

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, May 21, 2013

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, May 21, 2013 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Loftus, Stone, Thomas and Ward, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City 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 in accordance with the Freedom of Information Act.
2. **Approval of the Minutes of the Previous Meeting**

Councilmember Loftus called attention to an error in the beginning of the last paragraph on page 18 of the April 16, 2013 minutes; Councilmember Loftus' name was incorrectly referenced.

MOTION: Councilmember Ward moved to approve the minutes of the regular meeting of April 16, 2013 as corrected; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None
4. **Financial Statement** – Treasurer Suggs

A. Financial Statement

Treasurer Suggs noted that the statement reviewed at this meeting was through April 30, 2013, or ten (10) months through the fiscal year. General Fund revenue is eighty-one percent (81%) collected; she noted that property tax revenues, through April, were ninety-nine percent (99%) of budget and that the City has received an additional two hundred fifty thousand dollars (\$250,000) in May plus the Homestead Exemption from the state, making revenues collected at one hundred five percent (105%) of budget. Despite Local Option Sales Taxes being a month behind collections for FY12, collections year-to-date are one hundred percent (100%) of FY12. The target for expenditures is eighty-three percent (83%), and all departments are at or below the target with the exception of Judicial, which has been explained at prior meetings. Overall, the City is at seventy-six percent (76%) of annual General Fund expenditures. Cash on-hand is at thirty-three percent (33%) of annual General Fund expenses; cash is relatively evenly distributed between BB&T and the Local Government Investment Pool.

B. Tourism Schedules

Municipal Accommodations Taxes are running nine percent (9%) ahead of FY12 year-to-date.

State Accommodations Taxes for the quarter ended March 31, 2013 were received in May and totalled eighty-two thousand dollars (\$82,000) of which forty-nine thousand dollars (\$49,000) was tourism-related. Adding the March quarter to the schedule means that FY13 year-to-date nearly equals FY12, which included a large correction for a prior year – an indication that accommodations taxes are healthy.

The second installment for the Charleston County Accommodations Pass-through is not expected until after June.

Hospitality Taxes appear low for the month because four (4) taxpayers paid late and were not included in April deposits; they paid a total of eleven thousand dollars (\$11,000). For April 2012, the City received a delinquent payment of eight thousand dollars (\$8,000) which inflated that month's collections. With those considerations, the FY13 April collections are approximately equal to the same month last year, despite the loss of Huck's, Dominoes, Taste of China and the Red and White.

Also on the subject of tourism funds, Mayor Cronin commented that he and Administrator Tucker had a second meeting with the Department of Revenue (DOR) along with representatives of the Charleston Visitors Bureau and the City of Charleston. The members of the Department of Revenue learned quickly that they had not made the strides in resolving the problems that they thought they had; in the Mayor's word, "they have now put intelligent resources to get the problems corrected." They appear to better understand the problems that are occurring and have made commitments to the entities present.

Councilmember Stone reported that the DOR had held an ATAX training seminar on May 7th and several members of his staff attended. From their comments, he thought that many inaccuracies had been straightened out, so that the DOR will begin to gather more accurate and relevant data.

C. Projects Status

Expenditures from the Beach Restoration Project included those relative to the shoal management permit modification and bank service charges.

The City did not receive any invoices for the Phase II Drainage project.

The Wayfinding Signs and Parking Management project incurred consulting services from Stantec in line with their contract with the City and the deposit was paid to the sign fabricator.

Councilmember Loftus noted that a holiday weekend quickly approaches and inquired when the new wayfinding signs were expected to be installed.

Administrator Tucker responded that the signs are in production; on Friday of last week, Stantec personnel were on the island installing the stakes. As soon as fabricated, they will be installed and the DOT signs will be removed.

5. Old Business

Review of FY14 Operating and Capital Budgets

Mayor Cronin referred to the list of changes that had been made from version 2 of the budget to version 3, which was introduced at the April Council meeting.

MOTION: Mayor Cronin moved to approve the budget changes included in the version of the FY14 budget dated April 18, 2013; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

Administrator Tucker commented that a couple of things had come to her attention that may impact the FY14 budget, and they are the effect of the Affordable Healthcare Act and the possibility of acquiring the parking kiosks that Mount Pleasant is removing from Waterfront Park. If staff finds that the City should act on either of these issues, there would be a need to change the FY14 budget to accommodate them; action on either may also result in Second Reading of the budget to take place in June.

On the Health Care Act, the Administrator stated that there is one (1) provision that affects employers of fifty (50) or more employees by indicating that those employees who work an average of thirty (30) hours per week must be offered health insurance. Administrator Tucker reported that she and her staff were reviewing information from multiple sources to make the best recommendation for the City; employees who might be affected are BSOs, Recreation instructors, camp counselors and part-time firefighters. In addition, the City is getting conflicting information about the best course of action; the MASC says this act does affect the Isle of Palms, while the auditors say the City does not have to be concerned with this legislation.

Councilmember Stone added that the Act does not clearly define "seasonal employee."

The Town of Mount Pleasant has decided to remove the parking kiosks from Waterfront Park and has contacted the City about purchasing them at a significantly reduced rate; these kiosks were purchased in 2009 at a cost of one hundred forty thousand dollars (\$140,000). The FY15 budget includes the replacement of the kiosks on Front Beach. City staff needs to develop a budget that looks at the cost of purchasing the ten (10) kiosks, plus the cost of making the changes necessary operationally to adapt to this new version of parking kiosks. If the cost analysis determines that the City should pass on this opportunity, the kiosks will be offered to Myrtle Beach. If the City decides to pursue them, they can be funded in the FY14 budget or, possibly, be an unbudgeted expense in FY13; at this time, City staff is still gathering information.

Councilmember Loftus asked if Council could be given a rough estimate of the cost; the Administrator stated that the kiosks have been offered to the City for sixty thousand dollars (\$60,000). There are some differences that will bring with them some operational costs.

Mayor Cronin commented that the City will end FY13 under budget to an amount greater than the sixty thousand dollars (\$60,000) being asked for these kiosks; the question is whether this purchase is one that the City wants to undertake at this time. The Mayor added that these machines have a feature that he believes residents and visitors would appreciate and that feature is that they take credit cards.

Administrator Tucker noted that the timing for this is good as the City has just signed a contract with sc.gov to begin accepting credit card payments throughout the City.

Councilmember Carroll inquired whether warranties would transfer with the equipment; Administrator Tucker said that they would. In addition, she reported that these kiosks are consistent with the equipment the City now has.

One last item for the budget is the addition of fifty-five hundred dollars (\$5,500) for pooper-scoopers; the City's reputation as dog-friendly is definitely spreading. Assuming there are no objections, this change will be reflected in the next version of the FY14 budget.

6. New Business

A. Recommendations from the Public Works Committee

1. Approve \$6,500 to Civil Site Environmental for preliminary surveying and routing for drainage problems at 56th and 57th Avenues

Administrator Tucker explained that this area continues to hold water, and surveying is necessary to determine whether minor modifications will effect a correction. The Administrator noted that a resident had made an appeal for relief in this situation.

MOTION: Mayor Cronin moved to award \$6,500 to Civil Site Environmental as indicated above; Councilmember Buckhannon seconded.

Since only a small amount of money has been spent from the Drainage Contingency, the Administrator suggested that to be the source of funding for this work and the next item as well.

Mayor Cronin clarified that this property is outside the scope of the original drainage project.

VOTE: The motion PASSED UNANIMOUSLY.

At this time, Councilmember Ward indicated that he has several concerns about the budget and would like to voice them. His first concern was related to the beach access parking initiatives which have one hundred fifty thousand dollars (\$150,000) budgeted in FY14; he stated discomfort in allocating that amount of money for an unspecified activity. He also pointed out that the narrative on page 8 has not been adjusted to match the budget. A second concern is that tourism fund balances are being reduced by twenty percent (20%) in the FY14 budget; he stated that such spending is unsustainable. The Councilmember stated that he understood that much of that reduction was the City's effort to pay as it goes for heavy equipment as opposed to leasing to avoid spending hundreds of thousands of dollars in interest. He also noted that Capital Fund balances are going down by twenty-two percent (22%). He voiced his opinion that "the General Fund is balanced on the backs of tourism-related funds to the tune of six hundred eight thousand five hundred eighty-seven dollars (\$608,587)." Another source of his concern is the degree to which state ATAX supports the Marina fund and capital projects at the marina; he stated that he understood the purpose of ATAX funds was "to put heads in beds," and he questioned how that could occur at the marina. The last item to which he objects is the personal trainer being proposed for the Fire Department for fifteen thousand dollars (\$15,000).

Councilmember Carroll agreed with Councilmember Ward that the City spends a great deal of money that is countered by tourism fund; he stated that City departments need to work harder to keep costs down. He did comment that the City is a “trendsetter” by establishing a sinking fund to pay cash for capital equipment needs. On the subject of the personal trainer, he stated that he sees no problem with the Fire Department personnel going to the Rec Center for this training.

On the General Fund, Mayor Cronin stated that the transfers from accommodations taxes are to fund services that are necessary only because the City has the level of tourism that it does, i.e. twice a week garbage pickup is needed to service the additional numbers of visitors to the City in the summer months, and the same is true for the need for part-time fire personnel and the Beach Services Officers. The decision to fund the marina through accommodations taxes was made when the marina was purchased fifteen (15) years ago by the Council in power at the time. And, while the marina may not “put heads in beds,” it definitely makes the island more attractive to visitors.

Councilmember Stone stated that he considers the City of Isle of Palms as a service organization that exists to service its citizens and, as a beach destination, to service the tourists and day-trippers. He continued that the tourists bring the money, i.e. the additional funds, that generate the additional funds for the additional need to service all of those other people.

2. Approve \$1,000 to Civil Site Environmental to survey the Sparrow Drive drainage problem.

Administrator Tucker recalled that the County Transportation Committee had a drainage project on one segment of Sparrow Drive. She indicated that there are two (2) different ways that the water flows in that area, and this expense will allow Civil Site Environmental (CSE) to look at the problem. The City has received the design work that the City used, and it has been provided to CSE to aid in their survey.

MOTION: Mayor Cronin moved to approve \$1,000 to Civil Site Environmental to survey Sparrow Drive drainage problem; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

3. Award of a contract to Paragon Sitework Constructors, Inc. in the amount of \$8,945 for improvements to the City Hall parking lot.

Administrator Tucker explained that this work includes re-paving the parking lot, replacing the parking stops, taking the best twenty (20) parking stops and placing them at 1301 Palm Boulevard and providing a gravel entrance to 1301 Palm Boulevard.

MOTION: Mayor Cronin moved to award the contract to Paragon Sitework Constructors, Inc. as stated; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

4. Award of a contract to Lawns Done Right for \$45,800 annually, plus an estimated \$4,000 for repairs to Front Beach irrigation system.

MOTION: Mayor Cronin moved to award the contract to Lawns Done Right for the amount indicated above for City-wide landscaping; Councilmember Bettelli seconded.

Administrator Tucker reported that the City had received several bids for this contract and that Assistant Dziuban and Director Pitts had vetted the lowest four (4) bidders. Having made site visits to other work projects of the bidders, they decided that Lawns Done Right was within budget and the most equivalent to the existing vendor.

VOTE: The motion PASSED UNANIMOUSLY.

B. Consideration of Wellness Program at the Public Safety Building

Administrator Tucker explained that, through the Employee Wellness Program, employees can participate in Recreation Department programs at no cost to the employee. Until now the participation level has not generated a hardship on the Recreation Department's budget for instructors, but a program called BOSU has taken the Fire Department by storm with participation over ninety-five percent (95%) and the Police Department is ready to jump on board as well. If this program is to continue into FY14 at the current level of participation, the Recreation Department needs an additional fifteen thousand dollars (\$15,000) in the Recreation Department FY14 budget for this instructor to remain a Recreation Department instructor holding an off-site wellness program for employees only at the Public Safety Building. An additional feature to this off-site program is that the instructor has tailored the workout to work-related activities, meaning that the employees are seeing personal health improvements and the City has more fit personnel.

MOTION: Councilmember Bergwerf moved to add \$15,000 to the Recreation Department's FY14 budget for part-time instructors; Councilmember Bettelli seconded.

Councilmember Stone asked if there were provisions in the Affordable Health Care Act to support this type of expenditure; the Administrator stated that the only connection she saw was that physically fit employees have fewer on-the-job injuries and reduce workers compensation and health insurance claims.

Councilmember Loftus asked if the cost could be quantified in terms of long-term savings in lowering workers compensation costs or health insurance premiums; although this is an expense, he does see the benefit to employees and the City. The Administrator indicated that, at the moment, she could not cite specific studies, but, in two (2) areas on the workers compensation side and absenteeism, the City has a corresponding expense in overtime to fill that slot because the department must be staffed at a certain level. Another feature of the workers compensation is that the City is evaluated each year based on experience, so keeping employees fit, reducing injuries or strain in performing their duties, the more the City will keep the experience lower and reduce premiums.

Administrator Tucker said that she has not seen this particular instructor in action, but she has been told that he is quite charismatic and has a way of inspiring participants to reach levels they thought were not possible. Additionally, Chief Graham has reported that this wellness activity has boosted morale and team work in the department, and Director Page has stated that this wellness activity could not be supported at its current level of participation at the Recreation Center.

Councilmember Bergwerf remarked that the cost of this wellness activity is the same whether it is held at the Recreation Center or the Public Safety Building. She continued that it is the City's policy to allow employees to take these wellness classes and the City is now suffering from a program that has become too successful; without a policy change, the City still bears the responsibility.

Councilmember Bettelli stated that he liked the fact that this instructor has become involved in the workings of Fire Department personnel and tailored the activity to aid in their training requirements.

Councilmember Carroll voiced his understanding from the discussion at the Recreation Committee that Fire Department participation was ninety-eight percent (98%); Administrator Tucker said that Chief Graham has informed personnel that either everyone participates or it will not happen.

Since this program appears to be for fire and police personnel, Councilmember Carroll asked why the cost was being borne by the Recreation Department; the Administrator responded that the Recreation Department pays for part-time instructors for its various program offerings, and this individual will continue to be an instructor for the Recreation Department. This wellness activity is simply an off-site program, under the purview of the Recreation Department, held at the Public Safety Building for employees only. Staff did investigate all possible avenues to handle this situation before taking the information to the Recreation and Public Safety Committees, both of whom approved the program as outlined; in addition, neither the Police nor Fire Departments have a provision for instructors. If he were to be a private vendor, the City would be required to go through the procurement process; there is also the issue that he cannot be both a private contractor and an instructor at the Recreation Department.

Councilmember Loftus asked whether a decision had been made about what level of participation would trigger the cancellation of the activity; Administrator Tucker responded that the issue had not been discussed at this time. The immediate need has been to provide funding for the program to continue into FY14.

Councilmember Buckhannon stated that this discussion is to move a program that is offered at the Recreation Center to the Public Safety Building. He then asked whether the City was judged in the safety audit related to public safety employee training and indicated that the City makes consistently high marks in the audit. The Administrator commented that the City is rated, and a score of one hundred percent (100%) on the safety audit qualifies the City for discounts on insurance. The evaluation includes a multi-page list of things that the City is expected to accomplish each year; scores are based on safety practices, safety inspections, safety meetings, fitness and wellness, having the personnel handbook reviewed by an attorney

every five (5) years, training, etc. The Councilmember reiterated that the City has scored relatively high numerous times, and having this program will allow the City to continue to score high marks.

Councilmember Bergwerf reminded the Committee that for the fire personnel to hold this class at the Recreation Center means taking all of the equipment from Station 1 to the Recreation Center versus the equipment remaining at the Public Safety Building while personnel engage in the wellness activity.

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

Councilmember Stone summarized the budget issues discussed as the impact of the Affordable Health Care Act, parking kiosks, fifty-five hundred dollars (\$5,500) for pooper-scoopers and fifteen thousand dollars (\$15,000) for Recreation Department instructors.

7. Miscellaneous Business

Introduction to the City's Intranet

Assistant Dziuban explained that the intranet is a private website for the City that will be accessible by all City employees and City Councilmembers, is completely transparent and is subject to the Freedom of Information Act. Citizens of the island will not be able to "google" the site to gain access. The City's intranet has a focal point of control, or gatekeeper, and that person is Assistant Dziuban.

Council was told that they have each been assigned an IOP mail address made up of their first initial and last name, ending with iop.net, with the exception of Councilmember Loftus who had requested that mikeloftus@iop.net be his email address. On Wednesday, Assistant Dziuban stated that she would email each Council member with their default password and instructions on how to change it, as well as instructions on accessing the intranet.

Presently the intranet is relatively small; the toolbar headings are Home, City Council, Departments, Human Resources and Wellness. Assistant Dziuban pulled up each of the headings and described the information contained in each. She pulled up the calendar and showed the Committee that, when they select a particular meeting, the materials included in the meeting packet are available for review; those Councilmembers with laptops or tablets could bring them to meetings and not carry along the paper packets. In addition, these meeting materials will not be deleted but remain available indefinitely.

Assistant Dziuban indicated that both she and Chief Buckhannon will be available to assist Committee members as they access the intranet.

Next Meeting Date: 5:45 p.m., Tuesday, June 18, 2013

8. Adjourn

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 7:08 p.m.; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk