

Personnel Committee

10:00 a.m., Thursday, April 10, 2014

The regular meeting of the Personnel Committee was held at 10:00 a.m., Tuesday, April 10, 2014 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmember Bettelli and Harrington, Chair Ferencz, Administrator Tucker, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business.

1. Chair Ferencz 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 Month's Minutes

MOTION: Councilmember Bettelli moved to approve the minutes of the regular meeting of March 6, 2014 as submitted; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Old Business

A. Review of Revenue and Operating Budget for General Government and Building Departments and Budgetary Tools

Administrator Tucker stated that there were new tools to aid in decision-making included in the meeting packets, and she recalled the challenge to Committees from the March Ways and Means Committee meeting to discuss the budget thoroughly and to bring recommendations to the April meeting.

The discussion began with a new tool that looks at the total full-time positions in the City and determines what percent of each department's functions to support tourism. The percentages for three (3) departments were based on factors such as the increase in calls to the Police Department in the tourist season, the monthly call statistics for the Fire Department and the percentage of short-term rental residences on the island for the Public Works Department. The part-time positions, i.e. Beach Services Officers, County police and some part-time firefighters, have historically been funded one hundred percent (100%) from tourism funds. Two (2) columns illustrate the number of positions in the Fire, Police and Public Works Department that are funded from tourism funds in the FY14 budget versus the number of positions that could be funded based on statistical data. Since no decisions have been made relative to using tourism funds for FY15, that column has no figures.

Councilmember Harrington expressed his opinion that using one-third ($\frac{1}{3}$) as the tourism percentage was too low; Administrator Tucker commented that there are many homes that serve as second homes for people – they may use it only a few weeks a year, but the property is not rented. How these people affect garbage pickup is unquantifiable, therefore, is not included.

On the schedule of all revenues of the City, the box at the bottom summarizes the data above; there is a comparison between FY14 and FY15 budgets indicating where the money is distributed.

The data shows the following:

	<u>FY14</u>	<u>FY15</u>
Total General Fund & Capital Project Fund	67%	65%
Total Tourism Funds	24%	25%
Total Beach Restore & Maint. Funds	5%	5%
Total Marina Fund	3%	3%
All Other Funds	1%	1%

Chair Ferencz remarked that she has questions about how staff estimates revenues, adding that the City may not have as wide a gap between revenues and expenditures as shown.

Administrator Tucker cautioned that the City does not want to overstate revenues.

The second new schedule takes the audited FY13 revenues to the City and estimates the percentage of total revenue that can be attributed to each category; the categories are accommodations rentals, second homes, day visitors, all other revenues and the marina. Administrator Tucker explained the logic used to make assumptions for the schedule and stated the conclusion is the percentage of total City revenue attributable to each category as follows:

Accommodation rentals	47%
Second homes	17%
Day visitors	8%
All other City revenues	25%
Marina	4%

Councilmember Harrington expressed the opinion that the City should generate more tourism funds from the marina in the way of launching fees, slip rentals, etc. The Administrator explained that marina revenue to the City is the lease payments from the tenants. Administrator Tucker stated that the marina manager would be able to provide the Committee with the quantity of resident versus non-resident passes he sells in a year.

The Administrator stated the opinion that the initiative behind this schedule was to try to appreciate nurturing the tourism industry on the island so that it continues to be healthy.

Councilmember Bettelli commented that there is one (1) property on the island classified as agricultural; he asked that the Administrator provide some information on it for the Ways and Means Committee meeting.

Chair Ferencz noted that the day visitors' contribution to tourism funds is much smaller than the average resident would perceive; they certainly do not contribute enough to pay for the services that they get from the City.

As the Committee and, ultimately, the Ways and Means Committee begin to look at ways to increase revenues, the information on this schedule certainly should be a determining factor.

The Administrator then moved to the operating budgets for the departments under the Personnel Committee's purview; the Administrator pointed out that this schedule is also a

comparison of budget to budget and the debt service assigned to General Government has been added.

For General Government, Administrator Tucker noted that the source of funds to support these expenditures is summarized in the box at the bottom of the page; it shows the following:

	<u>FY14</u>	<u>FY15</u>
Total Capital and Capital Projects Funds	77%	79%
Total Tourism Funds	23%	21%
Total Other Funds	0	0

The Administrator explained that a portion of the work in General Government is tourist-related, but there is no way to quantify how much. The Building Department is totally funded by the General and Capital Projects Funds, despite the fact that the billing and collecting of short-term rental licenses is totally a tourism-related expense that cannot be measured.

Attention was then directed to the Fund Balance Schedule that includes a menu of options for Council to consider as it makes decisions about new sources of revenue, increasing revenues, increasing transfers in for personnel from tourism funds and/or reducing or deferring expenses. Administrator Tucker added that, as presented, the FY15 budget is out of balance by one million one hundred sixty-two thousand dollars (\$1,162,000); one (1) reason for this out of balance condition is the result of staff not assigning transfers-in from tourism funds to support personnel expense in the General Fund budget. The options are divided into four (4) categories as follows:

- Repeat FY14 Transfers-In for Personnel and Operating Expenses;
- Additional Transfers in from Tourism Funds;
- Increase General Fund Revenues; and
- Reduce or Defer Expenses.

Chair Ferencz asked what amount of the million dollar gap can be attributed to the new personnel, the increase in salaries and the increased merit pool. Administrator Tucker answered that the three (3) new firefighters contribute one hundred sixty-four thousand dollars (\$164,000); the wage adjustment and additional merit were figures that she was not comfortable quoting, but the total of all three (3) was in the four hundred thousand dollar (\$400,000) range including fringes. The Chair then stated that the decisions made in FY14 require the City to pay half a million dollars (\$500,000) of the gap. The Administrator indicated that the Chair's logic was correct; the question remains how to fund those decisions in FY15 that were made in FY14.

The Chair questioned how personnel funded by tourism funds would be paid should the City experience a hurricane that would stop tourism funds for a considerable length of time. Administrator Tucker explained that disaster recovery funds can be used to pay wages.

If the Committee were to support the transfers in that were included in the FY14 budget, a total of six hundred twenty-thousand dollars (\$620,000) could be applied to reduce the gap. If the Committee were to also sanction transfers for four (4) additional firefighters and one (1) patrol

officer, another two hundred seventy-five thousand dollars (\$275,000) could be applied to the gap. Assuming that all of the transfers-in noted above were approved, the gap could be reduced by eight hundred ninety-five thousand dollars (\$895,000), leaving the gap at two hundred sixty-seven thousand dollars (\$267,000).

Administrator Tucker continued down the list of options to consider what else could be done to eliminate the remaining gap. Under the heading of "Reduce or defer expenses" is a one-time accounting correction that has been on the books since the City made two (2) insurance payments in one (1) fiscal year; the auditors would be pleased to see this eliminated. To do this is relatively painless, and this accounting correction captures approximately one hundred fifty-one thousand dollars (\$151,000).

A source of revenue to be considered is a modest increase to property taxes by implementing the CPI increases that were not taken in the previous four (4) years; this would generate two hundred forty-five thousand dollars (\$245,000) in revenue for the City. A second consideration is increasing the parking kiosk per hour rate by fifty cents (\$.50) for the calendar year FY15 creating fifty thousand dollars (\$50,000) in additional revenue; this action would allow the island's day visitors to contribute more toward paying for the services they receive.

Administrator Tucker reported that the most recent payment from Charleston County for property taxes was much less than expected; therefore, the option to increase the FY15 Property Tax budget to the FY13 actual received based on healthy FY14 activity must be taken off the list of options for increasing General Fund revenues.

The discussion moved to the full budget document to discuss General Government and the Building Departments expenditures. The Administrator stated that there were few changes from the FY14 budget to the FY15 budget.

Chair Ferencz stated that she had studied the proposed FY15 budget line by line; one (1) of her first observations was that staff is being very, very conservative with revenues. When she studies expenditures, she noticed that certain expenses are included in the budget year after year at a specific dollar amount, but the total budgeted is never spent. The Chair asked the Administrator whether staff looks back over recent budgets to make decisions about expenses in a new budget.

Administrator Tucker answered that staff does look back, but there are times when a bit of "wiggle room" is left on some lines because staff has learned through experience that things come up and the budget must be made to adapt. If the budget is too tight, the City ends up being over-budget. Staff believes it is advantageous to have expenditures be lower and revenues be higher; the Administrator repeated that the only source of funds for Capital Projects is from a positive net result the previous year.

Chair Ferencz noted that she had come up with two hundred fourteen thousand dollars (\$214,000) by looking at those line items that had a minimum five hundred dollar (\$500) difference between the amount budgeted and the amount actually spent.

Administrator Tucker stated that, if that amount is removed from the budget and at the end of the year expenses are greater than revenues, the City has no money to move to the Capital Projects Fund. In the Administrator's words, the City budgets carefully to be able to anticipate a few unanticipated expenses and in hopes of having higher revenues and lower expenditures at the end of the year. If the City were to change its budgeting process, an expense line item for transferring to Capital Projects must be included in the budget. If the City did not repeatedly end the year with less in expenses and more in revenues, it would not have the fund balance in the Capital Projects that it does. In recent years, Council has decided to use the positive difference to move funds into the Capital Projects and Disaster Recovery Funds.

Before proceeding, the Administrator directed attention to the notes for Maintenance and Contingency for General Government that lists an annual appreciation event. She explained that the City is contemplating something different this year to substitute for the holiday party; holding the Street Festival and Holiday Party in December is draining on City resources when they are so close together. Since the Holiday Street Festival has been successful by the total community, staff is considering a different type of event at another time during the year for annual appreciation.

The Building Department's operating budget also has little change in expenses; the new generator to be installed impacts the expense for maintenance and service contracts.

Councilmember Bettelli questioned that the generator should be under warranty for the first year; the Administrator thanked him for the catch and said that she would check about a warranty.

Chair Ferencz asked about the amount budgeted for printing and office supplies for the Building Department. Administrator Tucker explained that the change in the collection date for business licenses in FY14 affected this line; if Council were to decide to increase the business license rate for off-island businesses, the City will need a mailing related to the change. If Council decides against the change, the number can be decreased.

The Chair also pointed to the fact that the budget for professional services has exceeded expenses for a couple of years. The Administrator responded that the change was made when an expense was moved to the Building Department that had previously been expensed to another department. In addition, the Administrator explained that both BOZA and the Planning Commission are required to receive training that is mandated and the City also holds a meeting where the City Attorney provides additional training.

The Judicial and Legal budget contains very little that needs explanation other than professional services budgeted for one hundred seven thousand dollars (\$107,000). Administrator Tucker noted that the City is tracking way over budget in this line item for FY14 due to some unexpected legal expenses; the cost of the prosecuting attorney has increased based on the volume of court activity. The Administrator explained that the City pays several different law firms, i.e. the prosecutor, the City Attorney and labor attorneys. When the FY14 budget was estimated, fourteen thousand dollars (\$14,000) was planned for the labor attorney, but the City had a grievance that the labor attorneys helped the City process through. As a result of the grievance, some of the City Attorney's efforts have been devoted to bringing the City into

compliance with ADA regulations related to hiring practices, which involved completely revamping the City's employment application and hiring practices throughout all Departments. More has been added beyond the tracking increases because the City hopes to re-finance the bond on the Recreation Center and anticipates twenty-five thousand dollars (25,000) in related legal expenses.

Administrator Tucker clarified that the services with the City Prosecutor are the result of an agreement, while the judges are employees of the City who are paid based on a specific number of court sessions.

The discussions now moved to the Capital Budgets and started with General Government. On the topic of the Welcome sign at the foot of the Connector, Administrator Tucker suggested that the expense should be rolled into the wayfinding sign initiative and out of General Government. The Committee decided that the amount should be reduced to fifteen thousand dollars (\$15,000), allowing the City to add two (2) displays. The audio/visual system for Council Chambers was deferred to FY16. Also coming forward from the Capital Plan was the replacement of the fencing between City Hall and the residential property next door; the Administrator stated that it has not been replaced since originally installed. The Administrator pointed out that it is not falling down and is still functional, so it also was deferred. The integrated financial software is a real need with a big price-tag.

Chair Ferencz asked if training was included and asked if the purchase could span two (2) fiscal years. Councilmember Harrington, on the other hand, stated that if it was needed and would make the process more efficient, it should be purchased in this fiscal year as planned.

Administrator Tucker suggested that it be left in the budget while staff communicated with the vendor to get answers to the Committee's questions.

The Administrator explained that the money for undergrounding of utility lines would be spent only if a project came up to share with SCE&G. Chair Ferencz recalled that discussions had taken place on planning and setting aside funds for the undergrounding of power lines from Breach Inlet to Dewees Inlet.

On the funding for wayfinding signs, the Administrator explained that there are two (2) lines for two (2) different aspects of the program. A figure of seventy-six thousand dollars (\$76,000) has been budgeted for the design of the wayfinding sign plan and the parking management plan. Another fifty thousand dollars (\$50,000) has been budgeted for the construction and installation of the signs.

Referring to the forty-two thousand dollars (\$42,000) budgeted for land improvements for 1207 and 1301 Palm, Administrator Tucker reported that the improvements for 1207 Palm have been completed and that the work on 1301 Palm has been delayed as a result of SCE&G's project.

The Administrator commented that no Capital Projects are budgeted for the Building Department in the FY15 budget.

In conclusion, Administrator Tucker urged the Committee to study the menu to make recommendations at Ways and Means.

B. Status of Gathering Wage Ranges for Other Local Governments

The Administrator remarked that this project had taken longer than anticipated because no municipality has the same job description and expectations as the same position with the City; the assumptions used in compiling this comparison are detailed on page 1. The Committee agreed that they want more time to digest the information.

Chair Ferencz asked how many City employees are at the top of their pay range; the Administrator opined that it was six (6). She explained that, when an employee reaching the top of the pay range, he or she sees no increase from the merit increase despite the possibility of being a consistent high performer. The increase that they get is the CPI as of July 1. The Administrator indicated that she would anticipate recommendations a future meeting for positions that need to be increased.

C. Status of Staffing City-wide

According to the Administrator, the status of staffing is as follows:

- the Recreation Department has no full-time positions open and has hired two (2) camp counselors;
- the Police Department has one (1) opening for a patrol officer and an Animal Control Officer; testing for a sergeant's position is in progress; and
- the Fire Department, the Public Works Department, the Building Department and General Government have no positions needing to be filled.

Councilmember Bettelli stated that something should be done at the April City Council Meeting to recognize John Keelan, the Animal Control Officer.

D. Consideration of City-wide Mechanic vs Contracted Service

Chief Graham reported that she had requested fee schedules from several different shops, but they have not yet responded.

E. Update on Progress toward new City-wide Employee Evaluation Tool

Administrator Tucker stated that she had no update on which to report.

The Chair thanked the Administrator for providing the Archer Study to her and said that she had read many of the job descriptions. She was pleased to see that performance indicators were at the end of each job description and that she plans to present the usable data at the next meeting.

5. New Business – None

6. Miscellaneous Business

Discussion of Strategic Plan and Comprehensive Plan – postponed

Next meeting date: 10:00 a.m., Thursday, May 1, 2014 in the City Hall Conference Room

7. Executive Session – unnecessary

8. Adjourn

MOTION: Councilmember Bettelli moved to adjourn the meeting at 11:53 a.m.; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk