

## WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, March 24, 2015

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Tuesday, March 24, 2015 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Ferencz, Harrington, Loftus and Ward, Mayor Cronin, Administrator Tucker, Treasurer Suggs, Assistant 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 Buckhannon moved to approve the minutes of the regular meeting of February 17, 2015 as submitted; Councilmember Carroll seconded and the MOTION PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Financial Statements – Treasurer Debbie Suggs

#### A. Financial Statement

The financial statement before the Committee was through February 28, 2015, two-thirds ( $\frac{2}{3}$ ) through the fiscal year. The Treasurer noted that Property Tax Revenue was considerably lower than in the same period in FY14; the reason was a timing difference on the final January payment from Charleston County, i.e. in 2014, the City had received that payment as of the end of February. The January payment for this year was received in March and was eight hundred eighty-seven thousand dollars (\$887,000). In general, all other revenues were running in excess of FY14 for the same period.

The eight (8) month target for expenditures was sixty-seven percent (67%); all departments were under budget, except Mayor and Council, which was also attributable to a timing difference.

Councilmember Loftus asked how much interest income was anticipated for this current year. Treasurer Suggs reported that the operating, or concentration, account earned no interest; the funds at the Local Government Investment Pool were getting point two three nine one percent (0.2391%).

Councilmember Loftus said that he was interested in knowing as a result of the report given at the Wild Dunes Community Association meeting that stated last year they earned forty-two thousand dollars (\$42,000) in interest income and were projecting thirty-six thousand dollars (\$36,000) for this year. Since the City's reserves were greater than those of the Community Association, he believed that the City was missing opportunities to get a bigger yield from money the City has invested.

The Treasurer stated that Wild Dunes likely had investment opportunities that were not open to the City; the South Carolina Code has limited the investments available to local governments.

Councilmember Loftus asked that Treasurer Suggs reach out to the treasurer of the Wild Dunes Community Association to learn what they are doing.

Treasurer Suggs stated that the FY15 budget anticipated just over sixteen thousand dollars (\$16,000) in total interest income.

Councilmember Loftus asked where in the budget he could find the money the City was receiving from credit card processing and the additional fees required.

The Treasurer explained that, for over-the-counter transactions, all fees are passed directly to the customer in the credit card process and that a merchant's fee is paid to BB&T for transactions made at the Front Beach kiosks. At the kiosks, no additional fees are charged for the use of a credit/debit card, and she was confident that Council was made aware of this. The fees expense for FY15 was projected to be twelve thousand dollars (\$12,000), and year-to-date the City as paid nearly seventy-seven hundred dollars (\$7,700).

#### **B. Tourism Funds**

With collections of sixteen thousand dollars (\$16,000), total collections year-to-date for FY15 were running six percent (6%) ahead of the same period last year in Municipal Accommodations Taxes. There were no changes for either State Accommodations Taxes or the Charleston County Accommodations Tax Pass-through in February. Hospitality Tax collections are running thirteen percent (13%) higher than the same period in the previous year.

Treasurer Suggs reported that the City received notice that the class-action lawsuit against the online travel companies has been settled and the City would receive fifty-two thousand four hundred ninety-five dollars (\$52,495) as its share of the settlement.

Councilmember Loftus stated that it was a job "well done" by the Mayor and staff.

#### **C. Projects Schedules**

For the Shoal Management Project, payments were for legal fees and three (3) pay applications to R.B. Baker; the construction on the project has been paid in full, but the City may still receive invoices from CSE for professional services.

The only change to the Parking Management/Wayfinding Sign schedule was the addition of the change order approved in February as a line in the heading.

In response to a request from Councilmember Bettelli, the next schedule lists all projects in excess of fifty thousand dollars (\$50,000) in the FY15 budget and their current status. Items that were indicated as "OPEN" would likely be re-budgeted in the FY16 budget.

Councilmember Bettelli thanked staff for providing this information.

**5. Old Business**

**A. Consideration of an Award of a Contract to ATM in the amount of \$169,000 for a Comprehensive Redevelopment Master Plan for the Isle of Palms Marina**

**MOTION: Councilmember Harrington moved to award a contract to ATM as stated above; Councilmember Ferencz seconded.**

Mayor Cronin stated that Kirby Marshall was present from ATM to answer any questions the Committee might have.

Councilmember Carroll indicated that, in light of the new thirty-year (30 yr.) lease at the marina, the City would be wasting its money to do anything at the marina other than parking improvements.

Councilmember Carroll reported that he had sent an email to the Mayor and City Administrator suggesting that the City should not be in the real estate business since it has proven to be ineffective as a property manager and that the City should sell the buildings on the property but keep the boat landing to ensure water access for the residents to be rid of the long-term debt.

Councilmember Bergwerf commented that the marina had been purchased by the City as the result of a referendum; therefore, she thought it would be inappropriate for the City to sell any part of it. As for the redevelopment plan, it would be great if the City had an empty footprint, but she would support proceeding with parking improvements.

Voicing his agreement with Councilmember Bergwerf, Councilmember Loftus stated that the Number One challenge at the marina was parking, and he would support borrowing money to remedy the parking issues at the marina. He wanted a parking plan that would maximize the utilization and the flow of the property; as more and more people have moved to the lowcountry, more pressure has been put on the marina to serve the number of people who want to use it.

Mayor Cronin voiced the opinion that parking improvements could not be done independently of the other activities taking place at the marina.

Councilmember Ferencz confirmed that a part of the redevelopment plan was to develop a *pro forma* financial analysis and then asked if the City had ever done a *pro forma* on the marina to know exactly what the City has, the potential, the upsides and the downsides. She reported that Marina Manager Berrigan had stated that he sold six thousand (6,000) launch vouchers to people from off-island and three hundred (300) to residents. From her viewpoint, she questioned how any decisions could be made about what to do at the marina without a *pro forma* financial analysis.

Administrator Tucker recalled hearing repeatedly at committee meetings for the past several years that, when a need was brought forward or an improvement was discussed, the committee would take no action because they did not want their action to be in conflict with something else. The goal of having a master plan was to get those questions answered first, to know the best locations for various improvements and to know which will work financially and which will not and use that as a guide for the future.

The Administrator cited the master plan for the Recreation Department before the construction of the expansion; that plan has been modified, but has served as a guide for the improvements that have been made. She stated that she saw the marina master plan in the same light – a tool for the City to have to evaluate the merits of things that could come forward in the future.

Councilmember Bettelli reminded the Committee that a master plan for the marina has been put off several times.

Having confirmed that seventy-five thousand dollars (\$75,000) was in the FY15 budget, the Administrator stated that, if the Committee were to award the contract, the work would start now using the money in the current budget and the difference would be budgeted for FY16. Currently, the entire amount has been included in the FY16 budget.

Councilmember Buckhannon again voiced concern over spending money from a budget that has not yet been approved.

**VOTE: The motion FAILED on a vote of 4 to 5; Councilmembers Bergwerf, Buckhannon, Carroll, Loftus and Ward cast dissenting votes.**

Councilmember Buckhannon suggested adding the cost of the marina master plan into the FY16 budget.

**MOTION: Councilmember Buckhannon moved to reconsider the previous action; Councilmember Carroll seconded.**

Administrator Tucker confirmed with Mr. Marshall that ATM would hold its price until the beginning of the new fiscal year, July 1, 2015.

**VOTE: The motion PASSED UNANIMOUSLY.**

#### **B. Managed Beach Parking – Discussion of Guest Parking Passes for Residents**

Administrator Tucker stated that Councilmember Loftus had expressed the opinion that the City should not limit residents in the resident only parking area to two (2) books of thirty (30) permits per calendar year at a cost of fifteen dollars (\$15.00) per book. The Administrator recalled that the City had modeled Concept B after the managed parking program that the City of Charleston has in place, which has not been challenged legally. The City was told that the more it could follow that model, the more likely the City would be to withstand a legal challenge. In addition, the Administrator reminded the Committee that the guest passes would only be needed from Memorial Day to the end of August each year.

Councilmember Loftus stated that he wants the parking plan to be as resident-friendly as possible; he thought the guest passes should be treated the same as “forever” stamps and have no expiration date and that residents should be able to purchase additional books of passes when they need them. He commented that the Isle of Palms is a different environment from downtown Charleston because of the beach and the social nature of the island.

**MOTION: Councilmember Loftus moved for guest passes be treated as “forever” passes, i.e. do not expire, and that residents be allowed to buy two (2) books of passes at a time and be allowed to purchase additional books as needed; Councilmember Carroll seconded.**

Councilmember Carroll voiced agreement with Councilmember Loftus but asked that the City be careful to avoid legal exposure.

The Mayor commented that the City was following a template, and the City knows it will learn a lot the first year from which to make adjustments to the plan and the City could make adjustments every year, but he stated that he wanted to follow the template as long as possible. He also reiterated that these visitor passes would only be for parking in the right-of-way

Mayor Cronin stated that each pass should be dated by the resident before being given to the guest for display in their vehicle; an undated pass would be an invalid pass.

Councilmember Ferencz questioned that the season for the managed parking program would end on August 31<sup>st</sup> and not go through Labor Day. Administrator Tucker explained that, once school opens in mid- to late August, beach traffic drops off significantly.

The Administrator noted that no enforcement personnel were in attendance; she, therefore, suggested that the discussion be continued at the April Public Safety Committee meeting.

Councilmember Carroll stated that he would like for the City Attorney to provide the Committee with some insight in why the City was doing what it was.

Councilmember Bergwerf summarized that residents of the resident-only parking area would be allowed to invite sixty (60) of their friends to come to the island and to park in the right-of-way – every resident of the restricted resident-only parking area would have sixty (60) passes allowing people to park in the restricted area of resident-only parking. In the Councilmember’s opinion, Council would be defeating the object of the managed parking program.

Councilmembers Loftus and Carroll withdrew the motion and second, respectively.

## **6. New Business**

### **1. Presentation on Local Option Sales Taxes**

Mayor Cronin referred Committee members to the schedule of the City’s Local Option Sales Tax (LOST) receipts over the past six and a half (6½) years; he pointed out that the City’s receipts have increased significantly since FY11. He then explained the calculations using two (2) owner-occupied homes valued very similarly, but one (1) was located in the Isle of Palms and the second was located in Mount Pleasant. The illustration showed the sales tax credit, a percentage of LOST income to the City that goes back to the citizens on their property tax bills, that is taken against Charleston County taxes and the City’s property taxes. The Mayor stated that he has not yet figured out how a property in Mount Pleasant has two and a half (2½) times the credit of a property here on the island.

Mayor Cronin noted that the City was being attributed for very significant sales, but he did not know the origin of those sales.

Councilmember Carroll asked whether the gross sales of real estate were included because they would make up a significant number. He noted that out-of-state buyers were taxed at a rate of seven percent (7%).

The Mayor explained that the point of this discussion was his concern that the number included in the FY16 budget that could be threatened in the future. He reported that the state provided the City with gross net taxable sales by county, but the number never ties in to the LOST reports also coming from the state. He added that the largest portion of the sales tax was attributed to out-of-state.

When asked by Councilmember Ferencz whether the budget should be adjusted, the Mayor responded that it was not necessary at this time.

The Administrator commented that many factors come into play; she suggested that, when the payments were lower, the City was not getting what it was due in the past and a correction has been made or it could be an upswing in the real estate market.

**B. Award of a Sole Source Contract to T2 Systems in the amount of \$21,896.46 for three (3) years' web hosting, permits and enforcement pack for continued Parking Ticket Management.**

**MOTION: Councilmember Bettelli moved to award the contract to T2 Systems as detailed above; Councilmember Buckhannon seconded.**

Administrator Tucker explained that this contract did not represent a new subscription with T2 Systems, but a renewal of the parking ticket management contract that has been in place since about 2009. The City has compatibility of equipment with T2 Systems and would like to continue working with them. The City budgeted for this service in the FY15 budget in Municipal Accommodations Tax.

**VOTE: The motion PASSED UNANIMOUSLY.**

**C. Approval of \$3,500 to Purchase a Portable Sound System for the Recreation Department**

The Administrator reported that this recommendation came from the Recreation Department, and, while it was not included in the FY15 budget, the Department will have a savings in its Adult Sports line that will offset the non-budgeted expense under Non-Capital Tools and Equipment. The Administrator stated that the Recreation Department had a portable sound system in the past; currently the City must rent a generator to run its existing sound system. The sound system would be used at the Sand Sculpting contest, the Beach Run, Ghostly Tide Tales and Half-Rubber Tournament.

**MOTION: Councilmember Loftus moved to approve the expenditure of \$3,500 to purchase a portable sound system for the Recreation Department; Councilmember Carroll seconded.**

Councilmember Carroll asked whether a portion of the cost could come from ATAX funds since it would be used for events that draw off-island participants.

The justification for funding it from Recreation Department funds since there would be savings in the Adult Sports line of the Department's operating budget; it would be an un-budgeted expense for either, but there would be no off-setting savings from tourism funds.

When asked whether there were available funds in the tourism accounts, Director Page reported that the expenses for the Holiday Street Festival had been about seven thousand dollars (\$7,000) under-budget. Treasurer Suggs pointed out that, if the sound system was purchased with State ATAX dollars, it would have to be approved by the ATAX Committee; taking the cost from Municipal ATAX would save that step.

Councilmember Loftus stated that he wanted to change the motion to indicate that the sound systems would be purchased with Municipal Accommodations Taxes, and Councilmember Carroll agreed.

**VOTE: The changed motion PASSED UNANIMOUSLY.**

**D. Consideration of New Council Chairs**

Mayor Cronin directed the Committee members to the three (3) sample chairs along the wall and commented that everyone had been encouraged to sit in them before the meeting. If the Committee was to decide to purchase new chairs, the Administrator wanted to know which chair the majority favored.

Administrator Tucker reported that the line item in the FY15 budget for Council chairs has about fifteen hundred dollars (\$1,500) remaining, which would not cover the purchase of nine (9) new chairs; if the Committee wanted to move forward in this budget year, the line would be over-budget.

The Administrator noted that the sample chairs are as wide as the existing ones, so members would gain no space with one of these chairs.

Councilmember Loftus said that Councilmembers have been talking about their chairs for the eight (8) years he has been on Council; he stated that they have out-lived their useful life and are most uncomfortable.

The Mayor suggested delaying the purchase until the FY16 budget year.

After a show of hands, the majority of the Committee selected the chair that Administrator Tucker had labeled "One."

**E. Discussion of Proposed FY16 Revenue, Operating and Capital Budgets**

Administrator Tucker announced that this version of the budget was balanced and did not contemplate a tax increase, and the FY15 year-end projected net positive result was two hundred fifteen thousand dollars (\$215,000). In prior years, Council has transferred fifty thousand dollars (\$50,000) of the positive net result into the Disaster Recovery Fund and the balance of the year-end result to the Capital Projects fund; the same action was done in building the FY16 fund balance schedules and the budget. On page 3 of the budget version presented, the one hundred sixty-five thousand dollar (\$165,000) transfer from the positive net result was shown as well as a transfer of approximately five hundred twenty-five thousand dollars (\$525,000) to the Capital Projects Fund. The Administrator recalled from committee meetings that three (3) new assignments of fund balance were suggested, i.e. the future replacement of the Front Beach infrastructure where the City owns the road, from 10<sup>th</sup> to 14<sup>th</sup> Avenues, and all of the underground infrastructure that is there; replacement of underground storage tanks; and the future replacement of the tennis courts. Changes to the budget were not made for all three (3) items, but staff did establish an assignment of fund balance for the Front Beach infrastructure because the City has no money should there be a catastrophic failure needing immediate repair. Twenty-five thousand dollars (\$25,000) from each of the tourism funds was set aside for the Front Beach infrastructure replacement. The Administrator reminded the Committee that everything she was mentioning was subject to the will of Council. On the fund balance schedules under Beach Restoration, the figures of two hundred thirteen thousand dollars (\$213,000) represented the remaining stakeholder funds that the City is holding. Projected revenue from the new Beach Preservation Fees has increased since the original revenue projections were presented and could increase again. Administrator Tucker cautioned the Committee that this version of the budget did not include any figures, cost or revenue, for the managed beach parking program; staff was waiting to secure a software vendor to have as number to place in the budget to develop a full budget for what it would cost in the initial implementation year and what ongoing costs there would be going forward. The costs have to be developed before the cost to buy the permits can be established. Staff was hopeful to have those numbers before Second Reading of the budget.

Councilmember Loftus asked when the City was anticipating bids, and the Administrator stated that the bids were to be opened on Thursday, April 2.

Of significance in the Revenue budget was the increase in Public Utilities Fees based on the two percent (2%) increase in SCE&G franchise fees. As in Committee meetings, Administrator Tucker reminded this Committee of the two (2) bills in the South Carolina Legislature that would affect revenue from business licenses and residential rental license fees; these two (2) revenue sources make up seventeen percent (17%) of General Fund revenue. If these funds are put in jeopardy, the budget would have to be rethought and services would have to be cut to residents.

Mayor Cronin announced that, at the Council meeting, a resolution from the City dealing with the City's position on the legislation about business licenses would be presented for adoption in an effort to prevent this legislation from being passed. The Mayor stated that the legislation was under attack by every municipality in every county of the state. The supporters have met with various groups, like the Chamber of Commerce and the realtors association, and have stated that they did not realize the financial implication to the communities involved.



Global to all departmental operating budgets were the following:

- A six percent (6%) merit pool;
- An increase in the retirement expense;
- Increases in all insurance premiums;
- Loss of the one-time accounting used in FY15 to reduce insurance expenses;
- An increase in the experience modifier for Workers Compensation; and
- Fuel prices reduced to \$3.89 for unleaded and \$3.525 for diesel.

The fees the City has been paying to Charleston County for the transition to the Consolidated Dispatch Center will be paid out in FY16 and have dramatically dropped from FY15.

The Administrator continued that there had been conflicting input voiced at Committee level related to the merit pool and the possibility of re-instating the cost of living adjustment (COLA). One (1) Committee wanted to reduce the merit pool across all departments to three percent (3%), and the Personnel Committee unanimously passed a motion to reinstate the COLA, which is one point six two percent (1.62%) and, if affordable, set the merit pool at four point three eight percent (4.38%) for a total of six percent (6%). Based on the conflicting viewpoints, staff left the merit pool as it was originally presented at six percent (6%).

Also built into the budget were two (2) additional holidays that would bring the total of City holidays to a number that was consistent with the survey of many local governments in the region; the Personnel Committee voted to make those designated funded holidays Presidents Day and Christmas Eve.

Enclosed in meeting packets was a tool headed "FY16 Salary and Fringe Benefits Analysis" that shows what the savings would be to the City for merit pools ranging from three to six percent (3-6%), a dollar range of thirty-six thousand seven hundred dollars (\$36,700) to ninety-eight thousand one hundred dollars (\$96,100).

Responding to Councilmember Ferencz' question, Administrator Tucker stated that the cost to the City for one (1) holiday was approximately ten thousand dollars (\$10,000).

Councilmember Harrington reported that the City's Department Managers had each explained his/her reasons for supporting the reinstatement of the annual cost of living adjustment (COLA) to the Personnel Committee. In addition, The Administrator had explained the City, like the rest of the nation, was experiencing hard economic times when the cost of living adjustment was eliminated and merit-based wage increases adopted; the Council at the time also felt that employees should not be rewarded for simply showing up at work and doing the minimum to get by, but should be encouraged to do the best job possible every day. Administrator Tucker also explained that the date on which an employee started to work influenced whether or not they were included on the merit pool; if hired after July 1, an employee could work a year and a half without receiving an increase, no matter what kind of job he was doing. This factor also contributed to newly hired employees making a higher wage than the employee who has been on board for a year and a half.

The Personnel Committee voted unanimously to reinstitute the cost of living adjustment.

Councilmember Bettelli noted that the Committee had also discussed the impact of adding back the COLA on employee retention; he recalled that the City had worked hard to make its salaries competitive in the local market, and the COLA was one (1) way of maintaining that status.

The Mayor summarized the discussion stating that, in FY16, each employee would receive a COLA of the current CPI rate, which was one point six two percent (1.62%) and, based on merit, could participate in the merit pool.

In terms of the budget, Administrator Tucker explained that the total available monies would remain at six percent (6%) that would be divided between a COLA of one point six two percent (1.62%) and a merit pool of four point three eight percent (4.38%).

On the subject of retention, the Administrator reported that, since she made the wage adjustments, only five (5) employees have ended their employment with the City; the City was no longer experiencing the large turnover rate of the past. She noted that, if the City did not keep pace, in terms of wages, it would again experience the same problem.

After the Personnel Committee meeting, staff was asked to survey local municipalities in the three (3) county area to learn what they were considering in wage increases and COLA; that work was ongoing since some have not started their budget process and others could only predict what had been put into their budgets that was not yet approved. At this time, insufficient information had been gathered to present it to the Committee.

Mayor Cronin recalled that, when this survey was done three (3) years ago, many local governments told staff they were going to do "x" when, in fact, they did something different to be more generous.

Councilmember Buckhannon stated that the Committee appeared to be more interested in being consistent with the region rather than what was best for the Isle of Palms

**MOTION: Mayor Cronin moved to have a COLA of 1.62% and a merit pool of 4.38% in the FY16 budget; Councilmember Bergwerf seconded.**

Councilmember Loftus asked what the rationale had been for going to the merit-based increase from the COLA and merit.

Recalling 2009 when the COLA was eliminated, the Administrator explained that it was during extremely lean economic times; many entities, both private and public, that were forced to layoff personnel. The City was fortunate to have the financial position that allowed it to weather the times, and the thought of the policy-setting body was, due to the economy, employees should not receive an increase automatically, but should be required to perform to receive an increase; at that time, the CPI was either level or decreasing. Therefore the decision was made to go to a One hundred percent (100%) merit-based system for awarding wage increases.

Councilmember Buckhannon added that the merit pool was also significantly scaled back.

Mayor Cronin noted that, even with that, the City was unable to keep up with the area municipalities.

By way of review, Councilmember Ferencz related that the City has changed the wage ranges, increased salaries, was considering adding two (2) holidays and keep the combination of COLA and merit at six percent (6%). Plus the City has not lost people based on holidays or salary since the City took certain measures last year.

Administrator Tucker reminded the Committee that employees sustain some of the same cost increases as the City, such as an increase in retirement and an increase in dependent health insurance. The COLA was a means of addressing these rising costs to the employee, so that he would not be looking for a salary increase by going to a different municipality.

Councilmember Ferencz stated that she thought all members of the Committee wanted to keep the City's good employees and support them as much as possible. The question was how much could the City do. To be fiscally responsible, she suggested leaving the merit pool at six percent (6%), but not adding holidays, or adding the holidays and reducing the merit pool.

Councilmember Carroll voiced another option – to reduce the merit pool to five percent (5%) and to add only one (1) holiday.

Mayor Cronin reiterated that the City must pay its employees.

Councilmember Loftus expressed the opinion that the City needed to provide services to the residents; he opined that the City should not be closed three (3) consecutive days. If the City was going to maintain the floating holiday, guidelines should be added stating that the City would not be closed three (3) days in a row.

Cautioning that, as a resort community, the City must be careful in the way it spent money, Councilmember Carroll commented that, if the City were to experience a hurricane, the effects would be felt for several years into the future.

Councilmember Harrington agreed that the City must be fiscally responsible, but not on the backs of employees; he added that he would prefer to see cuts elsewhere in the budget rather than employee wages.

Councilmember Bergwerf reported talking with Director Pitts and learning that, if the City was to pick up garbage or debris on Christmas Eve, the County landfill was closed so there was nowhere to take it; she speculated that the number of phone calls to City Hall on Christmas Eve could be counted on one (1) hand.

Councilmember Ward commented that, if the City was to increase total spending by seven or eight percent (7-8%) every year, the costs would double in nine to ten years (9-10 yrs.). He then asked whether the City expected its revenue to double in that period of time; if not, this rate of spending was not sustainable.

Related to the budget document in general, Administrator Tucker reported that staff made one (1) change to the budget since it went through the committee and that was an increase of approximately fifteen thousand nine hundred dollars (\$15,900) to update the City's website that has been in place for eight (8) years. The increase was to State ATAX funds under Professional Services for General Government.

Responding to Councilmember Buckhannon's question, The Administrator stated that the merit pool for calendar year 2014 was six percent (6%).

Councilmember Loftus said that the reason he had asked for the research on what other communities planned in the way of increases was because, from his reading, he has not seen any community indicate that they would give six percent (6%) increases.

**VOTE on the Merit Pool and the COLA: The motion FAILED on a vote of 4 to 5; the dissenting votes were cast by Councilmembers Buckhannon, Carroll, Ferencz, Loftus and Ward.**

**MOTION: Mayor Cronin moved for a COLA of 1.62% and a merit pool of 3.38% for a total wage pool of 5%; Councilmember Bettelli seconded.**

Councilmember Ferencz suggested voting on the COLA and merit pool separately.

Mayor Cronin and Councilmember Bettelli withdrew the motion and second, respectively.

**MOTION: Mayor Cronin moved to have a 1.62% COLA for FY16; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.**

**MOTION: Councilmember Carroll moved to have a 3.38% merit pool for FY16; Councilmember Bergwerf seconded and the motion PASSED on a vote of 7 to 2 with Councilmembers Carroll and Ward casting the dissenting vote.**

The Mayor reminded the Committee that no decision had been reached on the suggested holidays of Presidents Day and Christmas Eve.

**MOTION: Councilmember Carroll moved to add Christmas Eve as an additional holiday in FY16; Councilmember Ferencz seconded.**

Responding to Councilmember Loftus' question about how the current floating holiday would be treated, the Administrator stated that the City did have one (1) floating holiday that employees vote on at the beginning of the year; the floating holiday selected for FY15 was Christmas Eve. If the Committee decided to make the new holiday Christmas Eve, the floating holiday would be the second choice; she noted that the Councilmember was advocating for not allowing three (3) holidays at Christmas.

Councilmember Buckhannon noted that City Council would have the final word since it must declare the holiday selected by employees.

**VOTE: The motion PASSED UNANIMOUSLY.**

Councilmember Ward thought it important for the minutes to reflect that the holiday would be Christmas Eve day.

Returning to the budget review, Administrator Tucker stated that staff had provided the Committee with three (3) of the schedules developed for the FY15 budget; the schedules in packets have been updated with current audited, estimated and/or proposed budget numbers.

New information requested as the FY16 budget went through the committees were as follows:

- the status of FY15 Capital and Special Projects in excess of fifty thousand dollars (\$50,000),
- more reservations of fund balance to include the Front Beach infrastructure,
- salary and fringes for the merit pool,
- the comparison of design costs for the public restrooms to the Recreation Expansion and the Public Safety Building,
- the analysis of costs included in Municipal ATAX for Recreation Department maintenance and Front Beach maintenance and service contracts
- the survey of what other communities would be doing for merits, and
- total expenses paid to Stantec for the full length of the contract started in 2013 of approximately one hundred forty-three thousand dollars (\$143,000).

In the course of discussions of the reservations of fund balance, the need for a policy relative to what should be included was found lacking.

Councilmember Carroll asked the status of Charleston County as it related to the public restrooms.

Mayor Cronin stated that his intent was to try to get the City's costs to zero, but, in initial talks, Charleston County was clear that the City must have a financial stake in the project. The County team that came over to assist the City met with Director Kerr.

The Director reported that the County Building Official was very interested in the City's looking at renovating the existing building and potentially modifying the fifty percent (50%) rule and how it is administered.

Director Kerr explained that the fifty percent (50%) rule with a five (5) year cumulative portion was a voluntary thing that the City has done for credit for the CRS program; the credit points that the City has gotten from the five-year (5 yr.) have been reduced. Their position was to consider putting forty-nine percent (49%) in each year until the work has been completed, and, according to the Director, it might be feasible to do that, but the key information would be what the City's current CRS score would be. Although the City did not yet have the results, staff has learned that the City lost a lot of points in a lot of places, but has gained points in others; therefore, it would be premature to discuss taking away points when the City might need those points.

Mayor Cronin reiterated that, if the City's CRS rating fell below a certain threshold, insurance for the property owners on the island increases. If the City were to be within the safety margin, the City could give up some points, not affecting insurance, to execute the County's plan.

Councilmember Ferencz noted that, if the City was to change the fifty percent (50%) rule, it would not just affect the City, but all residents of the island as well.

The Mayor explained that the issue was "still at play" and Administrator Tucker was in contact with the Council of Governments to learn if other money was available to add to the County's.

The Administrator stated that staff was also considering using the coming beach season for data gathering; with any of the funding sources, to be able to prove what the City already knows would be important.

Going forward to Capital and Special Projects, the Administrator reported that the Police Department as planning to replace one (1) patrol car and two (2) four-wheel drive patrol vehicles; the replacement of the recording system was included again as "only with failure." The managed parking program was included, as noted previously, with no dollars attached; an additional fund balance assignment was scheduled for the radio replacements anticipated in FY17.

The Mayor asked if the radio replacement was still on schedule for FY17; Chief Graham replied that 2017 was no longer accurate. The Chief related that she had attended a meeting recently where a package deal for all agencies in Charleston County was discussed; if the City was to budget to replace the radios in FY17, it could participate in this deal to get new radios at a much reduced price. The Chief reported that the existing radios were showing age and wear and tear, making the time very good; she indicated that the City could divide the assignment of fund balance for FY17 and spread it over two (2) years.

The first item on the Fire Department Capital budget was the re-budget for the rescue truck, the purchase of which was initiated in the current year. New items for the FY16 capital budget were an extrication device (jaws-of-life) at five thousand dollars (\$5,000), a firefighter accountability system at nine thousand dollars (\$9,000) and a forceable entry door for seventy-six hundred dollars (\$7,600). The retainage for the Public Safety Building was re-budgeted to FY16. The assignments of fund balance in the budget are four hundred fifty thousand dollars (\$450,000) for a rescue truck, two (2) ladder trucks and two (2) pumper trucks as well as sixty-six thousand five hundred dollars (\$66,500) for radio replacements.

Councilmember Loftus asked Chief Graham how the Department was tracking firefighters now; the Chief responded that currently they have tags that are manually tracked. The new accountability software would be integrated with the air packs to locate the person in the structure and how much air remains in the air pack. The Chief reported that fire personnel had tested the system in the Villages in Wild Dunes and found that tracking was not possible in one (1) very small spot in the building; she added that, if the Department could not get one hundred percent (100%) coverage, it was not the right product for the Isle of Palms.

Relative to the assignment of fund balance and call history for the Fire Department for December 2014, Councilmember Ferencz stated that the Department had experienced eleven hundred

thirty-two (1,132) calls for the year and four hundred eighty (480) were medical. With that number, she asked whether the City had any plans to purchase a medical vehicle (Quick Response Vehicle – QRV) in the future.

Administrator Tucker recalled that the City has evaluated the QRV in the past; at that time, there was no savings to the City since the Isle of Palms must deploy differently. In the Administrator's opinion, a QRV protocol might make sense in the future.

Chief Graham stated that she was an advocate for the QRV only if the City added personnel to operate with it. The Chief explained that there was a high level of multi-tasking being done in the summer, i.e. a water rescue, a fire and a wreck on the bridge simultaneously, but, despite those things, she must have someone to respond to every call.

Councilmember Bergwerf commented that, in the Fire Department, the City must plan for things it did not want to happen, but the City had to have the capability to cover it. She was supportive of the QRV, but it must be done right.

Councilmember Bettelli explained that, to have the QRV, the City, must hire six (6) additional personnel to be able to respond twenty-four (24) hours a day, seven (7) days a week.

For the Public Works Department, a change was made to capital purchases at the committee level; the truck scheduled to be replaced in FY16 was the 2008 Ford, but Director Pitts had explained that the 2009 Ford with the hopper was in worse condition. The Committee, therefore, approved increasing the budget to replace the 2009 Ford and the hopper. The Director also voiced the need for a Skid Steer to better maintain the beach access paths; he has been renting the equipment twice a year for beach path maintenance. If the City owned a skid steer, the beach paths could be addressed on an "as-needed" basis and not be limited to twice a year.

Having reviewed the equipment needs for the Recreation Department, Councilmember Loftus asked whether equipment, like the Skid Steer, could be multi-purpose and shared by these two (2) departments.

Director Page reported that the Recreation Department and Public Works Department already share equipment.

In Special Projects, the Drainage Contingency line was increased by five thousand dollars (\$5,000) because unexpected small drainage problems come up every year. Also included here are the first year of the five-year (5-yr) ditch maintenance program and a small remaining piece of design and engineering for the drainage project between 46<sup>th</sup> and 52<sup>nd</sup> Avenues, as well as the first year's construction of the drainage project.

Reporting on the status of the Phase II Drainage project, Administrator Tucker stated that the design was complete and all permits were in-hand; the remaining piece was securing the remainder of the easements.

Gaining NPDES compliance including the reconfiguration of the Public Works site has been re-budgeted at three hundred four thousand dollars (\$304,000); the Administrator reminded the

Committee that the cost would be partially offset by one hundred ninety thousand dollars (\$190,000) from Charleston County. Other alternatives were discussed at the Public Works Committee meeting, such as moving Public Works off the island, but the same improvements needed at the current Public Works' site would have to be made at an alternate location.

Councilmember Bergwerf noted that the City has been out of compliance with NPDES regulations by polluting the marsh, but money was in the budget to come into compliance this year; she asked why the work has not been done. In her opinion, the work must go forward at the current site even if the City planned to move the Department off-island in the future.

Administrator Tucker explained that the reason the work had been done was that, before moving forward with rehabilitating the Public Works site, the Committee had asked staff to look at the alternative of moving to Mount Pleasant, and that analysis has only recently been completed. Staff struggled with finding a location.

Having listened to a tape of the most recent Public Works Committee meeting, Councilmember Bergwerf reported that, in the analysis, the cost to move off-island was estimated at one million one hundred thousand dollars (\$1,100,000); to do so, in her opinion, meant a decrease services to the residents and raise the budget each year for the cost to move. In addition, a move would increase gas usage and the wear and tear on vehicles, etc. The Councilmember acknowledged that the site was not pretty, but that could be fixed; she commented that it made no sense to sell land that the City owned – future needs were unknown.

Councilmember Ward stated that staff had been instructed to continue the search for property in Mount Pleasant and that the Committee had not voted on the issue. He indicated that the Committee members has “a vigorous debate” and “lively discussion,” although not unanimous, the majority of the Committee wanted to move forward to investigate a site off the island.

Since the meeting, Councilmember Ward reported that he had spoken with the Mayor of Mount Pleasant who fully supported the City's idea; he added that he has located a twelve (12) acre lot off Long Point Road. In addition, the Councilmember indicated that he would like to leave the subject open for discussion because, if the City did not move now, it never would, but he did not want to postpone becoming environmentally compliant. He asked that Committee members keep their minds open to the full impact of relocating; he stated that he did not think the property was being used to its highest and best use.

Mayor Cronin indicated that the subject was significant enough to warrant inclusion on the Council agenda.

Councilmember Ward stated that, a year ago, the Committee had not stated that the NPDES work should be delayed; the reason why the work was not done was not the result of a direction from anyone on the Public Works Committee. He added that he had not made “a conscious decision to delay” the work needed at the Public Works site.

Councilmember Bergwerf recalled that the first she heard of the idea of moving off-island was in budget discussions last year; in her opinion, the mediation of the site was forgotten or ignored.



Councilmember Ferencz stated that staff had not asked the Committee to proceed with the work or presented the Committee with a design or timeline for the work; in her opinion, if an item was included in the budget, it was expected to be done.

Again responding to the question about why the work has not been done, Administrator Tucker stated that her understanding was that, each time the NPDES work was brought up, the idea of moving off-island also came up.

Councilmember Ferencz reiterated that the Public Works site must be brought into compliance whether the Department was relocated or not.

Moving on the Special Projects in the Building Department, the Administrator noted that one (1) item was listed, replacing the City Hall bottom deck and ramp, etc. at thirty-seven thousand dollars (\$37,000).

Capital purchases in the Recreation Department include several items to be replaced only with failure at thirty-six thousand five hundred dollars (\$36,500), replacement of the Toro groomer at thirteen thousand five hundred dollars (\$13,500), replacement of the John Deere mower at eighty-five hundred dollars (\$8,500), replacement of the fencing at the tennis courts at fifteen thousand dollars (\$15,000) and replacement of the Front Beach Christmas tree at seventeen thousand dollars (\$17,000).

Councilmember Loftus asked whether replacing the fencing at the tennis courts could be deferred a year.

Director Page distributed pictures of fencing to illustrate the problems with it, and she said that the fencing should not be put off. At the Recreation Committee, the Director was asked to get pricing for vinyl fencing; she was quoted nineteen thousand dollars (\$19,000) for the vinyl.

Councilmember Buckhannon asked at the Committee meeting about the condition of the tennis and basketball courts; he thought that to get the court replaced would mean setting aside funds to expand the number of courts, possibly relocate the courts on the Recreation Department property and re-use the fencing.

Stating that the courts had been resurfaced about five (5) years ago, Director Page reported that seepage comes ups through the courts; she explained that the land underneath had not been graded properly and did not have the proper foundation when the courts were built. One (1) vendor she contacted about resurfacing the courts refused to give her a quote because of the seepage problem with the courts.

The Director reported that she had gotten a quote to replace the two (2) existing tennis courts, to add two (2) courts and two (2) basketball courts, and the figure was several hundred thousand dollars.

The extent of the rust on the fencing has made it dangerous.

When Councilmember Bergwerf asked if the Christmas tree was also dangerous, the Director replied that it was; again the Director distributed photographs of the rust on the framework of the Christmas tree. Director Page explained that, in order to put the tree up, employees must climb the frame, and the rust was worse than the Director had realized, even the star has rusted pretty badly. The tree was originally purchased right after the Front Beach Enhancement Project.

Councilmember Ferencz asked whether a new tree could be purchased that did not rust; the Director responded that she did not know whether such a tree was manufactured. She has intended to go with the same company and, basically, the same tree; she added that, if she were to wait to make the purchase in December after Christmas 2015, she possibly could get a reduced price.

The full cost of the design for new public restrooms was included in the FY16 capital budget for the Front Beach at one hundred one thousand dollars (\$101,000) as was the cost to replace a dune walkover.

In the assignment of fund balance, seventy-five thousand dollars (\$75,000), equally divided between the tourism funds, was placed in the FY16 budget for the replacement of underground infrastructure in the City-owned portion of Ocean Boulevard. Having been deferred last year, funding has been re-budgeted to replace the gate at the Breach Inlet boat ramp.

Another focused erosion project in the fall of 2015 has been included in Special Projects for the beach Restoration and Monitoring fund as well as moving forward with the permitting and design for a large scale, off-shore project. Other items included in this budget were seventy thousand dollars (\$70,000) for ongoing monitoring of the entire island and twenty-five thousand dollars (\$25,000) for the updated Beach Management Plan that was re-budgeted from FY15.

For the Isle of Palms marina, replacement of the fuel dispensers at the dock was included if they failed; the Comprehensive Master Plan of one hundred sixty-nine thousand dollars (\$169,000) as a Special Project; and an assignment of fund balance of one hundred nineteen thousand dollars (\$119,000) to replace the underground storage tanks.

After a brief review of the City's bonded debt service, the Administrator noted that a couple of changes had been made to the Capital Plan for the Isle of Palms Marina. Staff got new quotes for three (3) items in that budget; they are:

- Construction of IntraCoastal Waterway docks, including reconfiguration and electrical \$ 884,500
- Design and Permitting of Morgan Creek docks 295,000
- Construction of Morgan Creek docks, including reconfiguration and electrical 4,209,000

The Administrator noted that she had not reviewed the detail of the Municipal Accommodations Fee, the State ATAX fund, the Hospitality Fund and the smaller funds, like the Plant-a Palm fund.

Councilmember Buckhannon referred back to the new Beach Preservation Fund and commented that the expenditures in the FY16 budget nearly drain the fund; having attended the Wild Dunes

Community Association meeting, he noted that they have no funds allocated for beach renourishment in their FY16 budget.

Councilmember Buckhannon stated that he did not want to see all of the funds collected for the Beach Preservation fund being spent on one (1) part of the island and that the funds should be spread out over all of the island.

The Committee agreed to hold the Budget Workshop on Monday, April 13, 2015 at 5:30 p.m.

8. **Executive Session** – not necessary

9. **Adjourn**

**MOTION: Councilmember Harrington moved to adjourn the meeting at 9:00 p.m.; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk