

Public Works Committee
5:30 p.m., Thursday, April 10, 2014

The regular meeting of the Public Works Committee was held at 5:30 p.m., Thursday, April 10, 2014 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmember Ferencz and Loftus, Chair Ward, Administrator Tucker, Director Pitts, Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business.

1. Chair Ward 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 Loftus moved to approve the minutes of the regular meeting of March 11, 2014 as submitted; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments – None**

4. Department Reports for March 2014 – Director Pitts

As traffic has begun to pick up, Director Pitts noted that personnel spent the month preparing for the tourist season, leaving little time for other projects on the island. The Director noted that the Department was without one (1) flatbed for the majority of the month. According to the Director, debris remains on the streets which he hopes to pick up this week; if that does not happen, he is prepared to run a six hour (6 hr.) shift on Saturday, April 19th.

Responding to Councilmember Ferencz, Director Pitts reported that the drive shaft went out on a flatbed truck; the flatbed has been down so long because the part had to be ordered from Renault in France.

Beginning March 29th, pumping occurred on 46th, 50th and 51st Avenues; this continued through March 31st.

With the tree trimming around power lines, Councilmember Ferencz asked if it was the City's responsibility for debris removal. The Director stated that, if the debris is on the street when Public Works is running its route, the debris will be picked up; the contractor should be picking it up and grinding it on-site.

Director Pitts stated that there were two (2) 'big ticket' items in March; the replacement of the hydraulic cylinder, on what serves as the debris packer, and work to plug leaks in the regeneration unit.

Councilmember Loftus complimented the Director for keeping costs down on vehicle maintenance and asked if there would be other 'big ticket' items in this fiscal year. Director Pitts stated that the Caterpillar needs a PM that will cost around seventeen hundred dollars (\$1,700), tires that are already on trucks, buy have not been invoiced, and the drive shaft for the flatbed.

Collections of yard debris have increased, but much is still on the ground from March, keeping the numbers lower. With a little more activity on the island, garbage has increased, but is within the normal trend.

5. Old Business

A. Review of FY15 Operating and Capital Budgets and Budgetary Tools

Administrator Tucker started with one (1) of the new tools that delineates the number of full-time positions in each department, positions the City has historically funded by tourism and part-time positions. Part-time employees include the County officers who assist with traffic in the summer, Beach Services Officers and the additional staffing in the Fire Department needed in the summer months; these positions have been funded one hundred percent (100%) by tourism funds. In addition, the schedule provides information on the number of positions that could be tourism-related based on information provided by each department and the number of positions funded by tourism funds in the FY14 budget. This tool can be used to determine whether Council wants to fund more or fewer or the same number of positions in the FY15 budget.

The percentages used in determining how many positions have functions that are tourism-related are noted at the bottom of the page as follows:

- In the Police Department, the call volume increases by twenty-two percent (22%) in the tourist season;
- In the Fire Department, data from the monthly call reports prove that fifty-six percent (56%) of their calls are non-residents; and
- From statistics from the Building Department, one-third ($\frac{1}{3}$) of the residences on the island are short-term rentals that substantially increase the volume of garbage for Public Works to pick-up.

Using these percentages, one could argue that one-third ($\frac{1}{3}$) of the positions in the Public Works Department could be funded from tourism funds; this means that three (3) positions could be paid from tourism funds where zero positions are currently paid from tourism.

The Administrator noted that no transfers-in for personnel expenses have been made from tourism funds in the FY15 budget as presented; those decisions will be made at the Ways and Means meeting. According to the Administrator, the goal of these tools would be for Council to determine whether the decisions made in the past, relative to which positions to fund from tourism dollars, should be continued or whether Council wants to see fewer or more positions funded from tourism funds.

Other departments of the City are also performing tourism functions, but the amount of time cannot be quantified. There are no positions in these departments that would be vacant if the City did not receive tourism funds.

Councilmember Ferencz asked for an Isle of Palms' definition of tourist; the Administrator responded that tourist applies not only to "heads in beds" but also to the day visitors.

Chair Ward stated that the fact that tourists are present on the island twelve (12) months a year seems to be ignored, and Administrator Tucker agreed. Considering that, one could say the twenty-two percent (22%) is a very conservative estimate for the Police Department. The percentage for the Fire Department is likely the most accurate since the responder records whether service is being given to a resident or a non-resident for each call.

The Administrator moved to the FY15 revenue budget for all funds in comparison to the current year's budget. In the Administrator's opinion, the most important information to be gathered from this schedule is the summary in the box at the bottom of the page that again compares FY14 and FY15 by the source of revenues in percentages as follows:

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

Other than tourism funds, the City's revenues remain relatively stable with a couple of exceptions, such as increases to building permits and business licenses in FY14.

Councilmember Loftus recalled discussions in other Committees about property tax collections and asked the Administrator if she would have more specific information at the budget workshop. Administrator Tucker repeated her comments from other meetings that the latest transfer from Charleston County was much less than anticipated and that she and the Treasurer were apprehensive about meeting the FY14 property tax revenue budget.

The Public Works operating budget was the next to be reviewed, and the Administrator directed attention to the summary box at the bottom of the page. In the summary box, expenditures are reported by the source of funds; they are as follows:

	<u>FY14</u>	<u>FY15</u>
Total General and Capital Projects Funds	70%	86%
Total Tourism Funds	30%	14%

This particular schedule also projects the effect of applying the percentage of positions attributable to tourism (from an earlier schedule) on the FY15 budget as follows:

	<u>FY15</u>
Total General and Capital Projects Funds	67%
Total Tourism Funds	33%

Although not affecting the Public Works Department, the next version of the budget will include the City's debt service; the next version will not include any transfers-in for personnel expenses. With the aid of the budgetary tools, staff has provided and the discussions at Committees, Administrator Tucker said that she expects those decisions to be made at the budget workshop.

The newest and most complicated tool is entitled "Estimated Breakout of FY13 Audited Revenues by Source," and the categories identified 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, which are detailed on the second page, and noted that the conclusion is the percentage of total City revenue attributable to each category for FY13 as follows:

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

Chair Ward asked the Administrator where any agricultural property was located on the island; she said she would confirm this for Ways and Means, but she thinks it is some of the out islands that have not been developed behind Wild Dunes.

Councilmember Ferencz asked if the City had ever budgeted to actual; Administrator Tucker responded that, when staff begins to work on a new budget, they use year-end actual figures and what impacts are anticipated to affect those numbers for the upcoming year.

The next tool to be reviewed was the Fund Balance Roll-forward schedule; this document is a menu of mechanisms Council can use to bring the FY15 budget into balance. The version of the budget being discussed at this meeting is one million one hundred sixty-two thousand dollars (\$1,162,000) out of balance; these options are displayed in four (4) basic headings for consideration as follows:

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

if the Committee believed that, as in years past, those transfers-in to cover the expenditures were reasonable and concur with their being repeated similarly, then that would capture six hundred twenty thousand dollars (\$620,000). If the Committee were to agree, in addition, to fund the three (3) new firefighters, one (1) additional firefighter and one (1) additional patrol officer with transfers-in from tourism funds for a total of approximately two hundred seventy-five thousand dollars (\$275,000); the combined total is approximately eight hundred ninety-five thousand dollars (\$895,000) toward closing the gap of one million one hundred sixty-two thousand dollars (\$1,162,000) to two hundred sixty-seven thousand dollars (\$267,000). Administrator Tucker stated that, if she were asked to draw a conclusion, it would be that the City has been very conservative in the assignment of other funds to support the General Fund with personnel in years past.

Administrator Tucker did state the caveat that the tourism fund balances must be able to withstand these transfers and remain healthy.

Based on the budget as presented, Chair Ward reported that the tourism fund balances would increase by approximately two hundred thousand dollars (\$200,000) by the end of FY15.

Councilmember Loftus stated that, even with the transfers recommended, the number of positions that could be funded by tourism fall short of the numbers offered on an earlier schedule. The Administrator explained that the new budget process gives the decision on what positions to fund from tourism to Council; in the past, staff made those decisions.

Councilmember Ferencz stated that she has realized that, based on the personnel decisions made in FY14, Council has committed itself to fund approximately five hundred thousand dollars (\$500,000) in future budgets. When the decision was made to hire three (3) additional fire-fighters, Council was told that the City would not have to raise taxes to cover them, assuming they were funded through tourism funds.

Councilmember Loftus stated that, if the fund balances would allow, he would like to see more positions funded from tourism funds.

Councilmember Ferencz argued that, if the City were to experience a major disaster, tourism funds would stop coming to the City for an extended period of time; she questioned how positions funded by tourism dollars would continue to be paid.

The Administrator agreed that this is a delicate balancing act and Council has to determine what is reasonable and easily supported. This is driving expenses to the City and, at the same time, Council must consider the impact on the fund balance. That impact on fund balances is shown in this schedule.

Administrator Tucker stated that this menu is intended to be used that way, and it is not staff advocating for all of these actions to occur.

In looking at the items listed under "Increase General Fund Revenues" and "Reduce or Defer Expenses," the Administrator noted that the least painful option is to capture a one (1) time accounting correction based on the timing of insurance payments in the amount of nearly one hundred fifty-one thousand dollars (\$151,000).

In response to Chair Ward's comment that increasing property taxes was also included, Administrator Tucker said that staff felt obligated to generate a menu that was all-encompassing and fair. If taxes were increased by the CPI the City did not take advantage of for the past four (4) years, the City would create two hundred forty-five thousand dollars (\$245,000) in additional revenue.

The Administrator reminded that one (1) schedule had shown that day trippers contribute very little to City revenues; one (1) way to make a difference would be to increase the per hour rate at the parking kiosks for the calendar year 2015, generating fifty thousand dollars (\$50,000).

Chair Ward asked whether a staff member had spoken with business owners about the kiosk increase, and the Administrator stated that no one has approached them in this round of discussions.

Councilmember Loftus commented that this increase would also affect residents who go to Front Beach for lunch, and his focus has always been what is best for the residents.

Chair Ward added that, in his opinion, increasing the rate on the kiosks would only serve to push day visitors into the neighborhoods to park for free.

Councilmember Loftus offered the suggestion for the City to take over Palm Boulevard and charge for parking.

The Administrator offered that, as the City approaches options for beach access parking in conversations with Stantec, the day visitors are costing the City money as it tries to manage them, and there needs to be a corresponding balance of a mechanism that better enables the City to cover that expense.

Answering Councilmember Ferencz' question about when the City would get another update from Stantec, Administrator Tucker stated that they have requested a workshop with City Council, but no date has been set. The Administrator added that Stantec is beginning the data collection phase that covers this beach season.

With no specific questions, the Administrator moved to the capital and major expenditure section of the budget document for Public Works.

Capital Purchases

Replace '98 Mack	193,000
Replace 13 th Avenue privacy fence	5,000
Replace Front Beach trash compactor	deferred to FY16

Councilmember Ferencz asked if the required work to make the Public Works site NPDES compliant would interfere with this fence, Director Pitts agreed that it would. When Councilmember Loftus asked if it would have to be replaced after the major work was completed, the Director indicated that he would need to see the plans for the site before answering. Councilmember Ferencz suggested that the new fence be deferred until the City has an acceptable plan.

Director Pitts said that he would like to see a plan to ensure that the City does not have to repeat work, despite the fact that the fence is fifteen plus (15+) years old. Based on these comments, the Committee decided to defer the fence for another year.

Having made a site visit, Director Pitts opined that the trash compactor on Front Beach needs to be advanced on the Capital Plan from FY16 to FY15.

Special Projects

Drainage contingency	25,000
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Administrator Tucker stated that this item is routinely put in the budget to cover smaller drainage issues that come up each year; if not used, the amount rolls into the next year.

Special Projects – cont'd

Repeat drainage work based on 5-year maint. schedule	84,000
Construction of 46 th -52 nd Avenue drainage project (year 1 of 2 year project)	354,250

Chair Ward asked whether the Administrator thought this work would actually happen in FY15, and the Administrator indicated that she would think this could happen toward the end of the fiscal year.

Chair Ward said that he has heard comments around the City that question how a tax increase could be on the table for FY15 when FY13 had an eight hundred thousand dollar (\$800,000) positive net gain.

The Chair stated that he only wants things in the budget that are probable to happen.

Administrator Tucker explained that the composition of any surplus is detailed for Council at the end of the year and noted that this project was funded from the Capital Projects fund and would not affect a General Fund loss or surplus. In addition, she believes that, if the drainage project can begin, there should be money available to make progress on it.

Councilmember Ferencz commented that the only source of funds for the Capital Projects Fund is a positive net gain at the end of the year.

The discussion continued as Councilmember Ferencz explained that she has never been involved in a budget that was generated to produce a surplus; the alternative would be to have an expense line items for transfers to Capital Projects and the Disaster Recovery Fund. In this way the City could budget for what it intends to spend. The Councilmember noted that to budget in this way is very different from way the City budgets now; she indicated that she would like for Council to discuss and consider a change.

Back to the discussion of the major drainage project, the Administrator reminded the Committee that the City has paid for design and permitting to Civil Site Environmental; the section of the plan including the outfall has been estimated to cost two hundred fifty thousand dollars (\$250,000) but this is a rough number that does not include other things necessary to make the plan a reality, such as construction contingency and other items that the City has learned always happen. The Administrator stated that the City has a shovel-ready project.

Councilmember Ferencz then asked why the City would wait until the end of the fiscal year to start the project; the Administrator responded that was a function of what remains to be done, such as negotiate the easement agreements for the location of the project.

Councilmember Loftus asked if there was a way to spread the expense over two (2) fiscal years; Administrator Tucker stated that she would be concerned about signing a contract in April without the money in the budget to cover it.

Chair Ward expressed understanding of the Administrator's comments, but he is opposed to announcing a big surplus next year because the budget should have no surplus and no deficit.

Councilmember Ferencz reminded the Committee that a tax increase was only one (1) of several options to balance the budget, and she does not support it. In the meantime, Council still has to have the means to balance the budget without preventing things from happening that should happen.

Parking, configuration & safety improvements 1301 and/or 1301 Palm Boulevard	44,000
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Administrator Tucker explained that this task was delayed because of the SCE&G project occurring at 1301 Palm; it has now been completed. This item is actually a re-budget from FY14.

The Administrator stated that she thought there has been some confusion between the Capital Projects Fund and the General Fund; the gap that must be closed exists in the General Fund, not the Capital Projects Fund.

Councilmember Ferencz asked if this money was connected to forty-two thousand dollars (\$42,000) in General Government; the Administrator replied that they are part of the same initiative.

Stormwater improvements (design and construction)	140,000
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This project is being done to bring the Public Works site into compliance with NPDES regulations.

Remaining Design and engineering on Phase II drainage	10,000
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This is the amount remaining of the original contract with Civil Site Environmental.

Assign Fund Balance for Future Expenditures

Replace 7 garbage trucks and 1 Caterpillar loader	195,000
Complete Phase II Drainage Project (total estimated cost \$1.4 million)	200,000

Councilmember Loftus asked whether Director Pitts could get another year out of the equipment listed above. The Director responded that the garbage packer had originally planned for FY14 was deferred for a year.

Discussions progress to the FY15 Public Works operating budget. According to the Administrator, the majority of changes are the same changes that occur globally in the City. Based on the most recent twelve (12) months of actual expense, the fuel cost estimate has been reduced slightly. Chair Ward stated that, by his calculation, the actual cost for FY14 should be around seventy-nine thousand dollars (\$79,000); he, therefore, questioned the projected budget of ninety-six thousand dollars (\$96,000). Administrator Tucker stated that she

had taken the usage for the past twelve (12) months and applied a per gallon cost of four dollars and a quarter (\$4.25). The Chair asked if usage was used for projections of vehicle maintenance and electricity and gas; the Administrator agreed that the process was the same.

Councilmember Ferencz remarked that she had gone back to the actual numbers for FY11, FY12 and FY13 and seen that the budget for electricity and gas was consistently in the seventy thousand dollar (\$70,000) range, but the amount spent was considerably less. Administrator Tucker commented that these differences makeup the positive net gain at year-end. If the budget is exact and the City has an unanticipated expense, at the end of the year, there is no money to put into the Capital Projects Funds or the Disaster Recovery Fund unless there were expense lines for these funds.

Chair Ward used the forty (40) stacking chairs and storage rack for the Recreation Department as an example - they are budgeted at twenty-five hundred dollars (\$2,500); he reported just buying folding chairs for the theater at nine dollars (\$9.00) each. The Administrator said that the City might be buying a different type of chair, but she could not comment on the purchase price without comparing the two (2) chairs, or it could be an occasion when the City must meet some kind of regulation based on its use. She assured the Chair that, when the City evaluates things for purchase, it looks for the best deal on the available product and the quality of product the City needs that meets the necessary requirements.

Under Capital Projects for Public Works, all line items have already been discussed.

Administrator Tucker confirmed that the version of the budget for Ways and Means will reflect the changes to expenditures that were made by Committees, but Council will be making final decisions on transfers-in from tourism funds to support the General Fund.

The Administrator stated that she will reiterate the recommendations from committees to assist Council in the decision-making process.

The following expenses for Public Works will be supported from Municipal Accommodations fees:

Chas. Co. solid waste disposal fees on compactor & Schupp dumpster and right-of-way maintenance	10,000
General provision for signs as needed	2,000
Rent for skidsteer/with bush-hog for beach path maintenance (1 week/year)	2,500
100 % of island-wide dumpster service	50,000
Approx. 50 cases of pooper-scoopers (addtnl. scoops from State ATAX)	5,500
One-third cost to replace garbage packer (from reserve funds)	64,333

Councilmember Loftus voiced his opinion that ten thousand dollars (\$10,000) was too much to maintain Mayor Carmen R. Bunch Park.

Expenditures for the Public Works Department that will be supported by Hospitality Tax are:

Annual City-wide landscaping service	56,000
100% of street sweeping contract	13,000
Replace 34 yard garbage compactor servicing Front Beach district	30,000

Public Works supported from State ATAX funds include:

Miscellaneous and contingency 50 cases pooper-scoopers, replacement pooper- scooper stations, beach trash barrels	11,000
Capital Outlay 1/3 cost for garbage packer from reserve funds	64,333

With no questions on the budgetary tools or the FY15 budget, the Chair proceeded through the *Agenda*.

B. Update on Charleston County Recycling Program on the Beach

Administrator Tucker recalled that, at the last meeting, a representative from Charleston County left the Committee with the impression that this was a *fait accompli* with any expense to be borne by Charleston County, so the City could start beach recycling this season with no expense to the City. When the Administrator followed up with Charleston County, she learned that was not the situation. In the most recent dialogue, the City will not be reimbursed for the cost for Mr. Schupp to make an extra run down the beach to pick the recycling, but the County would increase the City's percentage of Municipal Accommodations Fees to twenty-five percent (25%) to offset the added expense.

Councilmember Loftus asked whether this was a one-time deal for the County; the Administrator said that what happens in the future will be at the will of County Council, but they do have it proposed in the budget.

Councilmember Loftus said that, if the County were to roll back the percentage to twenty percent (20%), which is the percentage paid to the City now, the City will find it difficult to stop beach recycling program once it has started. He does believe beach recycling is "a fabulous idea," but the County should be bearing the expense.

Councilmember Loftus commented that Mr. Schupp will be paid twice in that he will be picking up the same volume but it will be split between two (2) runs – one for garbage and one for recycling. Administrator Tucker stated that it may be necessary to amend his contract after the first year.

Councilmember Loftus asked whether Mr. Schupp was still being paid for filling holes on the beach and, if so, how much he is paid. Mr. Schupp does fill holes and is paid between sixteen and eighteen thousand dollars (\$16,000 - \$18,000). The services of both BSOs and Mr. Schupp are needed to keep holes filled; the time BSOs have to fill holes is limited.

The Administrator asked the Committee if they wanted her to move forward with Charleston County; she said that the press had wanted to run a story, but she had delayed them.

Councilmember Loftus wants beach recycling pursued, and the balance of the Committee agreed.

C. Update on Front Beach Lighting

Administrator Tucker stated that fifty thousand dollars (\$50,000) was included in the FY15 budget for the "Italian style" lighting at Front Beach; it will involve installing additional electrical service. The Administrator suggested that the City order a few strands of these lights in this fiscal year to make sure that the goal of improved lighting at Front Beach is achieved before making the larger investment.

Chair Ward said that Front Beach is dark and uninviting in the winter months.

MOTION: Councilmember Loftus moved to set up an experimental lighting system for Front Beach; Councilmember Ferencz seconded and the motion PASSED UNANIMOUSLY.

D. Update on Recycling Bins at the Marina

Administrator Tucker reported that all marina tenants are in agreement that they are ready to have the two (2) recycling containers removed, and Assistant Dziuban is working with the County on the public information campaign in anticipation of the move.

6. New Business

Contracts in Excess of \$10,000 – None

7. Miscellaneous Business

Chair Ward reminded the Committee that the hazardous household materials collection by the County will take place in the big parking lot on Saturday, April 26th between 9:00 a.m. and noon.

Next Meeting Date: 5:30 p.m., Wednesday, May 7th in the City Hall Conference Room.

8. Adjourn

MOTION: Councilmember Loftus moved to adjourn the meeting at 7:29 p.m.; Chair Ward seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk