

WAYS and MEANS COMMITTEE
5:00 p.m., Tuesday, November 28, 2017

The regular meeting of the Ways and Means Committee was held at 5:00 p.m., Tuesday, November 28, 2017 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Carroll, Ferencz, Kinghorn, Rice and Ward, Mayor ProTem Harrington and Mayor Cronin, Administrator Tucker, Assistant Administrator Fragoso and 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 Bettelli moved to approve the minutes of the regular meeting of October 24, 2017 as submitted; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Sandy Stone, 3 Ensign Court, stated that he was speaking as the owner of Island Realty about the public restrooms and the boardwalk and the community's need to properly maintain them. He stated that accommodations taxes were initiated to handle issues that directly relate to bringing tourists to the island. Another reason for accommodations taxes was to recognize the community needs as a result of tourism that can be seen in the hiring of additional part-time public safety employees and the demands on the Public Works Department for twice a week garbage collections. Accompanying the need for additional staffing, the City has the need to maintain the facilities used by tourists when on the island, i.e. the public restrooms and the dune walkovers. He stated that he hoped Council would vote to renovate the restrooms and replace and improve the boardwalk at Front Beach. He acknowledged that some would like to defer this work to get financial assistance from the Council of Governments or Charleston County, but he proposed spending the money now and that, if funds are provided from another entity, they be used to offset the City's expense.

John McMaster, 2801 Palm Boulevard, voiced his agreement with Mr. Stone and added that the work should have been done years ago. He opined that the seated Council would be acting irresponsibly to vote on major projects when the island's voters had clearly found it to be lacking by not re-electing incumbents in November; he stated that the populace had spoken and made it clear that change is necessary.

4. Financial Statements – Treasurer Debbie Suggs

A. Financial Statement

Treasurer Suggs commented that the cover page was the same as it has been for a long time representing an overview of the City's financial position at a given point in time; since it is an Excel spreadsheet, changes can be made to it, but she plans to continue providing it.

The Treasurer reported that revenue and expenditures were as expected for this time of year; in the General Fund, revenue was at sixteen percent (16%) of budget and expenditures were at thirty percent (30%) of budget. Revenues were one hundred percent (100%) of last year's for this period of time and expenditures were running two percent (2%) behind FY17; the City's other funds were tracking as expected. She directed attention to the Beach Restoration Fund that shows the three million dollars (\$3,000,000) grant the City received from the State Parks, Recreation and Tourism (PRT) for the off-shore project. This spreadsheet indicated property tax revenue at thirty-six thousand dollars (\$36,000), but today Charleston County deposited to the City four hundred thirty-five thousand eight hundred nine dollars (\$435,809) for the October collections. Year-to-date, Local Option Sales Tax collections are better than anticipated while Business Licenses and Building Permits were slightly less than projected. General Fund expenditures show that all departments are at or below budget with the exception of Mayor/Council that includes the premium payment for Air Med and the Public Works Department that includes post-Irma cleanup for which the City hopes to get some reimbursement from FEMA. At the end of October, General Fund cash on-hand was approximately two million three hundred thousand dollars (\$2,300,000) or twenty-one percent (21%) of annual General Fund expenses; the total cash for all funds was approximately twenty-six million dollars (\$26,000,000), which includes the stakeholder funds and the PRT grant for the beach restoration project.

B. Tourism Schedules

With collections of approximately seventy-five thousand dollars (\$75,000) each in October, the Municipal Accommodations Fee and the Beach Preservation Fee funds were running two percent (2%) ahead of FY17. First quarter State ATAX collections were five hundred eighteen thousand dollars; an amount slightly less than FY17 in the year-over-year comparison; FY18 is running half a percent (.05%) behind last year. The Charleston County Accommodations Tax Pass-through distribution of three hundred twenty-seven thousand seven hundred fifty dollars (\$327,750) was significantly less than in FY17, but Treasurer Suggs was assured by Charleston County that the City would receive another check this fiscal year bringing the total close to or over FY17 distributions. For Hospitality Taxes, Treasurer Suggs noted that she had adjusted the scheduled based on the timing difference reported last month; collections to-date were one percent (1%) ahead of FY17.

When Councilmember Ferencz asked if there was a chance that the City would not receive another check from Charleston County Accommodations Taxes this fiscal year, the Treasurer the responded that no formal agreement exists between the County and the City and that the County is not required to pass any of those funds to local governments. She repeated that the County had told her that the City would receive a second check based on how their accommodations taxes come through between now and the end of the year.

Mayor Cronin stated that last year the County had a new finance director who decided to make a single distribution with the caveat that they might ask for part of it back because they were uncertain that the flow of accommodations taxes anticipated would be realized. The Mayor added that he believes the entire area has had a good year in terms of accommodations taxes.

C. Projects Worksheets

For the vehicle wash-down project, Treasurer Suggs noted that an adjustment of ten thousand dollars (\$10,000) approved in October was added to the engineering costs and that it was taken from the project's contingency. Expenses in November were pay application #9 to Hitt Construction and a payment to Thomas & Hutton for construction services; the remaining budget is approximately one hundred forty-three thousand dollars (\$143,000), including the contingency of forty-one thousand four hundred dollars (\$41,400).

Administrator Tucker confirmed that the project is nearly complete; the City will receive a final pay application and the reserve to be paid out at the end of the project.

The pending change order of twenty-nine thousand dollars (\$29,000) for relocating a water line has been added to the costs for the Phase II Drainage project and showing it to be paid from the project's contingency fund. No expenses were incurred on this project in October. The project costs based on the bids received compared to the funds on-hand and a supplemental request from Charleston County leave the budget short approximately sixty-three thousand six hundred dollars (\$63,600), which is significantly below the available contingency for the project.

For the Beach Restoration project, the expenses paid in October were for professional services provided by Coastal Science and Engineering (CSE). Based on information from FEMA and PRT, the funding has been adjusted to reflect the current understanding of what the City can expect to receive from these agencies. Before construction begins, the City has more funding than projected project costs, including the contingency.

Treasurer Suggs then directed attention to the detailed financial reporting that was generated by the new BS&A financial software; she noted that these reports were the rudimentary, "canned" reports, so they can be tweaked. She stated that the software has a variety of reports, each with multiple options from which to choose to provide Council with the information they believe is important and relevant. She indicated that she was very pleased to have a comparative balance sheet showing October 2017 versus October 2016 presented in a summary format which she thought was more informative. Getting deeper into the report to see the detail of revenues and expenditures, the Treasurer noted that the new system groups salaries and fringes separately with a subtotal for each department; she found this to be helpful since salaries and fringes consume the largest piece of the General Fund budget. In the expenditures section, one can see the expenses for a month compared to the same month the year before as well as year-to-date numbers to compare year to year and to budget; the Mayor has asked for the addition of year-to-date from the prior year to the report.

In the Mayor's opinion, the data was more comprehensive and the comparisons were better than Council had before.

Councilmember Ward also thought the change was a great improvement and easier on staff; he congratulated staff, especially Treasurer Suggs, for getting so much accomplished in a month's time.

The Treasurer said that she had a minor role; she indicated that the support team from BS&A had been of great assistance and that she was grateful that the City had chosen to go with that option when it bought the software. She was most complimentary of Laura McLellan, whom she described as “just awesome;” she stated that Laura had embraced the new system and been positive and encouraging to people in other departments who are doing something they have never done before, i.e. entering purchase orders and invoices. Treasurer Suggs stated that there had been some “painful moments, but overall everything has been good so far.”

Councilmember Kinghorn recalled that, at the October meeting, the Treasurer had stated that the City’s finances were in the best shape she had seen in her tenure. He asked if the new software would insure improved accountability in the future.

Treasurer Suggs responded that she did not think accountability would be improved because it would be the same – the accounts were the same, the structure and funds were the same, but the work was easier and less time-consuming. She stated that the previous system was not bad, but it was cumbersome.

At this time, all of the departments are tied in, eliminating the more manual entry of Rec collections or cash receipts from the Building Department; they all now “talk” directly to the general ledger.

Responding to the Mayor’s question, the Treasurer replied that the support team was scheduled to be back in January 2018 to help with W-2s and ACA reporting as well as budgeting in BS&A; in using BS&A in the process, some of the work will be pushed down to the Departments to enter their budget requests and, as the process continues, those requests will roll over into the final budget. For FY19, the City will use the Excel spreadsheets as it has in the past and use BS&A as a test.

5. Old Business – none

6. New Business

A. Recommendation from the Real Property Committee to award a contract to Phillip Smith, GC, LLC, in the amount of \$489,622 for the public restroom renovation and boardwalk (\$372,000 from the State Accommodations Tax Fund page 29, line 313; \$175,000 from the Beach Preservation Fund page 30, line 361; and \$18,000 from the Aisle of Palms Fund page 36, line 495 – total \$565,000)

MOTION: Councilmember Bergwerf moved to award a contract to Phillip Smith, GC, LLC as detailed above in the amount of \$489,622; Councilmember Rice seconded.

Councilmember Carroll stated that it was common knowledge that the public restrooms and the boardwalk were in “deplorable shape.”

Amendment: Councilmember Carroll moved to amend the motion and to only construct the boardwalk at this time; Councilmember Ferencz seconded.

Councilmember Bettelli recalled that the City has been working on these projects for years and stated that he saw no reason to wait just when the work was to begin. If Council were to decide to wait, the projects could not be completed before the start of the 2018 season, and it would be 2019 before action could be taken again.

Councilmember Bergwerf remembered that the City has been working on these projects since October 2013 when the Ways and Means Committee and Council unanimously approved the issuance of an RFP for an architect; in September of 2014, Liollo presented the City with options for consideration. With an estimated cost, the City appealed to Charleston County for a portion of the funding in line with the County's participation when the restrooms were originally built; at one point Elliot Summey came to the island and assured the City that County Council would financially support the City's efforts. But the County backed off direct participation; they voiced the opinion that they gave the City a lot of money and that the City should put part of those funds back to finance the construction of new restrooms. At that point, the Real Property Committee decided to get design documents for a renovation to the existing restrooms and construction of a new boardwalk. When the Committee was presented a list of things that needed to be done, they decided to proceed with what the City could do within the framework of the fifty percent (50%) rule; they replaced the toilets, mirrors and sinks and Joe Petro of Coconut Joe's donated a changing station. The general appearance has been greatly improved, but the lack of ventilation has yet to be addressed; funds were allocated in the FY18 budget to complete the renovations and the boardwalk. After bidding the project for the second time, the City received bids that were within budget and within the confines of the fifty percent (50%) rule. At this time, all of the preliminary work has been completed and the time has come to complete the job before the 2018 season.

Mayor Cronin recalled that Councilmember Ward introduced the problem about how deplorable the restrooms were. When Elliot Summey became Chair of County Council, he told the City that it could partner with PRT to put the costs in the bond structure they were pursuing, but, when the Mayor and Administrator made their presentation to Charleston County PRT, they got an unequivocal "NO." When Vic Rawls followed Summey as County Council Chair, the Mayor approached him about County funding; he was sympathetic, but said that the County had no money to give because, if they gave to the Isle of Palms, they would be required to do the same for Folly Beach and other beach communities for such facilities. Mr. Rawls offered to provide construction crews to assist with the work; when County staff made a site visit, they said that they did not have the expertise necessary for the project. When the subject was recently broached with Mr. Rawls, he commented on the accommodations taxes Charleston County gave; the Mayor reminded Council that the County was now asking for an accounting of how that money is used by the City.

Referencing Councilmember Carroll's statement in the *Post and Courier* about giving the restrooms to Charleston County, the Mayor opined that the County would not accept them because then they would have to come up with the money to renovate them.

The Mayor reiterated that, if the project was not done now, it would be another year before it could be done and that now the City has a workable bid to do the project. The costs to the restroom renovations will be closing in on the fifty percent (50%) rule, and to delay would likely increase the costs enough that the scope of work would have to be scaled back.

Councilmember Ferencz read in the minutes of the Real Property Committee that the restroom renovations were thirty thousand dollars (\$30,000) greater than the fifty percent (50%) rule would allow and she inquired if that had been resolved.

Director Kerr stated that he has spoken with the contractor and, although the details of how that difference would be resolved were not finalized, the contractor assured him that the cost would be below the toggle. He noted that costs for mobilization, maintenance items and permitting fees were excluded from the fifty percent (50%) rule calculations.

Councilmember Carroll asked how the new FEMA flood maps would affect the public restrooms, and Director Kerr stated that he was unsure what the effect would be. The Director has learned that the building will be in a new flood zone referred to as an AO2 zone, which means that the floor must be two (2) feet above the ground, not mean sea level. However, a pending recommendation is always to require that the floor be fourteen feet (14 ft.) above the mean sea level no matter the flood map designation. The floor of the public restrooms is twelve feet (12 ft.) above mean sea level so the building will still be two feet (2 ft.) below flood level. Since it will be in an A zone rather than a V zone, the City could flood-proof the building so that the fifty percent (50%) rule would no longer apply.

Responding to Councilmember Ferencz' concerns, the Director explained that the renovations included re-doing the wiring, changing the ceilings in all of the facility to allow air flow, installing a row of slats at the bottom of the walls to allow for air flow on the ground level and changing the gabled ends to be latticed. The building will become more of an open air facility with separate showers that will no longer be attached to it.

The Director opined that the City is at a point now where the work can be done and stay below fifty percent (50%) rule and that, as long as the work does not toggle over fifty percent (50%), the building does not have to come into compliance. He explained that the market value of the building triggers the fifty percent (50%) rule, so, as the building deteriorates, the value decreases and the cost of construction likely increases.

When Councilmember Kinghorn asked if the building, in its current condition, presented safety concerns, Director Kerr replied that the majority of tangible safety concerns have been resolved, he was unsure what kind of threat the rusted wiring presented, but he did not believe that a life safety issue existed today.

VOTE on Amendment: The amendment FAILED on a vote of 2 to 7 with Councilmembers Carroll and Ferencz casting the aye votes.

VOTE on Primary Motion: The motion PASSED on a vote of 7 to 2 with Councilmembers Carroll and Ferencz casting the nay votes.

- B. Approval of expanding the existing agreement with Liollo Architecture to include construction administration for public restroom renovation and boardwalk**

The Mayor stated that the expanded agreement was in the amount of \$14,858.

MOTION: Mayor Cronin moved to approve the agreement for Liollo Architecture in the amount of \$14,858 for construction administration of the public restrooms and boardwalk; Councilmember Bergwerf seconded and the motion PASSED on a vote of 8 to 1 with Councilmember Carroll casting the nay vote.

- C. Approval of assignment of contract with Schupp Enterprises to Eadie's Rural Waste Services, LLC**

Mayor Cronin stated that, prior to the meeting, Mr. Schupp informed him that Eadie's backed away from the deal, but that he would continue to look for a suitable buyer for his business.

- D. Recommendation from the Public Safety Committee to award a sole source contract to Parkeon for 6 parking kiosks in the amount of \$70,457.10** (Pg. 29, In. 313 – State Accommodations Taxes, Public Restrooms/Front Beach/Breach Inlet, Capital Outlay - \$84,000)

MOTION: Councilmember Ward moved to award a sole source contract to Parkeon as detailed above; Councilmember Bettelli seconded.

Since the kiosks would be installed in a salt environment, Councilmember Carroll asked if any type of warranty accompanied the purchase, and Captain Jeff Swain reported that service agreement were purchased on a year-to-year basis.

The Administrator commented that staff has become adept at keeping the kiosks operational.

Councilmember Kinghorn noted that this type of technology was rapidly changing and that the City should begin to plan for a future move away from the kiosks.

VOTE: The motion PASSED UNANIMOUSLY.

- E. Consideration of a within budget Change Order estimated at \$29,996.94 for the Phase II Drainage Project with IPW for the relocation of water line** (Pg. 23, In. 49 – Capital Projects Fund, Public Works Construction in Progress - \$1,656,868 and Pg. 25, In. 129 – Municipal ATAX Fund, Public Works Capital Outlay - \$552,289)

Administrator Tucker told the Committee that David Stevens of Civil Site Environmental was present to answer any questions members may have.

The Administrator explained that the problem was a water line that did not show on the “locates” and was only found when excavating for the drainage system; without relocating it, the drainage line would be on top of the water line and ultimately crush it. The change order is to relocate the waterline to run parallel with the drainage line thereby eliminating the conflict.

Mr. Stevens has stated that he anticipates another problem when the drainage gets to Sundial Circle, but he was confident that the problem being addressed tonight with the change order would be the most expensive. He commented that his team had anticipated a problem at this location since it was the convergence of a lot of infrastructure.

MOTION: Councilmember Bettelli moved to approve the IPW Change Order in the amount of \$29,996.94; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

F. Recommendations from the ATAX Committee

- 1. Approval of \$5,000 for the IOP Fire Department for the replacement of Zodiac rubber boat**

MOTION: Councilmember Bergwerf moved to approve \$5,000 for the replacement of the rubber boat; Councilmember Bettelli seconded.

Councilmember Ward asked how old the boat was, and the Mayor recalled from the Public Safety Committee minutes that the boat was purchased in 2006. Administrator Tucker noted that replacement was deferred in FY17 and FY18; the boat would come up for replacement in FY19, but the cost to maintain it has become excessive.

Councilmember Carroll added that the seams were coming apart on the boat.

VOTE: The motion PASSED UNANIMOUSLY.

- 2. Approval of \$5,000 sponsorship for the 2018 Food + Wine Festival**

MOTION: Councilmember Ward moved to approve a \$5,000 sponsorship for the 2018 Charleston Food + Wine Festival; Mayor ProTem Harrington seconded.

When Councilmember Ward asked if this was an event the City sponsored every year, he was told that 2017 was the first year. Although the primary site for the festival is Marion Square in downtown Charleston, a signature dinner will be held at Coda del Pesce in 2018; events at multiple price points are held throughout the greater Charleston area. The Festival will take place from February 28th through March 4th, 2018.

Councilmember Rice added that the Festival definitely “puts heads in beds” on the island.

VOTE: The motion PASSED on a vote of 6 to 3 with Councilmembers Bergwerf, Ferencz and Ward casting dissenting votes.

3. Approval of \$5,000 sponsorship for the 2018 Dunlop Junior Tennis Championship

MOTION: Councilmember Ward moved to approve a \$5,000 sponsorship for the 2018 Dunlop Junior Tennis Championship; Councilmember Bettelli seconded.

Mayor Cronin confirmed to Councilmember Ward that, although the event is based on Daniel Island, matches use all of the courts at Wild Dunes for three (3) days, and many participants and their families stay on the island.

VOTE: The motion PASSED UNANIMOUSLY.

G. Approval of Intergovernmental Agreement between Charleston County Public Works and the City of Isle of Palms

Administrator Tucker opined that the genesis of this action was with the Town of James Island as it was incorporated, unincorporated and incorporated again relied on Charleston County to perform several key functions. As a result, the County has developed and entered into intergovernmental agreements with James Island and other local governments in the County for services provided, primarily roads and drainage. The County averaged the amount of money they have spent over the past five (5) years for road and drainage work for the City to determine the fee referenced in this agreement of twenty thousand one hundred dollars (\$20,100). Also included in the agreement was the structure by which the City asks for their assistance with work to be done. The Administrator stated that she did not think this agreement would change the City’s relationship with the County or how the City operates with them.

The Administrator noted that the City has other intergovernmental agreements with Charleston County, i.e. for dispatch, post-storm debris removal, etc., but the City has never had a formal agreement for these services. She indicated that she did not think this agreement would cost the City more than it has spent in previous years for County services for roads and drainage; she also noted that this is separate from the City’s NPDES source of funds which could be directed to pay for drainage projects.

MOTION: Councilmember Ward moved to approve the Intergovernmental Agreement with Charleston County Public Works; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

H. Consideration of expansion of Community Solar projects with SCE&G

Mayor Cronin recalled that the City entered into an agreement for a small piece of a solar farm earlier in the year; SCE&G approached the City very recently saying that, if the City acted quickly, it could have another small piece at a different farm that would require another set of documentation. Since a Special Meeting was not called, the time has lapsed to act. The Mayor hinted that the City will likely be offered other small pieces on the same solar farm the original piece in the future

7. Miscellaneous Business – None

Next Meeting Date: 5:00 p.m., Tuesday, January 16, 2018

8. Executive Session – not needed

9. Adjournment

MOTION: Councilmember Ward moved to adjourn the meeting at 6:10 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk