

PERSONNEL COMMITTEE

10:00 a.m., Monday, February 2, 2015

The regular meeting of the Personnel Committee was held at 10:00 a.m., Monday, February 2, 2015 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmember Bettelli and Ferencz, Chair Harrington, City Administrator Tucker, Treasurer Suggs and Assistant Administrator Dziuban.; a quorum was present to conduct business.

1. Chair Harrington called the meeting to order and acknowledged that the press and public had been notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Bettelli moved to approve the minutes of the regular meeting of January 6, 2015 and the Special Meetings of January 13 and January 20, 2015 as submitted; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

3. Citizens Comments – None

4. Old Business – None

5. New Business

Review of FY16 Revenue Projections

Administrator Tucker stated that she would take the Committee through all revenue streams for the City, beginning with the General Fund. The City is anticipating a small increase in Property Taxes for FY16; they had been relatively flat for the past couple of years as a result of homes selling for less than the appraised value. Local Option Sales Tax collections are expected to increase based on the payments received for the past twelve (12) months; Telecommunications License Fees are expected to remain flat. The Administrator asked that the Committee consider Business License Fees and Residential Rental License Fees together since they represent a substantial portion of total revenues for the City. Two (2) pieces of legislation are pending in the state legislature; the Administrator recalled that one (1) item would totally eliminate municipal business licenses which would eliminate a significant portion of the City's revenue. Representative Sottile indicated that the bill does not have enough support to pass, but the City will continue to monitor the progression of the bill.

Responding to Councilmember Ferencz's question, the Administrator reported that the impetus for this legislation is that the State is looking for ways to increase its revenue and those in the legislature who are tied into businesses and manufacturing are constantly hearing that business licenses in South Carolina are too complicated, that the rates differ from business to business and city to city, and that the business license fees discourage new businesses from moving into the state. Suggestions include eliminating the business license to establish some other type of tax for having a business in the state or to establish some kind of flat rate statewide.

Fees from public utilities are expected to rise based on actual collections over the past twelve (12) months and the two percent (2%) increase in franchise fees for SCE&G. Since building has picked up on the island,

Building Permits and Fees are projected to increase without the large fee collected in FY15 for renovations to the condos in Wild Dunes. Other revenues expected to remain flat are Animal License Fees. Court Generated Revenue is basically flat and is a function of tickets and court. Intergovernmental Transfers are payments the City receives from other governments; the primary contributor is Sullivan's Island as it pays its share of the City's keeping the dispatchers on the island. Grant Income has been zeroed because, in lieu of giving the City this grant, the County has increased the City's share of their one percent (1%) accommodations fees. State Shared Funds are budgeted with a small increase from FY15, but this fund is also in jeopardy of being reduced by the legislature. Staff will also monitor this item's movement through the legislative process. Regarding funds the City receives from businesses who sell liquor on Sundays, as the number of restaurants on the island that want Sunday liquor sales, the City's share increases. Monies that have in the past boosted Miscellaneous Revenue ended in FY15, as SCLGAG, the previous health care carrier, has been dissolved. The remaining revenue sources for the General Fund are based on the actual collections over the past twelve (12) months; the only revenue sources projected to increase are from Parking Lots, the Sales of Assets, State Accommodations Tax Transfer, Parking Meters and the sale of garbage roll-out carts.

Transfers-In to cover certain General Fund expenditures were presented at the FY15 budgeted levels; these numbers will be refined as expense adjustments are completed.

A recommendation from the Recreation Committee was that staff should re-create the budget tool from FY15 that shows how departments of the City are affected by tourism; this tool validates the logic behind the Transfers-in.

Councilmember Bettelli suggested that staff should look at other local beach communities to learn what they charge for business licenses for rental property as a possible source of additional revenue. Administrator Tucker stated that staff could check, but noted that the Municipal Association has been advising local governments not to make any changes to business licenses as long the bills remain in the legislature because to do so might put more pressure on the legislators to pass the business license bills.

Administrator Tucker commented that Sullivan's Island rental license fees are significantly higher than those of the City's because the goal has been to discourage people from renting to vacationers; the same is true for Kiawah and Folly Beach.

Treasurer Suggs reminded the Committee that the property owners who rent their residences have had a one percent (1%) increase to accommodations fees for the beach preservation fund. The intent was for this fee to be passed along to the renters, but the owners have had a tax increase this year.

When property owners were notified of this new tax, some informed the City that they had already booked their rental unit for one (1) or more timeframes this summer and will have to pay the new tax from their proceeds.

Councilmember Ferencz noted that Folly Beach was to get new restrooms and that the County would pay half; she asked whether that would be considered a grant from the County.

The Administrator said that did not have an answer because she did not know the details of that project. She did comment that she and the Mayor had spoken with Charleston County about support for the City's new public restrooms.

Administrator Tucker noted that getting a grant from the County typically does not require writing a grant application.

When Councilmember Ferencz recounted that the 2014 audited financials report interest income of six thousand dollars (\$6,000), Treasurer Suggs explained that interest income for the General Fund includes the Disaster Recovery Fund and the Beach Maintenance fund.

Referring to the Tree Replacement Collections, Councilmember Ferencz questioned the big difference between the budgeted amount and actual collections. Administrator Tucker explained that the City never knows how many tree replacements will occur in any given year. For instance, if someone has plans approved to renovate his home, the renovation may require the removal of a tree protected by the City's tree ordinance. In order to remove the tree, the owner must plant trees that will meet the diameter at breast height (DBH) or make a donation to the tree fund. If the City experiences an upswing in construction, the tree fund typically grows.

Moving on to page 2, the Administrator reminded the Committee that this fund gets revenue as a Transfer-in from the positive net results at year's end; another source is funds re-budgeted for a project that was not done or partially done from one year to the next. For FY16, one hundred ninety thousand dollars (\$190,000) has been re-budgeted for the City's portion of the work to be done at the Public Works' site to gain compliance with stormwater regulations. The project has been delayed until the cost analysis of moving the Public Works Department off the island can be completed; therefore, eliminating the need to bring the current site into compliance.

Councilmember Bettelli added that, until a decision is reached, the Public Works site remains out of compliance.

Based on actions taken last year, staff has noted a Transfer-in to the Capital Projects Fund from the General Fund of fifty-thousand dollars (\$50,000).

Administrator Tucker explained that she would only cover revenue for the tourism funds since the Transfers-in were reviewed on Page 1. Based on twelve (12) months' actual collections, both the Municipal and County Accommodations taxes are expected to increase significantly; the County Accommodations taxes will have an additional one percent (1%) to cover BSOs and the cost of picking up recycled materials from the beach. Hospitality Taxes have been budgeted at six hundred thirty-six thousand dollars (\$636,000), an increase of thirty-six thousand dollars (\$36,000) over FY15. On the State Accommodations schedule, the promotional portion should be budgeted at five hundred thousand dollars (\$500,000); the projections are based on the past twelve (12) months' actual collections. The schedule for the Beach Restoration Fund has a new entry of nine hundred nineteen thousand dollars (\$919,000) from the one percent (1%) addition to Municipal Accommodations taxes to be used only for beach restoration, beach access paths and dune preservation and maintenance.

Administrator Tucker noted that Marina Fund Revenues are basically the annual rent from the tenants and are relatively flat; Morgan Creek Grill is the exception because it generates a considerable amount of additional rent. The Disaster Recovery Fund shows interest income of approximately thirty-four hundred dollars (\$3,400); since the Narcotics Fund does not have a source of revenue, it is fading out. The Victims' Advocate Fund has a minimal increase for FY16. The revenue for the Plant-a-Palm/Aisle of Palms Fund is the sale of the commemorative bricks on Front Beach. The Recreation Building Fund gets revenue from the Connector Run, the IOP Beach Run and an ATAX Committee's sponsorship for the Beach Run. The last sheet is the schedule for the Volunteer Fire 1% fund that a state level entity has purview of the money, and the Fire Department is required to use the money per the regulations they have set. The City serves as custodian for the fund. With the increase anticipated for FY16, the Administrator speculated about several possible causes ranging from an increase in premiums to more homes being insured to a correction in accounting that has given money due the Isle of Palms to another municipality.

In response to Councilmember Ferencz' question about the source of the funds, the Administrator explained that a percentage of residential fire insurance premiums go into this fund; the money is to be used for recreation, entertainment, to augment insurance or retirement, training, etc. The City cannot force the Fire Department to pay for something that has been paid for from the General Fund; the bulk of the money is spent by the IOP Fire Department for additional insurance and retirement. In order to spend the funds, fifty-one percent (51%) of the department must agree that it is a useful expenditure; the request is then reviewed and signed by the Chair of Public Safety, the Mayor, the City Administrator and the City Treasurer; ultimately the request goes to the committee in Columbia that will decide whether the purchase falls within their guidelines.

The final schedule shows the total General Fund FY16 revenue and transfers of fourteen million three hundred ninety thousand five hundred twenty dollars (\$14,393,520) spread across all funds. (A copy of the schedule is attached to the historical record of the meeting.) The box in the lower left of page shows the percentage of the revenue budget by fund – a compilation of the information above.

Administrator Tucker asked the Committee to make note of the dates the schedules are printed so that he/she is working from the most current version as the Administrator will.

Councilmember Ferencz asked if anyone remembered what items the Personnel Committee was tasked to do by City Council; the Administrator commented that staff would check the minutes of the Council meeting for the information.

6. Miscellaneous Business

Next Meeting Date: 10:00 a.m., Monday, March 2, 2015 in the City Hall Conference Room.

7. Executive Session – not needed

8. Adjourn

MOTION: Councilmember Bettelli moved to adjourn the meeting at 11:40 a.m.; Council Ferencz seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk