

**City of Isle of Palms  
Public Hearing**

6:30 p.m., Tuesday, June 22, 2010

City Council of the City of Isle of Palms held a Public Hearing at 6:30 p.m., Tuesday, June 22, 2010, in the Palmetto Room at the Recreation Center, 24 Twenty-eighth Avenue, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Duffy, Loftus, Piening, Stone and Thomas, Mayor Cronin, City Administrator Tucker, Assistant City Attorney McCullough, Assistant to the Administrator Dziuban and City Clerk Copeland.

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. The Mayor stated that the Public Hearing was being held in accordance with state law requiring that a public hearing take place related to any changes in the City's zoning code and prior to the passage of the City's annual budget. The first of the two (2) ordinances for discussion at this Public Hearing was the following:

- A. **Ordinance 2010-08** – An Ordinance Amending Title 5, Planning and Development, Chapter 4, Zoning, Article 9, Short-Term Rentals, Section 5-4-202, Maximum Overnight Occupancy, of the City of Isle of Palms Code of Ordinances, to Limit the Maximum Overnight Occupancy Permitted at Short-Term Rental Residences.

Building Director Kerr was asked to take the podium to explain the changes included in Ordinance 2010-08. The Director stated that the need for this ordinance came from City Council and that the ordinance has, subsequently, been amended, reviewed and amended a second time by the Planning Commission; tonight is actually the third Public Hearing for the ordinance. The changes to the ordinance are as follows:

- 1) Section 5-4-202(a) addresses the group of properties that hold valid short-term rental licenses as of June 22, 2010, assuming that the ordinance passes Second Reading; it indicates that the maximum overnight occupancy for these properties does not change as a result of this ordinance.
- 2) Section 5-4-202(b) states that existing properties not holding a valid short-term rental license as of June 22, 2010 shall not have available the option of determining the maximum overnight occupancy through the calculation of one (1) person per two hundred fifty (250) square feet of heated floor area in the house.
- 3) According to Section 5-4-202(c), the maximum overnight occupancy of a short-term rental residence permitted for new construction after June 22, 2010 shall be no more than twelve (12) persons.
- 4) In Section 5-4-202(d), the ordinance addresses altered or reconstructed existing short-term rental residences; those residences with a maximum limit of, for example, twenty (20) persons before alteration or reconstruction will not be allowed to increase the maximum overnight occupancy beyond twenty persons. On the other hand, if a short-term rental residence with a maximum overnight occupancy of fewer than twelve (12)

persons were to be altered or reconstructed, the maximum overnight occupancy could be increased to an many as, but not more than, twelve (12) persons.

- 5) Section 5-4-202(e) repeats a statement from the existing ordinance that “children under two (2) years of age shall not be included in determining the maximum overnight occupancy.”

There were no comments from the public in attendance.

- B. **Ordinance 2010-09** – An Ordinance to Raise Revenue and Adopt a Budget for the City of Isle of Palms, South Carolina, for the Fiscal Year Beginning July 1, 2010 and Ending June 30, 2011.

Mayor Cronin indicated that copies of the budget were available for those in attendance and then asked Administrator Tucker to explain the nuances of the FY11 Annual Budget for the City of Isle of Palms.

The Administrator described the budget as “probably one of the most important annual bodies of work that the City does each year, because we roughly spend five to six (5-6) months in the process of the budget, and it basically sets the work plan for the next fiscal year for the City.” The Administrator took the opportunity to thank Treasurer Suggs for her hard, diligent work in preparing the budget to present to City Council and then making revisions as it goes through the evolutionary process that follows to its finalization and ratification. Administrator Tucker also thanked the department managers for presenting the needs of their departments and continuation of the department’s services for a reasonable cost. Gratitude was also expressed by the Administrator to Mayor Cronin and the members of City Council for the hours involved in meetings and at home to accomplish the budget task.

Administrator Tucker offered the following as important differences in the FY11 Isle of Palms’ budget from prior years:

- Page 1 – Some decreases in Revenue are primarily seen in Local Option Sales Taxes and Business Licenses;
- Page 1 – In order to present a balanced budget, money has been moved from accommodations tax funds in order to keep services at the same level from year-to-year; at the bottom of this page are “Transfers-in” totaling approximately four hundred seventy-five thousand dollars (\$475,000) to cover operating expenses that are tourism-related that affect the overall operating budget, for example, part-time assistance in the Fire Department, Beach Services Officers, etc.

The Administrator explained that the reason for highlighting this information is that, although the City has funded certain of these expenses from accommodations and hospitality taxes in past budgets, the expenses have never been funded to this level. As the economic picture improves, the City will look to fund these positions from the General Fund as it has in previous years. Administrator Tucked added that the City is fortunate to have significant fund balances to draw on when economic times demand it.

- A merit pool of two percent (2%) has been established for salary increases for those employees whose performance warrants such an increase.
- Through efficiencies achieved by the Public Works Director, one (1) full-time position has been eliminated in the Public Works Department.
- In each department, the figure of three dollars thirteen cents (\$3.13) has been used to estimate fuel expense; that figure is based on current costs then adding twenty-five percent (25%).

In the Administrator's opinion, page 36 of the budget has the best depiction of the capital items that appear in the remaining pages of the budget, where the capital items appear by department; on page 36, the capital items are indicated by the funding source for each. The more important items are as follows:

- Renovations to City Hall to accommodate the Building Department are to be funded from the Capital Projects fund.
- On page 39, funding for the 52<sup>nd</sup> to 57<sup>th</sup> Avenues Drainage Project is shown; this project has been in the planning and development stages since 2000, and construction is tentatively planned for FY11.
- The purchase of a new packer truck for the Public Works Department for one hundred sixty-six thousand dollars (\$166,000) through a lease/purchase; the efficiency of this new truck has allowed Director Pitts to reduce his staff by one (1) full-time employee.
- Shown on page 41 is an additional reserve of one hundred fifty thousand dollars (\$150,000) for the realignment of the ball fields and replacement of the ball field lights.
- One hundred thousand dollars (\$100,000) has been set aside for future beach restoration projects.

Administrator Tucker announced that the biggest news in the FY11 budget is that there is no property tax increase for the residents of the island; she added that there has been no tax increase since 2007 and the City's millage rate is lower now than in 2007.

Jimmy Ward, 2207 Hartnett Boulevard, stated that he had been studying the budget for several months and wanted clarification on a couple of items. He sought confirmation that, in the General Fund, revenues less expenses before "transfers in" was a deficit of four hundred seventy-five thousand dollars (\$475,000); Mayor Cronin responded that Mr. Ward was correct.

Of the other six (6) major funds – Capital Projects, Municipal Accommodations Fee, State Accommodations Tax, Hospitality Tax, Disaster Recovery Reserve and Marina Fund – Mr. Ward noted that revenues less expenses in Municipal ATAX was an approximately four hundred thirty-eight thousand dollars (\$438,000) deficit, in Hospitality Tax was a two hundred eighty-six thousand dollars (\$286,000) deficit and in State ATAX was a deficit of two hundred eight thousand dollars (\$208,000) for a total deficit in excess of nine hundred thousand dollars (\$900,000). Mr. Ward acknowledged that the Marina Fund was an enterprise fund, in that it operates as a private business and that cash-in versus cash-out was about at a breakeven point. He indicated that he took a Balance Sheet approach when reviewing the budget, i.e. he looked at beginning balances of cash and cash equivalents on July 1, 2010 and the projected ending balance at June 30, 2011 in each of these funds, which he described as savings

accounts to help the City through hard times. Mr. Ward did recognize the City is experiencing "somewhat of a rough time right now." Mr. Ward stated that he wanted the residents of the Isle of Palms to realize that there was a net reduction of cash in these funds of approximately nine hundred thousand dollars (\$900,000).

Mr. Ward expressed his need to voice his concerns, while understanding the "really bad time in the economy," and to state his appreciation of "the Mayor and Council working so hard to get the budget where it is." He restated that he wanted the public to understand that the City was "dipping into its savings to pay the bills this year."

3. There being no further comments from the audience, Mayor Cronin closed the Public Hearing at 6:55 p.m.

Respectfully submitted;

Marie Copeland  
City Clerk