

Ways and Means Committee
5:45 p.m., Tuesday, November 18, 2014

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Tuesday, November 18, 2014 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Ferencz, Harrington, Loftus and Ward, Mayor Cronin, Administrator Tucker, Treasurer Suggs, Assistant City Administrator Dziuban 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 were 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 21, 2014 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments**

Referring to Stantec data and the proposed parking plan, Jim Raih, 3904 Cameron Boulevard, stated that the island has an abundant amount of on-street parking potential; he quoted the report stating that "there are two thousand fifty (2,050) obstructed parking spaces in the largest section of right-of-way parking." He noted that no matter how many parking passes the City decides to sell, congestion will continue to be a problem. He voiced the opinion that the City should focus on the raw data gathered by Stantec and that the City cannot adequately address the parking issue without opening Ocean, to some extent, and clearing obstructions from the rights-of-way.

4. **Financial Statement – Treasurer Suggs**

A. Financial Statement

At the end of October, the City was one-third ($\frac{1}{3}$) of the way through the FY15 budget year, and the City was where it should be relative to the budget. In the General Fund, revenues are sixteen percent (16%) of budget and expenditures are twenty-nine percent (29%) of budget; all departments were under the target of thirty-three percent (33%) with the exception of BSOs which is a seasonal expense.

Reviewing revenue sources, the Treasurer pointed out that less property tax was collected this year than in previous year, but the difference was a timing issue – in FY14 the amount collected included three (3) months' payments, but in FY15 the amount included only two (2) months. Other revenue sources are strong, particularly Local Option Sales Taxes and business and rental licenses.

Reporting on cash on-hand, Treasurer Suggs stated that the City had one point seven million dollars (\$1,700,000) of General Fund money split between BB&T and the Local Government Investment Pool (LGIP); the City has two hundred thousand dollars (\$200,000) more than the

same time in FY14 in the General Fund. Current cash on-hand represents eighteen percent (18%) of budgeted expenditures for the General Fund.

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Responding to questions from Councilmember Carroll, the Treasurer stated that accommodations taxes collected as a result of the Beach Preservation Act will be deposited to a new and separate fund. She explained that Charleston County will collect the funds on behalf of the City, and taxpayers will be given coupon books that will be adjusted to collect the additional one percent (1%). Once remitted to the City, the money will be split between Municipal Accommodations Taxes and the Beach Preservation fees.

Administrator Tucker reported that a letter has been prepared to send to all affected taxpayers explaining and notifying them of the beach preservation fee.

Councilmember Carroll asked whether any other local beach communities had held a referendum to enact the beach preservation fee; Mayor Cronin stated that Folly Beach will hold a referendum in December.

B. Tourism Schedules

Treasurer Suggs informed the Committee that the percent increase from FY14 to FY15 in Municipal Accommodations Fees should be six percent (6%) not two percent (2%) as printed. The City has not received collections in October from the Charleston County Accommodations Tax Pass-through. State Accommodations Taxes for the September quarter have been received and were only slightly higher than FY14. At the end of October, Hospitality Taxes were ten percent (10%) greater than in FY14.

C. Projects Status

For the shoal management project, expenditures in the month were for legal fees, videotaping the stakeholders' meeting and professional services from Coastal Science and Engineering.

Administrator Tucker reported that the shoal management project was progressing well, but there have been a couple of minor hiccups related to trucks driving where they should not drive and getting out of the delineated areas; these issues were corrected immediately. The work should presently be in the area of Dunecrest and Beachwood East.

The Administrator informed the Committee that the Seagrove group had joined the group of stakeholders, and the City was expecting a check from them of approximately twenty thousand dollars (\$20,000). Since there is rock in front of Seagrove, there was a negotiation going on as they decided whether they did or did not want to receive sand.

Councilmember Carroll asked whether the project engineers were satisfied with the amount of sand in the harvest area, and the Administrator responded that they have been.

Mayor Cronin added that the shoal was moving toward the island and that he hoped to get more sand than was anticipated.

Administrator Tucker reminded the Committee that, under the heading "Administration" on the City's website is a section dedicated to the beach renourishment project; a reverse chronology is a part of that section, and it is updated weekly.

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In reviewing the Stantec contract for the parking management program, Treasurer Suggs explained that she had updated the schedule with the FY15 budget numbers and the contracted expenditures for each category as of June 30, 2014. Expenditures reported were to Stantec for additional work on the parking management program.

5. Old Business

Discussion of Managed Beach Access Parking

Mayor Cronin informed the Committee that he and the Administrator had a meeting scheduled for Thursday, November 20th with Robert Clarke, the district engineer for SCDOT, and the Mayor plans to present the managed beach access parking plan as discussed by Council and to discuss golf carts. He added that he does not expect to get an answer but a positive or negative indication.

The Mayor stated that Brian Hicks of *The Post and Courier* would be writing an article on beach access management parking at the Isle of Palms and that he had spoken with Mr. Hicks; the Mayor is hopeful that the article will be positive. In the course of the conversation, Mr. Hicks described a trip to the island over the summer to visit a friend; he became upset when he tried to get from the friend's home to a restaurant on the island because the trip took an unexpected amount of time due to the traffic and congestion on the island. He indicated that he understood the problem on the island with beach visitors and was sympathetic to the residents.

6. New Business

A. Award of a contract to CPC Charleston Painting in the amount of \$10,245 to paint the columns and porch ceilings on the Recreation Expansion

MOTION: Mayor Cronin moved to award the contract to CPC Charleston Painting as detailed above; Councilmember Bettelli seconded.

Councilmember Ferencz thought it was unusual to budget twenty thousand dollars (\$20,000) for a project where the lowest cost estimate came in at ten thousand dollars (\$10,000).

Director Page explained that, when the budget is developed, department managers call prospective vendors to get a rough estimate of the cost to put into the budget; when the Director got a quote in January, it came in slightly over eighteen thousand dollars (\$18,000). Since the actual painting would be done in January 2015, the Director added about eighteen hundred dollars (\$1,800) making the budgeted amount twenty thousand dollars (\$20,000).

When the job went out for bid, one quote was for twelve thousand dollars (\$12,000), and the vendor offered to give the City a fifteen percent (15%) discount. The vendor provided Director Page with a number of references; she called some of the references that she knew, as well as

others she did not know. All of the references said that they were very satisfied with the work, and one (1) reference indicated that he was going to hire the company for another job.

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The Director stated that she, too, had been a bit leery of his low bid, but after verifying that all bidders were quoting on the same scope of work and after getting such positive reviews, she felt comfortable recommending this company.

Director Page noted that since this project was under the twenty-five thousand dollar (\$25,000) threshold, a bid did not have to be advertised; she contacted vendors and received four (4) quotes.

Councilmember Buckhannon recalled that other quotes the Director got were for closer to twenty thousand dollars (\$20,000).

VOTE: The motion PASSED UNANIMOUSLY.

B. Award of a contract to Technology Solutions in the amount of \$7,587.75 for a new server for the RecTrac system at the Recreation Department, pricing includes automatic backup program

MOTION: Mayor Cronin moved to award a contract to Technology Solutions in the amount of \$7587.75 for a new RecTrac servicer to be paid from the remaining budget for painting at the Recreation Expansion; Councilmember Buckhannon seconded.

Director Page reported that the RecTrac server had gone down about mid-October leaving staff to do everything manually, particularly program/sports registrations and bank deposits, until the server could be repair or replaced. About ten (10) days later, the Rec Department got a rebuilt, replacement server for about seventeen hundred dollars (\$1,700) and RecTrac was operational again.

Replacing the server was scheduled for the FY16 budget, but the Director was not confident that the rebuilt server would function until July.

According to the Director, the quote on the *Agenda* is higher than the Director was going to recommend; that quote included ninety-nine dollars (\$99) a month for backing up RecTrac to the cloud. After talking with Chief Buckhannon, they believe that the RecTrac server can be backed up with the system the City uses. The cost was reduced to six thousand eight hundred twenty-nine dollars and thirty four cents (\$6,829.34).

Amendment: Mayor Cronin amended his motion to have a purchase amount of \$6,900; Councilmember Carroll seconded.

Councilmember Loftus commented that the costs of technology have dropped significantly; he, therefore, asked if there was a reason that the Director was dealing with this particular vendor.

Director Page responded that the price quoted was state contract pricing, so she did not think the City could get a better price elsewhere. She noted that the Rec Department system is pretty complex with mirrored hard drives and other items to make it operate properly.

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Councilmember Loftus then looked to Chief Buckhannon, who serves as the City's IT person, and asked if the Chief thought this was a good and fair price for the server. The Chief indicated that he thought this to be priced about mid-range.

VOTE: The amendment PASSED UNANIMOUSLY.

VOTE: The amended motion PASSED UNANIMOUSLY.

C. Award of a contract to Empire Marketing Group in the amount of \$2,500, state contract pricing, to replace an ice machine for the Recreation Department

MOTION: Mayor Cronin moved to award a contract to Empire Marketing for \$2,500, state contract pricing for an ice machine at the Rec Center with funding from the balance remaining from painting the porch of the expansion; Councilmember Carroll seconded.

Director Page stated that the ice machine being replaced was purchased before the expansion was built; although it is used very little in the winter, staff cannot do without it in the spring and summer months.

VOTE: The motion PASSED UNANIMOUSLY.

D. Award of a contract to Vic Bailey Ford in the amount of \$24,168, state contract pricing, for one (1) 2015 Ford Sedan Police Interceptor

MOTION: Mayor Cronin moved to award a contract to Vic Bailey Ford for \$24,168 for one (1) 2015 Ford Sedan Police Interceptor; Councilmember Harrington seconded.

Responding to Councilmember Loftus' question about the mileage on the vehicle being replaced, Administrator Tucker said that the mileage was ninety-eight thousand two hundred two (98,202) miles when the request was submitted, but it would be beyond one hundred thousand (100,000) miles by the time the new vehicle arrived.

VOTE: The motion PASSED UNANIMOUSLY.

E. Recommendation from the Public Safety Committee authorizing the addition of up to \$3,306 in expense to the Telephone and Cable FY15 budget for unexpected, required updates to NCIC system

Administrator Tucker stated that this requirement has come to the City from the state; the City must change out the router and have an increase of two hundred fifty-eight dollars (\$258) a month for the usage.

When the state will get the changes made is unknown; it could be next week or two (2) months from now. Since the City has no choice on the matter, the increased expense has been budgeted

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for seven (7) months' expense, i.e. beginning in December 2014, for a total expense of three thousand three hundred six dollars (\$3,306). This situation did not exist at the time the budget was developed for FY15, but staff was confident that the additional expense could be absorbed.

Vote: The implied motion PASSED on a vote of 8 to 1 with Councilmember Ward casting the dissenting vote.

F. Report on results of budgeted rescue truck bid opening

Administrator Tucker told the Committee that bids were opened on November 11th for the rescue truck included in the FY15 budget at two hundred twenty-nine thousand dollars (\$229,000) to be split evenly between Capital Projects and Municipal Accommodations Taxes. The City received one (1) bid for three hundred twenty-nine thousand seven hundred forty-four dollars (\$329,744); the bid included a trade-in value of twenty-nine thousand dollars (\$29,000). After applying the trade-in amount, the bid was well over the budgeted amount; therefore, the recommendation was to throw out the bid and to re-bid the rescue truck.

Mayor Cronin noted that the bid as written had certain time constraints which the Mayor opined (1) might have kept some companies from bidding or (2) could have caused the one (1) bidder to accelerate the price. The Mayor asked whether, in the re-bid, the vendors would be given more time.

The Administrator answered that the City would extend the time in the re-bid, and she explained that one (1) reason for the escalated timeframe was to avoid a cost increase in January 2015 that is anticipated to be fifty-two thousand dollars (\$52,000). The City might get an improvement in that the bid would be a more competitive process so more vendors might submit bids, but the City could see the impact of the expected price increase.

Councilmember Carroll commented that the new truck would have features that the existing rescue truck does not, such as the ability to pump water.

Chief Graham explained that the new rescue truck would not be a pumper, but would have the capability to pump water; the new truck would be a rescue truck with additional abilities. The Chief noted that, if one of the engines was in the shop, this truck could be used on a vehicle fire for instance. The Chief reported that she had been asked if the amount budgeted could be used to refurbish the existing truck, and she had responded that she did not believe that was the best use of the money. While the existing truck could be made safer or last longer, it does not fit the needs or the mission that the Fire Department has.

G. Consideration of changes to the Hospitality Tax Ordinance to allow for revocation of a business license for non-payment of Hospitality Taxes.

Administrator Tucker indicated that Councilmember Ward had asked for this item to be placed on the *Agenda* because there have been occasions when some payers have been habitually late. This would allow the City to have one (1) more tool for exacting prompt payment of Hospitality Taxes.

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Councilmember Loftus asked how serious the problem was.

The Administrator replied that over time there have been a couple that have been late, but one (1) taxpayer requires almost perpetual prompting to pay.

MOTION: Mayor Cronin moved to authorize the City Attorney to develop a Hospitality Tax ordinance allowing for the revocation of a business license for non-payment of Hospitality Taxes; Councilmember Ward seconded.

Councilmember Ward asked how often this ordinance would be enforced, in April for the previous tax year or after sixty (60) days?

Mayor Cronin stated that his expectation that whether it be sixty (60) or ninety (90) days would be decided by Council, during which time the City would give the taxpayer due notice but he continues to be late. The taxpayer would then be brought before Council for a revocation hearing.

Administrator Tucker explained that, when one pays the bill at an IOP restaurant, the hospitality tax is on that bill, and the money is to be remitted to the City; it is not money for the business to use for float other things until it can afford to send the City's money to the City. This ordinance is to give the City one (1) more mechanism to put in place to stop the practice of using hospitality tax money for purposes other than for what it is intended.

Councilmember Ward equated hospitality tax to payroll taxes in that the business is acting as a fiduciary between the employee/customer and the government.

VOTE: The motion PASSED UNANIMOUSLY.

Councilmember Loftus inquired about the status of the fireworks bid.

The Administrator explained that the City has sent Zambelli's a mutual termination letter, but an executed copy has not been returned to Zambelli's. Once the letter arrives, the City is ready to advertise an RFP for fireworks.

7. Miscellaneous Business

Next Meeting Date: 5:45 p.m., Tuesday, January 20, 2015

8. Executive Session – not necessary

9. Adjourn

MOTION: Councilmember Ward moved to adjourn the meeting at 6:28 p.m.; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:
Marie Copeland, City Clerk