

WAYS and MEANS COMMITTEE
5:45 p.m., Tuesday, January 21, 2014

The regular meeting of the Ways and Means Committee was called to order at 6:02 p.m. on Tuesday, January 21, 2014 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Ferencz, Harrington, Loftus and Ward, Mayor Cronin, City Administrator Tucker, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business.

1. Administrator Tucker 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. Election of Chair and Vice Chair

Administrator Tucker opened the floor to nominations for Chair of the Committee; Councilmember Bergwerf nominated Mayor Cronin and Councilmember Harrington seconded. Councilmember Carroll nominated Councilmember Ward as Chair; the nomination was seconded by Councilmember Buckhannon. The vote was five to four (5 to 4) in favor of Mayor Cronin to serve as Chair of the Ways and Means Committee; casting the dissenting votes were Councilmembers Buckhannon, Carroll, Ferencz and Ward, who voted in support of Councilmember Ward.

The floor was then opened for nominations for Vice Chair, and Councilmember Harrington nominated Councilmember Ward. Councilmember Ward was unanimously elected Vice Chair of the Ways and Means Committee for the coming year.

3. Approval of Previous Meeting's Minutes

MOTION: Councilmember Bettelli moved to approve the minutes of the regular meeting of November 19, 2013 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

4. Citizens' Comments – None

Mayor Cronin stated that the IOP Water and Sewer Commission will be making a presentation to Council at next week's Council meeting relative to the upcoming rate increase; the Mayor asked that Councilmembers contact him in the coming week with any questions they have about the increase. The Mayor questions that a series of rate increases are in the offing that could range from five to nine percent (5-9%) on the sewer side.

5. Financial Statement – Treasurer Debbie Suggs

A. Financial Statement

Treasurer Suggs noted that the financial statements for review were for the first six (6) months of the fiscal year, ending December 31, 2013. Revenues in the General Fund are at thirty-five percent (35%) of budget while expenditures in the General Fund are running at forty-three percent (43%) of budget. In the box labelled "General Fund Year-To-Date Revenues," Property Tax collections are running substantially ahead of FY13, when the Charleston County Tax

Assessors office was experiencing computer problems. Local Option Sales Tax receipts are ahead of last year based on a timing difference; the City had only received collections through October on which to report in FY13. The Treasurer sees an encouraging trend in that both business licenses and building permit revenues are higher than in FY13. Revenue collections, in general, are one hundred ninety-nine percent (199%) of FY13 collections year-to-date. The difference in cash balances between FY13 and FY14 are attributed to the increased property tax collections in FY14. Expenditures in the Judicial Department are running ahead of budget due to the legal expense the City has incurred in revamping the City's hiring practices.

B. Tourism Schedules

Through six (6) months of the fiscal year, Municipal Accommodations Tax collections are running nine percent (9%) ahead of the same period in FY13. Collections for the second quarter in State Accommodations Taxes have not yet been received; the first semi-annual payment of the Charleston County Accommodations Tax Pass-through is expected imminently. Hospitality taxes are running eight percent (8%) greater than FY13 with one (1) delinquent payer.

Councilmember Ward observed that the opening of the new grocery store in the spring should affect hospitality tax revenues favorably.

C. Projects Schedules

For the Beach Restoration Project, the only financial activity recorded since the last meeting relates to bank service charges on the account.

Expenses related to tying the upgraded storm drain between 56th and 57th Avenues were paid from the Phase II Drainage budget despite the fact the expense relates to Phase I; the Phase I schedule has been retired.

There has been no change in the Beach Management Parking and Wayfinding Signs project.

Expenses for design and engineering were paid for the watersports dock at the marina.

Councilmember Carroll stated that he had visited the north end of the island and asked for an update on the status of the area of the beach with sandbags and a temporary wall. Administrator Tucker commented that the City has not received any additional information related to changes on that end of the island since Council was briefed in November, but the City is in receipt of the draft of the most recent monitoring event report; a project is still under consideration for the fall of 2014 assuming there is a sufficient volume of sand to be gathered from the attaching shoal.

Mayor Cronin said there was a demonstration project in front of Seascape that was getting very positive feedback from OCRM; although the wall was breached at the very high tide, it filled right back in and reconstituted itself.

D. Property Tax Assessment Collections Related to Watercraft

Administrator Tucker explained that it has come to staff's attention that some owners of boats and motors may be paying their taxes to the City of Charleston rather than the Isle of Palms; in a random sampling, it has been found that this error is occurring for residents who receive their mail at a post office box. The Administrator stated that the problem has been reported to the Assessor's office and they are doing their own investigation, but people should check their bills for both 2013 and 2012. Treasurer Suggs commented that the boat and motors owners affected will be receiving a rebate from the County because tax rates are higher for the City than for the Isle of Palms.

Administrator Tucker recalled that, when she and the Treasurer studied property tax collections as a whole, they found that the taxes were not escalating at the rate anticipated, but they could not pinpoint the problem. This misclassification on the property tax bills for watercraft and motors may be the culprit.

6. Old Business

A. Increase up to \$2,500 for Integration of new Marina Fuel Dispensers with Point of Sale System

MOTION: Mayor Cronin moved to approve up to \$2,500 for integration of the new fuel dispensers with the point of sale system at the marina; Councilmember Bergwerf seconded.

Administrator Tucker recounted that the budgeted purchase of new fuel dispensers at the marina came in considerably under budget. At the time of the purchase, the City was aware that there could potentially be a problem with the aged point-of-sale system; the only problem appears to be with a printer that costs fifteen to eighteen hundred dollars (\$1,500-1,800) plus installation. The total purchase is still less than budgeted.

VOTE: The motion PASSED UNANIMOUSLY.

B. Upcoming Meeting with SCDOR Related to Refinement in ATAX Collection and Allocation Processes

The City Administrator reported that the Department of Revenue has scheduled a meeting for Friday, February 7th here in Charleston where the Administrator anticipates hearing about the actions they have taken to refine the collections and disbursement of revenue for State Accommodations Taxes. A key issue is the on-line travel companies who have no incentive to provide more detailed information to the states.

Mayor Cronin pointed out that the Department of Revenue has not yet published the fiscal year-end Accommodations Tax accumulations, which are typically available in September or October.

Councilmember Loftus recalled the lawsuits against the on-line travel companies and asked how they had been resolved in relation to this issue. Mayor Cronin responded that the states won the case, and these companies are required to pay to the states the appropriate fees, which they have been doing.

C. Discussion of Additional Fire Department Staffing at Station 2

Councilmember Bettelli, Chair of the Public Safety Committee, reported that the Committee had re-opened discussions at the Committee level of the need for one (1) additional firefighter for each shift, a total of three (3) firefighters. Chief among the concerns brought to the Committee was that fact that, if the hiring process begins after the start of the FY15 fiscal year, the firefighters hired will not be on staff until after the busy summer season has passed.

7. New Business

A. Recommendations from the ATAX Committee

1. Award of a sponsorship to Spoleto in the amount of \$7,500

Administrator Tucker noted that Julia Forrester and Lea Harrison, of Spoleto, were present to answer any questions the Committee may have.

The Administrator reminded the Committee that for many years the City sponsored a Spoleto event that was, at one time, held on the island; last year, the ATAX Committee supported the change from a sponsorship to an advertisement in the Spoleto program book. At the most recent meeting of the ATAX Committee, the Committee decided to go back to a sponsorship and forgo advertising.

MOTION: Councilmember Bergwerf moved to approve a Spoleto sponsorship in the amount of \$7,500; Councilmember Harrington seconded.

Assistant Dziuban stated that the ATAX Committee has a fifty thousand dollar (\$50,000) discretionary budget line item to support applications for events that the Committee believes will “put heads in beds;” the actions on the agenda represent the first awards for the FY14 fiscal year. Assistant Dziuban stated that the Committee was satisfied with the 2013 advertisement, but they indicated that they wanted to play a bigger role in Spoleto by sponsoring an event. In recent years, the City sponsored an event at a level of fifteen thousand dollars (\$15,000); they were hopeful that, by cutting the amount in half, the Ways and Means Committee and City Council would support their recommendation.

When asked if there had been a consensus of the membership, Assistant Dziuban responded that there had been five (5) members present and the vote had been three to two (3 to 2) to support the action.

Assistant Dziuban explained that, last year, Ms. Forrester made several trips to the island relative to an event sponsorship, and, in the end, the Committee had decided against the sponsorship and in support of an advertisement. Based on the actions in 2013, staff assumed

the ATAX Committee would want to take the same action again; therefore, Spoleto did not submit an application for sponsorship, and the agenda item had been to discuss Spoleto advertising. In the course of the discussion, the focus changed from advertising to sponsorship; Assistant Dziuban contacted Ms. Forrester after the meeting for Spoleto to submit an application in the amount of seventy-five hundred dollars (\$7,500).

Councilmember Ward remarked that, on the City's website, the statement is made in boldfaced capital lettering that "the applications must be received in City Hall ten (10) days before the Committee meets," and noted that this was not done.

Assistant Dziuban stated that this was an unusual situation where the Committee changed paths in the course of discussion; to place an advertisement in the Spoleto program book requires no action on the part of Spoleto – it is a decision of the Committee and Council. The Assistant indicated that she did not think the policy had been broken under the circumstances.

Councilmember Carroll voiced his belief that most people who attend Spoleto stay in downtown Charleston, not the Isle of Palms. Ms. Forrester countered that families tend to stay at the Isle of Palms to have both a beach and a cultural experience during the festival.

As Chair of the ATAX Committee in 2013, Councilmember Ferencz explained that the Committee's reasoning for advertising rather than sponsoring had been to capitalize on the fact that the island is at capacity in May when Spoleto is held. The goal of the ad was to encourage Spoleto attendees to visit in the off-season, and she thought the Committee's first attempt was a good one that could possibly have been stronger.

Responding to questions, Ms. Forrester stated that sponsorship entitles the City to more exposure from the Spoleto website and its links and that other beach communities do advertise with Spoleto. An event that the City could sponsor would be the Australian circus, *A Simple Place*, that will have eight (8) performance at a three hundred plus (300+) seat theater.

Assistant Dziuban reported that spending in 2013 was a total of thirty-five hundred dollars (\$3,500) – three thousand dollars (\$3,000) for the full-page advertisement and five hundred dollars (\$500) for the camera-ready art and the ad design.

Since the Ways and Means Committee was unable to understand the reasoning behind the ATAX Committee's change of heart, it was decided to delay a decision to the City Council meeting when Councilmembers will have the opportunity to read the minutes of the ATAX Committee meeting.

Councilmember Bergwerf withdrew her motion and Councilmember Harrington withdrew his second.

Councilmember Ward voiced the opinion that ATAX funds should be spent on events on the Isle of Palms.

Councilmember Buckhannon asked that staff confirm the City's policy relative to ATAX applications, specifically that applications for ATAX funds are due ten (10) days before the meeting.

2. Award of \$2,500 for participation in *The Moultrie News* 50th Anniversary

MOTION: Councilmember Carroll moved to approve an award of \$2,500 to *The Moultrie News* 50th Anniversary; Councilmember Harrington seconded.

Councilmember Carroll asked how this award would “put heads in beds.”

The Mayor indicated that he thought this award should come from the General Fund, rather than ATAX funds.

Councilmember Bergwerf stated that she was opposed to supporting a corporation that was very profitable.

Responding to Councilmember Ward’s question, Administrator Tucker answered that the event would be held at Sullivan’s Island in October.

Councilmember Loftus remarked that the initial ATAX application requested ten thousand dollars (\$10,000); he commented that this request was from a private corporation with deep pockets.

VOTE: The motion FAILED with no support from the Committee.

3. Award of \$2,500 for sponsorship of the Dunlop Junior Tennis Championship

MOTION: Councilmember Ward moved to award \$2,500 to the Dunlop Junior Tennis Championship; Councilmember Bergwerf seconded.

Mayor Cronin stated that this was the second year for sponsorship of this event that keeps the Wild Dunes tennis courts full for three (3) days; he added, “It certainly puts heads in beds.”

VOTE: The motion PASSED UNANIMOUSLY.

B. Award of a contract to Byrd’s Taylormade Fence in the amount of \$36,400 for the Clarkin Field fencing at the Recreation Center

MOTION: Mayor Cronin moved to approve the contract to Byrd’s Taylormade Fence as stated above; Councilmember Bergwerf seconded.

Administrator Tucker noted that this was budgeted at fifty-two thousand dollars (\$52,000) and that Byrd’s was the low bidder; the bidder has been vetted and found to be acceptable.

VOTE: The motion PASSED UNANIMOUSLY.

C. Award of a sole source contract to Lawmen's Police Safety Supply for the budgeted purchase of 17 X26P tasers with accessories in the amount of \$15,950.28

MOTION: Mayor Cronin moved to award a sole source contract to Lawmen's Police Safety Supplies as detailed above; Councilmember Bettelli seconded.

Administrator Tucker explained that this is a sole source award because this company is the only taser supplier in the region.

Captain Usry informed the Committee that the Police Department will adopt a policy on the tasers and is currently in the process of reviewing taser policies in other local governments.

Responding to Councilmember Buckhannon's question about training, Captain Usry reported that an officer was at taser certification school to become an instructor; he has taken on-line courses and is taking the practical part today and tomorrow.

VOTE: The motion PASSED UNANIMOUSLY.

Captain Usry stated that the life-cycle of the cartridges is five (5) years; when a new model is released, the taser body is returned to the manufacturer to be upgraded.

D. Discussion of Budget Process

Administrator Tucker recalled that this subject has been discussed at each Committee meeting leading to this meeting because, as the budget year ended last year and in the course of discussions about personnel, staff got the impression that Council would like to see a different process from the one that has been in-place for several years. From the Committee meetings, there seems to be a consensus that Council would like to reverse the previous practices to start with revenues and revenue projections, understanding that these projections will be revised as the process continues.

Councilmember Buckhannon suggested starting with a zero-based budget and moving on from there.

Councilmember Ward stated that the City needed to do a better job at forecasting what the needs are and how to meet them.

8. Miscellaneous Business

Councilmember Loftus sought the reason for the Council meeting's time being set for 6:00 p.m. next week; Mayor Cronin responded that it had been advertised for that time and was easier to keep than to re-advertise.

Councilmember Carroll suggested that Council consider changing its meeting time to 6:00 p.m.; Councilmembers Loftus and Ward countered that the meeting time was set to for the convenience of residents who work off the island and wish to attend Council meetings.

Next Meeting Date: Special Council Meeting, 5:00 p.m., Tuesday, February 18, 2014 to be followed by Ways and Means Committee at 5:45 p.m., Tuesday, February 18, 2014.

9. Executive Session – not needed

10. Adjourn

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 7:15 p.m.; Councilmember Bettelli seconded and the motion **PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland
City Clerk