilmember Bettelli seconded.

Administrator Tucker explained that these devices will work with the City's existing Court software, making this a sole source contract that allows for tickets to be downloaded into the existing court software. These units will replace ticket writers that have been in use since 2006. The sole source justification is attached to the historical record of the meeting.

Councilmember Loftus asked how many ticket writers the City has in service and was told that the number is seven (7); this purchase will replace the oldest three (3).

VOTE: The motion PASSED UNANIMOUSLY.

D. Authorization for up to \$3,700 for Additional Services from Stantec to Provide Technical Assistance for Battery2Beach Signage.

MOTION: Mayor Cronin moved to authorize a \$3,700 expenditure for additional services from Stantec as explained above; Councilmember Bettelli seconded.

Administrator Tucker recalled that Council had approved the Battery2Beach route on the island at a prior meeting; she repeated that the approved route is to enter the island from Breach Inlet, turn right onto Charleston to Ocean Boulevard, Ocean Boulevard to 14th Avenue, 14th to Palm Boulevard, a left onto 21st Avenue to Waterway Boulevard, Waterway to the marina, where a cyclist would turn around to again travel Waterway to 21st Avenue to Palm Boulevard and on to Breach Inlet. The Battery2Beach initiative is ready for the route to be signed so that cyclist will know they are following the official route. The proposal before the Committee is to authorize Stantec to assist in getting the City's assignments for the signage done; the task involves an SCDOT encroachment permit, identifying existing sign poles that the signage could be attached to and walking that through the approval process. This amount does not include the sign fabrication; Battery2Beach has received a one hundred thousand dollar (\$100,000) donation for signage, and the City was hoping to get its request in early to ensure that funding is available.

Councilmember Bergwerf asked who would cover the cost of installing the signs and was told that City employees will install them.

Mayor Cronin remarked that there is no guarantee that the City will get signage on this round; other communities may be vying for signage and the money may be gone.

Councilmember Ward asked if this was in the FY14 budget and, if so, where. Administrator Tucker stated that staff was proposing to fund the work from the Professional Services line of the Municipal Accommodations Fee budget.

Councilmember Ward followed by asking what the balance in that line item was; the Treasurer responded sixteen thousand dollars (\$16,000) is available and that nothing has yet been spent from it.

Councilmember Loftus stated that the Battery2Beach initiative was County-wide, and he thought there was a cheaper way for the City to accomplish the task. He also expressed the opinion that Battery2Beach should be “running interference” with SCDOT.

Councilmember Loftus then asked whether Stantec was doing this job for every community; Administrator Tucker stated that she did not know how other communities were getting the work done. She suggested that the larger communities have transportation or engineering departments that normally do this type of work. The Administrator explained that Battery2Beach, in its communication, which was copied to the Committee, wants each entity to perform these tasks, i.e.

- Produce a map of the route clearly indicating the proposed location of each sign;
- Present the signing plan to Battery2Beach for approval; and
- Upon approval, to file for the encroachment permit from SCDOT.

Since the route is defined and since there are a limited number of signs along that route, Councilmember Loftus questioned how much engineering there was to be done.

Mayor Cronin said that the goal for this action had been to be “at the front of the line” as funds were allocated, but the Committee does not have to take action tonight. The Mayor noted that Battery2Beach is a group of volunteers with no staff.

Councilmember Bettelli voiced the opinion that the City could proceed and get the signs or wait, not get the signs and have cyclists continue to traverse the island on Palm Boulevard creating more congestion. He stated that he preferred having the bicycle traffic on Waterway Boulevard for everyone’s safety.

Councilmember Carroll commented that he thinks everyone is supportive of Battery2Beach, but the island’s streets are packed now and the City is attempting to clean up its signs.

Administrator Tucker stated that the signage clean-up was the reason behind engaging Stantec to maintain consistency of knowledge and effort.

Mayor Cronin suggested that no action be taken tonight and to contact both Battery2Beach and Stantec to see what the design is going look like and who else is actively engaged in figuring out how to put the appropriate signage on their streets to have more information on which to base a decision.

Councilmember Buckhannon said that this initiative is looking to facilitate bringing more cyclists to the island when the citizens have a hard time dealing with what is already here. He also questioned that Battery2Beach signage would keep bikers off Palm Boulevard, and he supported Stantec working with Charleston Moves/Battery2Beach.

E. Discussion related to Residential Business Licenses

Councilmember Loftus explained that he had requested that this item be placed on the *Agenda*, because he has been approached by several residents over the years who feel that the cost of their license is “fairly high.” He remarked that, if there are two (2) professionals in the house with two (2) separate businesses, they are paying a sizable premium if the in-home businesses are successful. He also suggested that the fees are a deterrent to island residents with offices in Mount Pleasant to re-locate to their homes. Councilmember Loftus stated that he would like to see a cap placed on in-home business license fees since these businesses do not require any additional services from the City, and the in-home business owners are already paying property taxes to the City. He requested a study be done regarding the income to the City generated by residential business licenses; if a cap were to reduce income to the City, he suggested that the shortfall could be offset by part of the anticipated FY13 year-end gain.

Councilmember Carroll asked if such an action would penalize the businesses that rent commercial space by making it more profitable to run the business from one’s home.

Councilmember Loftus stated that very strict guidelines exist for residential business licenses, for instance, an in-home business cannot have staff that is not a resident of the home.

Councilmember Stone indicated that he disagreed with Councilmember Loftus, but added that he would be interested in knowing what the residential business licenses total. As a local businessman, he noted that he already pays fifty percent (50%) more (6%) than in property taxes than a resident pays (4%), so he expressed the opinion that he is subsidizing the residents “in a big way.”

Administrator Tucker clarified that residential business licenses refer to short-term rental properties on the island; the type of license Councilmember Loftus is referring to is an in-home business license. The Administrator stated that she did not think it was possible to place a cap on any type of business license, but the City could review its business license rates and could provide the Committee with how many in-home businesses are on the island and the business license revenue they generate for the City. The Administrator explained that, if the City were to consider a rate change at any level, it should look at the entire business license and parity for all classifications. Administrator Tucker indicated that the City was overdue in reviewing its business license rates, but that, in doing so, the likely outcome would be that the City’s rates are low compared to other municipalities.

Mayor Cronin suggested that an initial step would be to look at in-home businesses – the number and the income generated for the City.

7. Miscellaneous Business

Discussion of Election Process

Mayor Cronin stated that, as everyone was well aware, the City will hold an election in November. Based on some work done by Clerk Copeland, the Mayor noted that the Isle of Palms is the “oddball community” in the greater Charleston area in that the City uses the petition method for filing.

A schedule was distributed to the Committee that has information relative to each community with an election in November 2013, the filing dates and method of filing. Mayor Cronin said that the question before the Committee was whether the City wanted to continue with a petition-based filing entity or to join other communities with a filing fee.

The Mayor indicated that he was unaware that the City was the only one in this cycle to file via petition, and he was concerned that the petition process may inhibit some from entering the race. He noted that the Water and Sewer Commission Board follows the City's election process, and he has been led to understand that the petition process has limited people from considering joining in the election process for the Water Commission. The Water Commission has two (2) seats to be filled in the November election.

Councilmember Carroll asked why the City would consider a change; in his experience, the petition drive was an opportunity for candidates to knock on doors and hear what the citizens of the island are concerned about. He also expressed that opinion that the petition process showed the sincerity and dedication of the people running for office.

Councilmember Ward asked why this was being considered now and how it had come up at this time. Mayor Cronin said that staff was looking at the dates for what candidates must do in executing the petition process, and those dates differ from those of a filing fee. In that review, it became apparent that the City is different from other communities, and the Mayor thought it was worthy of discussion.

Clerk Copeland explained that the Charleston County Board of Elections had held a meeting of clerk in the municipalities involved in the upcoming election. At that meeting, the Director asked why the City stayed with the petition process and indicated what an onerous task it was for the Board of Elections staff to verify that every person who had signed a candidate's petition was a registered voter.

Councilmember Ward asked if they validated every signature, and Clerk Copeland stated that they did.

Councilmember Stone said the people walking around asking for signature without any relationship to the signer meant nothing; he indicated that he was not attached to the petition. He stated that, in the past, he has seen other people knocking on doors getting the signatures, not the candidates; any candidate can choose to get any or all of the required signatures. He said that he thought the process was "antiquated and of little value." He also said that he has seen petitions left in businesses for customers to sign, making it "a faceless process;" he indicated that, in his opinion, it is in the campaign that the relationship is established.

Mayor said that, if the Committee wants to move forward with a change, the decision has to be made at this meeting for an ordinance to be ready for First Reading at next week's Council meeting, and a Special Meeting for Second Reading would have to be scheduled before the August 9th date when petitions can be picked up.

MOTION: Councilmember Stone moved to go forward with changing to an election filing fee for candidates; Councilmember Bergwerf seconded.

Councilmember Bergwerf recounted being asked to sign a petition and being told at the same time that she was not obligated to vote for the candidate; she indicated that she views the gathering of signatures as “busy work.”

Councilmember Stone asked if the City was billed by Charleston County for the time spent validating the signatures on petitions; Clerk Copeland stated that the City pays for the advertising related to the election and for the poll managers and workers on the day of the election, but not for labor at the Election Commission.

Councilmember Buckhannon recalled this subject being discussed in the past, and that Council had decided that the petitions were somewhat unique for the island – they sought to maintain the island’s uniqueness. He remarked that he enjoys getting out and “meeting and greeting.”

Councilmember Bettelli commented that doing away with the petition process does not mean that a candidate cannot get out and do as much “meeting and greeting” as he/she chooses.

Councilmember Buckhannon indicated that he views the petition process as a commitment to run and serve the community. He asked how much the filing fee would be, and the Mayor responded that the decision was up to the Committee to decide.

Councilmember Bergwerf stated that someone who sees the petition process as daunting might “put his/her hat in the ring” if a filing fee were the requirement.

Councilmember Loftus noted that the start of the election was only three to four (3-4) weeks away and suggested that the election process should be given more due diligence in a non-election year. He added that he thinks the petitions add to the Isle of Palms quirkiness.

Councilmember Ward indicated that he thought the timing was bad for a change.

VOTE: The motion FAILED on a vote of 3 to 6 with Councilmember Bergwerf and Stone and Mayor Cronin casting the “yeas.”

Next Meeting Date: 5:45 p.m., Tuesday, August 20, 2013.

8. Executive Session – not needed

9. Adjournment/Conclusion

MOTION: Councilmember Bettelli moved to adjourn the meeting at 6:45 p.m.; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk