

**Ways and Means Committee**  
5:45 p.m., Tuesday, May 20, 2014

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, May 20, 2014 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bettelli, Bergwerf, Carroll, Ferencz, Harrington, Loftus and Ward, Mayor Cronin, Administrator Tucker, Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland; Councilmember Buckhannon's absence was excused. 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 Loftus moved to approve the minutes of the regular meeting of April 22, 2014 as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.**

3. **Citizens' Comments**

**Charleston Visitors Bureau (CVB) – Perrin Lawson, Deputy Director  
Frank Fredericks, Chair of Board of Governors for the CVB and Managing  
Director, Wild Dunes**

Mr. Lawson distributed a handout prior to beginning his comments; a copy of the handout is attached to the historical record of the meeting. Mr. Lawson stated that he had met individually with each member of Council to show them what the CVB is doing and to get feedback; he indicated that he learned that the CVB needs to do a better job communicating what the CVB is doing for the Isle of Palms. He has committed to doing that; Councilmembers will regularly get communications from the CVB giving the City the top-line view and, specifically, what is being done for the Isle of Palms.

In the handout were illustrations showing some of the beach publications in which the CVB has been and some of the higher-end things being done to attract people from the City's major fly-markets with service from both JetBlue and Southwest. Much of this advertising is meant to get visitors from these markets to the area in the off-season; the CVB has heard the cry for more business in the fall and spring and whatever is possible in the winter months. The following couple of pages showed targeted beach advertisements with their results; the inquiries are going through the CVB's beaches specific website, [Charlestonareabeaches.com](http://Charlestonareabeaches.com).

Mr. Lawson was proud to show the new landing page, which is in conjunction with the CVB's on-line marketing; when clicked on, there is video and many other elements that talk about the things a visitor can see and do at the area beaches. The CVB has been created a new ad for *Coastal Living* and *Southern Living* that helps people know where they are in context of everything else, including Charleston. A big part of recent ads is promoting locally produced products.

The [Charlestonareabeaches.com](http://Charlestonareabeaches.com) website has been up for several years and is constantly being tweaked and improved; some the elements here will be used in the overhaul of the bigger

website ExploreCharleston.com. From this landing page, someone can drive down to specifics about local area beaches to help a visitor decide where he/she wants to be.

Mr. Lawson stated that the Isle of Palms' sales advantage is that it has many things that other beaches do not have, like a business district, restaurants, golf, conference facilities, the marsh, the waterway and close proximity to Charleston. In the most recent visitor profile study, regardless of where people stayed in the Charleston area, ninety percent (90%) visit downtown Charleston at some point, so that close proximity works to an advantage for the island.

The next page of the handout illustrates over two hundred ninety-one thousand (291,000) user sessions to the website Charlestonareabeaches.com between April 2013 through April 2014; those sessions averaged four (4) minutes.

On the final page are statistics from 2013 on vacation rental occupancy, the average daily rate and the revenue per available unit for all of the area communities together; however, he expects to be able to generate a report specific to the Isle of Palms. The CVB must have a minimum of three (3) property management companies participating to guarantee the confidentiality of the data, and Sandy Stone has indicated that Island Realty is going to participate. Mr. Lawson stated that the information provided will be very helpful to the City to compare back to Department of Revenue reports and, as the CVB gets into the forecasting component, it will be helpful for budgeting.

Mr. Lawson concluded his remarks saying that he knows the CVB is doing a good job for the City and that the CVB can do an even better job for the City; he voiced his appreciation for the feedback that will make that happen.

Mr. Fredericks stated that, from his experience with five (5) other convention and visitors bureaus, the most impressive thing to him is that the Charleston Visitors Bureau does the best job. He indicated that regional and destination marketing are extremely competitive; the CVB aggressively competes with Hilton Head, the Outer Banks, and so on. One of the greatest things the CVB does for the Isle of Palms is market the island as a new destination by getting better air service, more cost affordable air service and opening up new markets for the area. Not only did Jet Blue come to the area, but the CVB has spent a large sum of money advertising in those feeder markets. He stated that Wild Dunes is feeling the result of those efforts, for instance, in the off-season, they are getting more couples that fly in from the Boston/New York area to spend a couple of nights on the island. He noted that one of the biggest advantages IOP has over Hilton Head is the proximity to Charleston; at Wild Dunes, the number one reason people give for selecting the IOP beach over Hilton Head is its proximity to Charleston. One important thing the CVB is doing for the City is marketing for the off-season by expanding into markets beyond North Carolina, South Carolina and Georgia and employing a direct sales effort to get groups to the Wild Dunes Resort in the off-season. As an example, Mr. Fredericks stated that, in 2008, Wild Dunes had twenty-two thousand (22,000) group room nights associated with conferences; they are now up to thirty-two thousand (32,000) and approximately ninety percent (90%) of that business is in non-summer months. He added that the media relations department of the CVB is "amazing;" he noted that "those awards just don't happen

automatically.” Another tremendous advantage provided by the CVB is its expertise in marketing in electronic channels and social media.

Speaking for Wild Dunes, Mr. Fredericks reported that they generate two hundred twenty thousand dollars (\$220,000) a year in City accommodations taxes and, in total, they contribute over one point one million dollars (\$1,100,000) in all accommodations taxes. He stated that they participate in another program where Wild Dunes contributes an additional one hundred twenty-five thousand dollars (\$125,000) a year to the CVB because they believe in what they are doing; this contribution is matched by the state. In conclusion, he noted that the CVB is the number one referral for Wild Dunes and, other than their own marketing to its existing database, the CVB is the number one generator of revenue for Wild Dunes Resort. According to Mr. Fredericks, for the region to stay competitive, it is critical that the City continue to support the CVB.

Councilmember Carroll stated he was glad to know that the CVB was listening to the Isle of Palms.

#### **4. Financial Statements – Treasurer Suggs**

##### **A. Financial Statement**

Treasurer Suggs presented the financial statements through April 30, 2014; she reported that, in the General Fund, revenue is at eighty-two percent (82%) of budget and expenditures are at seventy-eight percent (78%) of budget. Compared to the prior year, revenues are seven percent (7%) ahead, and expenditures are two percent (2%) ahead for the same period in FY13. Under revenues, Property Taxes are ninety-seven percent (97%) collected including March; collections for April, May and June remain; the Treasurer reported that current collections are flat and delinquent collections have fallen. Treasurer Suggs expects total collections to be lower than in prior years; she is of the opinion that the turnaround in the economy has allowed fewer people to be behind in their taxes. Local Option Sales Tax is at seventy-six percent (76%) of budget with four to five (4-5) months to collect; the collections are considerably ahead of FY13. Building Permits, Business Licenses, state revenue and parking are all ahead of FY13. General Fund cash is two point five million dollars (\$2,500,000), which represents twenty-eight percent (28%) of General Fund expenditures. The target for expenditures through ten (10) months of the fiscal year is eighty-three percent (83%), and overall, City departments are at seventy-eight percent (78%) of budget.

##### **B. Tourism Funds**

Treasurer Suggs reported that the City has received the April payment of Municipal Accommodations Taxes in the amount of thirty-nine thousand eight hundred seventy-four dollars (\$39,874) which is approximately eight thousand dollars (\$8,000) less than the same month last year. Based on her research, the Treasurer did not find the difference to be an error correction, but a situation where the major players were less busy than April 2013. The fund is still seven percent (7%) ahead of FY13.

With the receipt of the third quarter collections of State Accommodations Taxes, the City is running eight and two tenths percent (8.2%) ahead of FY13; the third quarter is typically the lowest quarter of the year.

There was no change in the Charleston County Accommodations Tax Pass-through in April.

Collections for Hospitality Taxes were approximately fifteen thousand dollars (\$15,000) more than the same month in FY13; this fund is running thirteen percent (13%) ahead of FY13 year-to-date.

### **C. Project Schedules**

April payments for the rehabilitation of the watersports dock were the final payments to Salmons Dredging and a payment to Ocean and Coastal Consultants for construction management.

Invoices from Stantec paid in April were for the parking permit program implementation and on-street parking review and field verification.

The Treasurer explained that there was no activity in April on the Phase II Drainage Project; she noted all work on the Beach Restoration schedule has been completed for both the original project and the first shoal management project; therefore, that schedule has been retired. Once the new project begins, a new schedule will be developed.

## **5. Old Business**

### **A. Discussion with Marina Representatives Regarding Status of Marina Site Enhancement Project**

Administrator Tucker reported that, at the Real Property Committee meeting, there was a lengthy discussion regarding the first steps to be taken in moving forward with improvements at the marina site; specifically the Committee discussed proceeding with the potential reconfiguration of the docks on the Intracoastal Waterway. Since that time, the marina tenants have been meeting for discussions about improving the parking configuration. At this meeting, they want to present their ideas about what they want to see done in FY15 towards those initiatives; there have been modifications to the plans discussed at the committee meeting.

The Administrator noted that John Tarkany, who has been working on land-side improvements, had planned to attend this meeting but he has been stuck in traffic due to an accident on the Ravenel Bridge.

John Shaffer of SHFR Waterfront Solutions commented that he had been chosen the spokesperson for the marina tenants; he thanked the Administrator for her explanation of what has transpired up to this meeting. At a meeting the previous day between Jay Clarke, Brian Berrigan, Mr. Tarkany and Mr. Shaffer, a decision was made about how the tenants would like the City to use the one hundred seventy-five thousand dollars (\$175,000) in the FY15 budget, and that is to undertake a multi-disciplinary study for a comprehensive master plan for the redevelopment of the marina. This would be a City-led effort with the City crafting and issuing

an RFP or RFQ to select the consultant team to do the work; the City would contract with the primary consultant who would then manage the team of specialists. In terms of disciplines, the team would include, at a minimum, a civil engineer, a landscape architect, a marina specialist, possibly a structural engineer, a mechanical and electrical engineer. In order to have a roadmap for the redevelopment of the marina and form future budgeting of the allocation of City funds, the City needs to take control of this initiative to get a comprehensive plan. The scope of services envisioned by Mr. Shaffer to be included in the RFP would be to start with an engineering and regulatory feasibility and move into some concept planning to start putting some construction costs, budgetary numbers on it; the City would probably want to look at phasing and construction feasibility issues, and figure out the most efficient way to move forward. Mr. Shaffer said that the City could secure its permits or, at least, initiate the permitting phase in that budget; he also suggested that the City look to other funding sources, like the Boating Infrastructure Grant, NPDES funds and SEC&G's non-standard service funds. Additionally the scope would include financial projections, looking at a *pro forma* to see what the financial performance of the improvements are implemented – a look at the return on investment. The marina tenants and surrounding neighbors would be involved in the process with the consultant team and, at the conclusion of this process, the City would have a package ready-to-go – a roadmap on which to base future decisions and a consensus-based effort.

This is what the marina tenants see as the wisest use of FY15 funds, rather than to carve out little projects.

Administrator Tucker voiced her understanding that the verbiage in line items in the current version of the budget that includes one hundred seventy-five thousand dollars (\$175,000). These funds are distributed with fifty thousand dollars (\$50,000) coming from State ATAX and the Marina Fund and seventy-five thousand dollars (\$75,000) from Hospitality Tax. To head in the direction described by Mr. Shaffer, the language should be Comprehensive Master Plan for Marina Enhancements with one (1) sum of one hundred seventy-five thousand dollars (\$175,000). The Administrator stated that an RFP or RFQ for the various disciplines could be anticipated to cost thirty to sixty thousand dollars (\$30,000 - \$60,000) each; adding them up, the amount in the budget would certainly be required.

Mayor Cronin asked how this was handled at the Real Property Committee, and, as Chair of the Committee, Councilmember Loftus responded that the Committee has been working toward this; the Committee considered refiguring the Intracoastal docks to be more efficient, but, according to Councilmember Loftus, there are more pressing issues, such as the docks on the marina side that are in poor shape. The Councilmember commented that a total of two hundred forty-two thousand dollars (\$242,000) remain of the funds budgeted for the watersports dock; in his opinion, those funds should be used for future projects at the marina.

The Mayor noted that those funds sit in either the marina fund or one of the tourism funds. Councilmember Loftus explained that he would like to see the money transferred to the marina fund so that it does not get used for another projects.

Mayor Cronin asked Councilmember Loftus if he was suggesting establishing a sinking fund for marina enhancements.

The Mayor stated that he liked hearing about a return on investment and, at the same time, ensure that the leaseholders are enjoying their efforts.

Councilmember Ferencz asked what the involvement of the Planning Commission has been. Mayor Cronin responded that they have not been involved at all. Councilmember Ferencz said that members of the Planning Commission have some of the expertise being sought, and, in her opinion, they should be engaged at the beginning of the process. Mayor Cronin agreed to get the Planning Commission involved and suggested that they meet with the Real Property Committee.

Councilmember Harrington asked what kind of a timeline was expected; he remarked that the Real Property Committee has already spent a lot of time on this.

Councilmember Loftus stated that this was a new old initiative where the Committee is taking a different approach; he noted that the focus in FY14 had been the watersports dock which was completed with a surplus. As Committee Chair, he indicated that he was not interested in putting out an RFP but rather reserving money for the marina improvements. He stated that he liked the idea of the Planning Commission looking at the issues; he commented that he thought the City should approach the improvements piece by piece.

Mayor Cronin recalled discussions on a dry stack at the marina and asked whether a dry stack would help or hurt the parking issues.

Councilmember Bergwerf stated that, for her, what is to be done at the marina is a moving target at every Real Property meeting. From discussions at the May meeting, she left thinking that the first initiative would be parking and the second would be the reconfiguration of the Intracoastal docks, but now the push is for a master plan.

Mr. Shaffer indicated that he could understand that there is confusion and explained that intent of the master plan would be to identify specific projects to make within the City's budget, but, in the end, these projects would be the completion of the master plan.

Councilmember Harrington commented that he liked the idea of a sinking fund as a step in the right direction and asked for clarification from Councilmember Loftus about taking on separate issues as money allowed.

Councilmember Loftus noted that the presentation tonight was completely different from what has been discussed at meetings; he agreed that the City needs have the big picture and then to identify what the City can and cannot do.

Administrator Tucker suggested that at staff level, with assistance from the marina tenants, the Planning Commission could be involved in the actual crafting of the RFP for the kinds of things they see need to be considered and keep them plugged in throughout the process with the staff, the marina tenants, the Real Property Committee and the surrounding residents.

Responding to Councilmember Ferencz's questions, Treasurer Suggs said that the marina debt will be paid off in five (5) years with annual payments of approximately three hundred thousand

dollars (\$300,000). The Treasurer commented that the debt on the bulkhead will be paid off in FY15; debt service on that note is about one hundred sixty-nine thousand dollars (\$169,000).

Councilmember Ferencz stated that she was looking to the future for funds that could be used at the marina without increasing spending for the City.

Councilmember Carroll remarked that the City had held a referendum to buy the marina to maintain water access for the residents of the island; he then recalled the recent meeting with Stantec about the myriad of parking issues on the island. The Councilmember continued that, looking at the budget at this meeting, it is evident that the City does not have any excess money, and he acknowledges that the City must maintain the marina. In his opinion, the City has to make sure there is some return, and the City cannot spend money on private businesses when it is the residents of the island who must be taken care of.

When asked whether the City could spend less at the marina for FY15, the Administrator said that, until the RFP is issued, she will not know what this initiative will cost, but she believes that one hundred seventy-five thousand dollars (\$175,000) will be sufficient.

When Councilmember Ward asked for an explanation of the term "marina site enhancements," the Administrator answered that the wording came from the Real Property Committee and she is suggesting that the language be changed to "Comprehensive Master Plan for Marina Enhancement" for the next version of the budget. The one hundred seventy-five thousand dollars (\$175,000) included in the budget will have the same sources of funding.

Councilmember Loftus said that he thought the money in the FY15 budget was going to be spent on physical upgrades of the marina not consulting; the Administrator agreed that was the decision at the committee meeting.

Stating that the Charleston marina is leased to a private enterprise for ninety-nine (99) years, Councilmember Carroll suggested that the City offer longer term leases and let the tenants be responsible for improvements.

The Administrator added that the City of Charleston had received a Boating Infrastructure Grant for half the improvement of the marina and that the City of Charleston does pay for improvements; additionally she agreed that longer term leases make tenants more vested.

Councilmember Ward stated that he would like to see what information the Planning Commission will have before spending more money in this tight budget year.

Speaking to Councilmember Loftus' concerns, Mr. Shaffer stated that John Tarkany's budget numbers for the parking area improvements were about half a million dollars (\$500,000); therefore, the tenants worked to find what could be done that was meaningful with one hundred seventy-five thousand dollars (\$175,000) in this budget year. They believe the new plan is the best value for the City's money in FY15.

Mayor Cronin suggested that the Planning Commission meet with the Real Property Committee at the next available date.

## **B. Review of FY15 Budget**

Administrator Tucker stated that new to this “marigold” budget were the narratives, and yet to be added is an index that will locate everything related to a specific department in the budget. Refinements to revenues included are a minor increase to Property Tax Revenue based on the most recent estimates of the FY14 actual results. Based on information provided by the Municipal Association, State Shared Revenue has been reduced slightly.

Councilmember Ward stated, for the record, that transfers-in from other funds have doubled in two (2) years; he voiced his understanding that all of the revenue from tourism funds is increasing. He remarked that, in a quick analysis, it is obvious that the City is spending much more than it is receiving.

Administrator Tucker stated that his observation is correct and that, unless tourism related funds grow dramatically, the levels of transfers-in cannot be sustained for more than a couple of years.

Councilmember Ward then said that the timing was good to discuss cutting spending; to which the Administrator responded that the City will have to do one (1) of three (3) things cutting spending, deferring items and/or creating new or increasing revenues.

Based on a review of the transfers-in, the biggest contributors to the increased level of transfers-in are the decisions made in the increases of the number of personnel who could be assigned as expenses to tourism funds. In addition, new personnel were added to the Fire Department that are being covered from tourism funds, and the number of police personnel to be covered by tourism funds has increased; decisions to do this is supported by statistical data.

Councilmember Ward noted that the Beach Restoration loan will be paid off in June 2014 and that the three hundred fifteen thousand four hundred eighty-two dollars (\$315,482) thus made available are also being used to pay for the additional Fire Department employees. The Administrator agreed the payoff would free-up money to be able to support these new personnel. When asked if she thought the City would need to borrow funds for beach restoration in the future, the Administrator stated that she was hoping for an alternate source for that type of work.

In Councilmember Ward’s opinion, the problem with FY15 budget was that it is based “on a lot of hopes.”

The Mayor stated that a new initiative is afoot and six hundred thousand dollars (\$600,000) will be in fund balance by the end of FY14 for beach restoration and, for the area around Breach Inlet, stated funds are available. He voiced confidence that the City has sufficient funding for, at least, a couple of years.

Continuing her review of changes reflected in this version of the budget, Administrator Tucker stated that advertising in the General Government operating budget has been reduced by two thousand dollars (\$2,000) based on actual expenses year-to-date.



Councilmember Ward asked whether the replacement cost assigned to the 1999 rescue truck for two hundred twenty-nine thousand dollars (\$229,000) was the historical cost of that truck or the future replacement cost. Treasurer Suggs replied that it is the estimated replacement cost today.

Councilmember Ward asked how many miles were on the rescue truck; he noted that several Councilmembers have talked about extending the useful life of some vehicles by a year or two (2). He added that he has also heard talk about setting aside capital projects money toward the future replacement costs of vehicles; he stated that the City “cannot do everything for everybody” and that the City cannot wait until next year but must look at it this year. He posed the question to Council of setting aside maybe seventy or eighty percent (70%-80%) of the projected cost of new equipment, rather than the full replacement cost. The Councilmember commented that this program was only started a couple of years ago, and Council was told that, for the first several years, the amounts to be reserved would be substantial. Despite his support of the program, he questions that, in this tight budget year, the City can afford to set aside the amount in the budget in light of the “dramatic rise in personnel costs” the City has beginning in FY15. He reiterated the Administrator’s comment that, in less than three (3) years, the tourism funds will be depleted and the only option will be an increase in the millage.

Administrator Tucker explained that staff had gone through the exercise of extending the life of City equipment, i.e. garbage and fire trucks, by one (1) year to determine how it would affect the the City’s yearly reserve for future expenditures, and the amount saved was not as much as one would have thought. In the current year, the savings is only one hundred fourteen thousand dollars (\$114,000) which is fifty-eight thousand dollars (\$58,000) from Capital Projects and twenty-eight thousand dollars (\$28,000) each from State and Municipal Accommodations Taxes. In FY15, the savings is only sixty-five thousand dollars (\$65,000) which is thirty-two thousand five hundred dollars (\$32,500) from Capital Projects and sixteen thousand two hundred fifty dollars (\$16,250) each from State and Municipal Accommodations Taxes. The Administrator noted that, when the life expectancy is extended on items to be purchased from Capital Projects, the City has increased expenses in the General Fund for maintenance of equipment.

Councilmember Ward reiterated his question about putting only seventy or eighty percent (70%-80%) of the replacement costs and financing the difference for the next several years. He stated that he expects the City to be able to return to its current policy of reserving the full replacement value.

Responding, the Administrator stated that she and Treasurer Suggs had not taken that approach to the reserve schedule.

Mayor Cronin remarked that the reason behind establishing the sinking fund was to avoid capital leases and that putting these funds aside does not spend any money. When the vehicle rolls forward for replacement, staff assesses the condition of the vehicle to determine if it can be deferred for a year.

Councilmember Ward said that he understands that the money is still there, but the money is taken out circulation for other General Fund uses.

The Mayor explained further that the money used for the majority of these big purchases comes largely from tourism funds; therefore, the money remains in the reserve balance for those funds; the General Fund is not affected.

If Council agrees to put only seventy-five percent (75%) of the replacement cost into the sinking fund, Mayor Cronin questioned that Council would have “the guts” to finance the remaining twenty-five percent (25%) when the time comes for replacement, which means that the City assumes the debt of a municipal lease. If the City does get into a financial crunch, the option of a municipal lease is always available.

Chief Graham explained that the chassis of the rescue truck is under-sized for the box; therefore, the weight is too great for the chassis. The truck needs new springs presently, and other parts of the truck are breaking down. The rescue truck has been out of service for about six (6) weeks waiting on the springs; the Chief commented that the truck has just under forty thousand (40,000) miles on it, but the mileage is “island mileage,” that are often harder on the vehicle than long road miles.

Councilmember Ward asked if there were standards for the useful life of the large apparatus that the City purchases. Chief Graham replied that five (5) years is the standard in larger cities; she also said that the rescue truck is only driven when necessary.

The Chief commented that her staff has considered several options which include buying a smaller truck, putting the existing box on another chassis, buying a trailer, etc. in order “to get the best bang for the buck right now.” According to the Chief, the needs of the island have changed since this rescue was purchased; when the truck was first purchased, it was used only for medical calls and to ensure that the Department got its ISO points. Some of the ISO equipment has changed, and the truck is not needed for respond to medical calls; an engine is now used to respond to medical calls with a battalion chief or a captain. Chief Graham indicated to the Committee that the Fire Department staff has decided upon a replacement that will meet the needs of the island; it is a smaller truck with a pump and has multiple uses.

When asked by Councilmember Loftus about extending the life of the rescue truck an additional year, the Chief said that she was confident she could, but that the truck needs major work. The problem now is that, when the equipment needs work, it is not happening in a timely or cost efficient manner since the equipment must be taken off-island.

The Chief reported that, when staff looked into putting the existing box on a new chassis, the cost exceeded two hundred thirty thousand dollars (\$230,000).

Both Councilmembers Carroll and Loftus questioned Chief Graham about the possible use of a quick response vehicle (QRV); the Chief noted that many of the larger communities have added QRVs, but they have not eliminated anything to do so.

Councilmember Ward commented on an article he read over the winter stating that Mount Pleasant was saving a considerable amount of money now that they have added QRVs to their

ranks, and he questioned how that was possible when the presentation made to the City stated that, for the City to add a QRV, would be very expensive.

Administrator Tucker said that they were saving money on the wear-and-tear on other vehicles and on gas, but they already had adequate staff for the QRV without taking someone off a truck.

Councilmember Ward commented that there had to be something to make them more efficient cost-wise to make Mount Pleasant go in that direction. Mayor Cronin noted that, at the time, they were adding stations; when adding nineteen (19) employees, it is easy to take two (2) to assign to the QRV yet keep station staffing the same.

Councilmember Bergwerf paraphrased Chief Graham that the Fire Department has found the truck they want and that the budgeted funds are for that unit; the Chief agreed.

Councilmember Harrington asked whether the City was going to sell the existing truck to another municipality, and Chief Graham stated that it will be auctioned or sold through Govdeals.com or on a trade-in.

Mayor Cronin asked Councilmember Ward if he was suggesting that the City should not pay for this unit in full, but finance some portion through a lease. Councilmember Ward repeated that he is suggesting that the City reduce the amount to be set aside for future purchases of vehicles for the Fire Department and Public Works.

The Mayor noted that, in that scenario, the City would have to finance a portion when the time comes for replacing the vehicle. Councilmember Ward reminded the Mayor that, when that time comes, the City will have paid off some debt freeing-up some funds currently being spent; he noted that, as stated earlier, the marina debt will be paid off in five (5) years putting five hundred thousand dollars (\$500,000) a year back in the City's coffers. Councilmember Ward stated that he want to see his proposal to take effect immediately.

Mayor Cronin commented that, by setting up a sinking fund, current residents, property tax payers, are paying for the future use of equipment which they may never see; if the City decides to use capital leases, the future users of the equipment are paying for it.

Returning to the review of changes appearing in the "marigold" budget, Administrator Tucker reported that staff had added fifteen thousand dollars (\$15,000) for pending litigation to the Judicial and Legal budget for Professional Services. The Administrator remarked that the cost of litigation is now an unknown, but some portion will be covered by the addition to the budget.

Responding to Councilmember Ward's question, the Administrator answered that the added amount does not include contingency-based litigation, but another litigation that is not covered by the City's insurance.

Councilmember Ferencz drew attention to two hundred three thousand one hundred eighty-nine dollars (\$203,189) budgeted to be transferred to the Capital Projects fund to maintain adequate balance. Although Capital and Operating funds are separate, the Councilmember state that, in this case, money is being taken away from operating funds to go into the Capital Projects Fund.

The Councilmember commented that, if the City continues putting money into Capital Projects, the City will continue to spend capital monies. Councilmember Ferencz questioned two hundred thousand dollars (\$200,000) being taken out of the General Fund; she stated that the money could pay for the three (4) new firefighters plus the patrol officer, reducing transfers-in from tourism funds.

Administrator Tucker explained that the two hundred three thousand dollars (\$203,000) to be transferred to Capital Projects is the amount of money that staff feels is adequate in the Capital Projects Fund to fund what the ten-year plan shows as future capital expenditures that are going to come forward, not the large ones for which the City is saving. The Administrator said that staff looks at the historical trend of the amount the City typically spends; the City also has operated with an unwritten policy to maintain at least one million dollars (\$1,000,000) in the Capital Projects Fund which, historically, is funded by a portion of the positive net results at the end of the year in the General Fund. Because the positive net results are narrowing, expenses are increasing and revenues are remaining relatively flat, the Capital Projects Fund needs an infusion in order to be able to support what the City has historically funded out of Capital Projects. The Administrator reported that staff is looking at trend analysis year over year and looking at what those expenditures are to determine what could be optional, and saying that in order to be able to do what the City typically does in a Capital Projects Fund budget year after year, the fund needs to have one million dollars (\$1,000,000).

As to Councilmember Ferencz' point about not making the FY15 budgeted transfer, such action has the potential for reducing what the City is asking for in infusions from the tourism funds; in some respects, it goes contrary to the analysis that basically says the City has more expenses that are being driven by the impact of tourism on the community. Based on the analysis, the City should be spending more in tourism funds on the operations that the City is currently spending. The goal is to strike a balance and to still maintain healthy fund balances in all City funds.

In Councilmember Ferencz' opinion, the City should not be taking funds away from operations in this tight budget year to transfer to Capital Projects. The three (3) new firefighters will be dealing primarily with tourists; therefore, there is justification for paying for them from tourism funds, but, if the tourism funds dry-up for whatever reason, the personnel expenses will fall completely to the City's operating fund. Councilmember Ferencz stated that she is apprehensive about pulling salaries from a variable source.

Mayor Cronin countered that the tourism funds need to support the City's assets that are deployed because the City has tourists.

Administrator Tucker stated that, if the funds are not transferred, the ending fund balance for FY15 will be four hundred thousand dollars (\$400,000), which is a concern for her and for the Treasurer.

Councilmember Bergwerf concluded that Councilmember Ferencz is saying that, if the money is transferred, it will be spent, and she indicated that she does not agree.

Treasurer Suggs explained the two hundred three thousand dollars (\$203,000) that is proposed to be transferred to Capital Projects out of operations has not appeared in many past budgets, but such transfers have been done in the past. The Treasurer said that the City used to budget transfers into the Capital Projects Fund, but the City learned that, through the normal course of operations, the General Fund typically ended the year with a positive net result, which Council would transfer to the Capital Projects Fund and the Disaster Recovery Fund. In that way, the City maintained a healthy balance in the Capital Projects Fund. The Treasurer continued that if the special projects that the City saves for were to be removed, between four hundred thousand and five hundred thousand dollars (\$400,000-\$500,000) are typically spent from the Capital Projects fund. This is the logic behind the million dollar (\$1,000,000) benchmark because that provides funds for two (2) years. Treasurer Suggs stated that the reason this budget contains a transfer is due to the fact that she does not anticipate a large positive net result this year because of mid-budget additions; the Treasurer sees this as a one-time infusion into the Capital Projects Fund since the only funding source for Capital Projects is the General Fund.

Councilmember Ferencz asked what was going to be different between FY15 and FY16 since the additional personnel are not going away next year. Treasurer Suggs agreed and remarked that the City budgets conservatively on both revenue and expenditures; that process has typically generated a positive net result. Mayor Cronin reminded the Committee that the City will realize additional revenue in FY16 that it did not see in FY14 or FY15.

When Councilmember Ferencz asked the Committee whether anyone agreed with her about the Capital Projects transfer, Administrator Tucker suggested that the transfer remain in the budget and to make a final decision after seeing the FY14 positive net result. Treasurer Suggs added that the transfer is usually not made until the audit has been completed.

Councilmember Ward asked if there are any proposed increases in this version of the budget; Administrator Tucker stated that there has been an addition that came out of the Public Works Committee. The Administrator recalled that there have been different sources of money related to the Public Works site, the adjacent lot on Palm and this site that have appeared in the budget for the past couple of years; the work at 1207 Palm has been completed and no work has been done to the other two (2) properties. The situation at the Public Works site is that the City is out of compliance with NPDES regulations on two (2) levels; the first is the way the garbage trucks are washed and the second is the way that rain water runs off appliances taking pollutants into Hamlin Creek. In order to come into compliance, the City has been told that it needs to create a truck wash-down that basically sub-treats the polluting agents before it goes into Hamlin Creek and to create protection for "white goods" so that rainwater does not flow over them to take chemicals harmful to the environment into Hamlin Creek. Working with the NPDES staff at Charleston County, the City has a new comprehensive budget to come into compliance that increases the FY15 budget for Special Projects, Public Works Capital Outlay; it also increased the amount that the City hopes will be paid from the NPDES funds that Charleston County has collected and held for qualifying NPDES projects. The Administrator assured the Committee that staff will continue to work on the plans and refine the budget accordingly; she noted that the City is committed to be in compliance and to do that in the most cost effective way.

Administrator Tucker explained that the new components, the wash-down and white good shelter, will cause, possibly, a need to reconfigure the Public Works site because the garbage apparatus will not be able to maneuver once these two (2) new building are in place.

Mayor Cronin stated that, if the City is cited for a non-compliant site, the fine could be as high as one thousand dollars (\$1,000) a day until the issues have been corrected and the site is back in compliance. The Mayor added that the City must put the total cost of coming into compliance in the FY15 budget with an accompanying budget entry for the reimbursement from NPDES funds.

On the subject of the Front Beach lighting, Administrator Tucker reported that she does not have a cost estimate but the seventy-five thousand dollars in the latest version of the budget has been reclassified from the Capital Projects to Front Beach Capital Outlay. Staff has met with representatives from SCE&G at Front Beach to allow them to see the area and to provide the City with a cost estimate/project plan using the City's Non-standard Service Clause.

According to the Administrator, SCE&G's lights will not be as decorative as was first envisioned, but the plan anticipated from SCE&G will provide the necessary lighting to make people feel safer. The lighting will also be turtle compliant.

Councilmember Ward added that SCE&G will be responsible for this lighting in the event of a major storm since the lights will belong to SCE&G and not the City. The City will pay half of the cost of installation, but pay nothing for maintenance.

Responding to Councilmember Carroll's question about the need to replace the white fencing at Front Beach, Administrator Tucker responded that staff has gone back to re-evaluate the condition of the fencing. Staff determined that the forty thousand dollars (\$40,000) included in the FY15 budget was the amount needed to replace the fencing in areas of rust and disrepair.

When Councilmember Loftus suggested deferring the fencing until FY16, Councilmember Bergwerf commented that deferring the fencing may put it into an even tighter budget year.

The Administrator explained that the fencing was installed as part of the Front Beach Enhancement Project, which was a collaborative project with the businesses. The forty thousand dollars (\$40,000) included in the budget is to replace the areas where it has rusted; the Administrator reported that the cost of the fencing has increased by four hundred percent (400%) over ten (10) years.

Mayor Cronin concluded that the lighting would go back through the Committee for further discussion.

Administrator Tucker listed the items, from this discussion, to include in the next version of the FY15 budget; they are:

- to get the Table of Contents generated and inserted, and
- to budget an amount, if anything, the City might contribute to the shoal management project in the fall from the Beach Maintenance Fund; with a projected FY14 ending balance of five hundred eighteen thousand dollars (\$518,000).

Councilmember Carroll directed attention to the Marina Fund Capital Outlay on page 50 of the FY15 budget. He spoke to the items listed as “only with failure,” which refer to the City’s leases with the marina tenants; he stated that it contained several large expenditures for replacements that he did not feel were the City’s responsibility to replace.

Mayor Cronin replied that this budget had been carefully reviewed and discussed by the Real Property Committee.

Speaking as Chair of the Real Property Committee, Councilmember Loftus noted that the City receives considerable revenue from the marina tenants; he commented that the leases were very favorable toward the City and these replacements are a byproduct of those leases.

Mayor Cronin stated that staff had provided the Committee members with a schedule that listed the assets that remain the City’s responsibility and those that lie with the tenant.

Councilmember Carroll then quoted from the Real Property Committee minutes as follows:

“If the City wanted to take the hardline approach in the interpretation of all the leases, clearly the City is not obligated to replace any of those things except those that appear in the column labelled ‘City Responsibility’.”

Administrator Tucker explained that she had reached out to the Committee asking for input because there are items listed in the leases as City property because they were in place when the leases were executed; many of the items listed are also on the City’s Capital Plan. So in the City’s normal practice of capital replacement planning, those items were given an expected useful life, and, when that expected life has ended, they come up on the plan for evaluation for replacement. Marina items are rolling forward on the Capital Plan for replacement that are items; under the normal practice, the City would replace those items. If the City wanted to take a hardline approach on the marina leases, meaning that the City is only going to replace the extraordinary, it is a legally defensible position. The issue is that has not been the City’s practice in the past; in the past the City has been more liberal and generous than it has been in the last four to five years (4-5 yrs.). According to the Administrator, the Committee did not come out with a position telling the Administrator what they want the Administrator from here on out.

Councilmember Carroll expressed his opinion that the City’s purchase of the marina has put it into the real estate business, and the City has entered into a real estate contract, a lease, and he does not think these items included in the FY15 budget are the City’s responsibility.

Councilmember Ward asked who was listed on the bill of sale, whether the marina was treated as an enterprise fund, whether it was being depreciated as a leasehold improvement or what and for how long, how does the auditor treat the marina, whether the marina was on the City’s books. Treasurer Suggs responded that since the City spent money to purchase, it is being depreciated and treated as an enterprise fund.

Councilmember Carroll’s next question was about the replacement of the wooden “Welcome” sign in Capital Purchases for General Government and whether this was a reference to the electronic sign. The Administrator explained that this reference was to the sign on the right at

the 14<sup>th</sup> Avenue and Connector intersection. The Councilmember then asked whether the electronic sign was elsewhere in the FY15 budget, and the Administrator replied that the electronic signs were in the FY14 budget and that the project was out to bid. His final question was whether the City still had to buy the signs; to which Councilmember Loftus noted that Council had not taken a vote on the award of a contract.

Councilmember Ferencz then asked why the “Welcome” sign was part of the wayfinding sign initiative. Administrator Tucker responded that the sign has rolled forward for replacement, and the goal of the wayfinding sign program is to keep all signs in the same theme.

Councilmember Ward asked whether the electronic signs were going to come before this Council for a vote; she answered that, once the bids are received and evaluated for a contract award, the recommendation for a contract award will be brought to Council for approval.

Referring to additions to the FY15 budget, the Administrator commented that the generator project will not be completed in FY14; therefore, it needs to be expensed over two (2) fiscal years. The same is true for the traffic counters; they were not budgeted for FY14, and the City has not received its permit from SCDOT. In an attempt to be prudent, the counters will be completed in FY14 and the money budgeted in FY15 will not be needed, but they should be included in the FY15 budget to avoid an “out-of-budget” expenditure. One (1) other item that will be included in the next version will be the expense, expected to be approximately four thousand dollars (\$4,000) annually, for the new lights at Front Beach.

Referring to the traffic counters, Councilmember Loftus questioned the involvement of Stantec; Administrator Tucker explained that Stantec had done the permit application since engineering drawings had to accompany the permit application. The Council of Governments allowed their traffic engineer for the drawings for the original traffic counters and there was an expense; Assistant Dziuban reported that Stantec had done this work *gratis*.

Prior to ending the budget discussion, Councilmember Loftus noted that he had asked staff to re-evaluate the amount budgeted for several line items and was surprised that only one (1) was reduced. Administrator Tucker referred Committee members to a schedule included in meeting packets that indicate the results of researching five (5) expense categories for FY2011 through FY2013 actual expenses to the projected actual expense for FY14 to the FY15 projected budget amount. The expenditure that was reduced was advertising, and it was decreased by two thousand dollars (\$2,000).

## **5. New Business**

### **A. Approval of Change Order #3 from Ocean and Coastal Consultants Reducing the Contract to \$30,300 and Award of \$1,750 to SHRF Waterfront Solutions**

Assistant Dziuban commented that the original watersports contract was awarded to Ocean and Coastal Consultants (OCC) in the amount of thirty-two thousand fifty dollars (\$32,050); in the course of the project, John Shaffer, the project manager, became separated from OCC. As a favor to the City, OCC kept Mr. Shaffer on this project as a contract employee, which meant that



the City did not have to transition in the middle of the project. Also in the course of the project, the decision was made to split the project into two (2) separate bids, i.e., one bid for the actual construction side of the dock rehabilitation and a second bid for the electrical work due to timing issues related to having TidalWave Watersports operational at the beginning of the season. This decision to have two (2) bids also meant that OCC did twice the work with no increase in the contract; therefore, OCC is asking to re-allocate the tasks to reflect the actual work done in the amount of thirty thousand three hundred dollars (\$30,300) against a contract award of thirty-two thousand fifty dollars (\$32,050).

In a recommendation from the Real Property Committee, John Shaffer has agreed to pick up the balance remaining of seventeen hundred fifty dollars (\$1,750) and deliver the Preliminary Marina Concept Plan that was included in OCC's contract for fifty-five hundred dollars (\$5,500). Based on his familiarity with the marina and its operations, Mr. Shaffer is prepared to deliver the same work for the lesser amount.

Councilmember Ferencz questioned that this work had changed by the fact this it has morphed into a multi-disciplinary study.

Assistant Dziuban explained Mr. Shaffer's work product as a preliminary "what it might look like" plan on which to base the more detailed work from the multi-disciplinary study that will generate engineering drawings that would be parts of bid packages.

Mr. Shaffer told Council that he is committed to the project, has enjoyed working with the City and he has flexibility on whom and how he can do the same scope work for seventeen hundred fifty dollars (\$1,750).

**MOTION: Councilmember Harrington moved to approve Change Order #3 to Ocean and Coastal Consultants reducing the original contract award by \$1,750 and to award \$1,750 to SHFR Waterfront Solutions for a Preliminary Marina Concept Plan; Councilmember Loftus seconded.**

Councilmember Ward asked if this money was included in the budget, and the Treasurer assured him that it was.

**VOTE: The motion PASSED UNANIMOUSLY.**

**B. Award of a sole source contract to Deschamps Mat Systems for FY14 budgeted purchase of Mobi-mat (FY14 budget - \$25,000)**

**MOTION: Mayor Cronin moved to award a sole source contract Deschamps Mat Systems as detailed above; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.**

**C. Consideration of a Part-time Position for a City Mechanic**

Mayor Cronin noted that, included in meeting packets was a schedule entitled "Estimate of Costs: City Mechanic" that compares the expenses for a full-time mechanic versus a part-time

mechanic and anticipated reductions in expenditures if hired. (A copy is included in the historical record of the meeting.)

Assistant Dziuban stated discussions on this subject went on for several months and were driven primarily by Fire Department personnel but beneficial to all departments, especially the three (3) that are heavily dependent on their vehicles, i.e. Fire, Police and Public Works. She commented

that the City cannot afford the luxury of having any of their vehicles out-of-service; they need to be functioning and functioning well at all times. One (1) question that came up was could the City benefit from having a mechanic on staff? The Committee did recommend adding a mechanic to the City staff; department personnel joined in that there is a need for this position and that there was plenty of work to do to ensure that he/she was busy. At the present time, all fleet service is out-sourced; someone comes to the island to perform repairs or vehicles are taken off-island. The negatives of taking vehicles off-island are:

- The City is placed at the mercy of someone else's schedule;
- The City may have to pay more for the repairs because they need to be done now; and
- The City has to double-up on drivers to take the vehicle for repairs and return the person back to the island.

There was the impression that an on-staff mechanic would improve the fleet's preventative maintenance, improve the reliability and scheduling, and reduce of the dependence on others. In addition, staff has projected that, in future years, there would be cost savings based on a reduction in labor costs by as much as fifty percent (50%).

If a part-time position was approved, the person would be eligible for benefits which are included in the calculations on the schedule; this person would also need tools and equipment to perform his job duties. Initially, a mechanic would impact the budget and increase the head-count for the City.

The Personnel Committee felt the recommendation has merit and made a recommendation for the position.

Mayor Cronin asked whether the Committee had gotten input from other committees or from staff; as Chair of the Personnel Committee, Councilmember Ferencz replied that they had received input from departments within the City. She commented that the reservation from the Committee was increasing the number of City personnel, but the Committee also expected there to be larger savings to the City. In addition, Councilmember Ferencz voiced the opinion that preventative maintenance was a problem with the fleet that is valued at four million dollars (\$4,000,000).

Councilmember Ward noted that twenty-five (25) years ago, the City did have a mechanic on staff, but, when he retired, he was not replaced then or since.

In an effort to provide some historical background, Chief Graham stated the truck maintenance started getting behind schedule, the Fire Department would call Taylor Fire Group, who would come to the island to service them at no extra charges, like travel time, and at a labor rate of

sixty-five dollars (\$65.00) an hour. When this company went out of business, the City called Fire Line, who does an exceptional job, but are located in Georgia; in addition, they charge sixty-five dollars (\$65.00) an hour for road time. A truck can need a twenty dollar (\$20.00) part that takes fifteen (15) minutes to replace, but the City would be charged in excess of a thousand dollars (\$1,000) for travel time. Some work could be taken to the County shop, but the IOP truck went to the bottom of the line since it was not a County vehicle. The time came when Chief Graham went to the Mount Pleasant Fire Department to learn what they were doing for maintenance and found out that they were using First Vehicle; the Chief subsequently met with the First Vehicle manager and asked how she could become a client like Mount Pleasant. She was told that First Vehicle would work on City Fire Trucks without a contract; the manager hired another mechanic to work on only IOP trucks because there was so much work to be done on them. That employee left First Vehicle's employ to start his own business. The Chief reported that there are several good, local mechanics, but they are not E-1 certified; therefore, if an E-1 part needs repair, she is still calling Georgia for service.

After discussions in the Personnel Committee, it was agreed that a part-time person would be sufficient to the City's needs, and, with a part-time position, the person could do other work on the side and the salary expense would less. Chief Graham also confirmed that there is enough work on the island to keep a full-time person busy.

Mayor Cronin asked the Chief if the Fire, Police and Public Works Departments were willing to give a reduction of seventy-three thousand eight hundred eighty-one dollars (\$73,881) from their maintenance budgets to hire a mechanic.

Chief Graham indicated that the City is paying premium prices for parts; if the City could hire a mechanic with a side business, the City would be eligible to get reduced pricing on parts.

Councilmember Bergwerf asked for an explanation of "pickup truck compressor." The Chief replied that the reference was to a pickup truck equipped with a compressor.

Councilmember Loftus asked whether a truck being scheduled for replacement that could be kept in service and outfitted with a compressor; Chief Graham responded that the Fire Department did not have a spare vehicle.

**MOTION: Councilmember Harrington moved to approve adding the position of mechanic for 30 hours per week; Councilmember Bergwerf seconded.**

Councilmember Loftus stated that he does not feel that he has sufficient information on which to base a decision; he commented that a person hired for this position will be working on a wide variety of equipment from a police cruiser to a ladder truck for the Fire Department.

Councilmember Harrington explained to Councilmember Loftus that the Committee had discussed that issue and staff from the Fire and Public Works Departments convinced the Committee that there are people with the skills that the City needs. The Committee was informed not only of the savings to the City but also of the inconvenience of taking vehicles off-island for repairs and/or having vehicles out-of-service for any period of time. Having a

mechanic will also eliminate having two (2) employees delivering a vehicle to the shop and leaving it there awaiting repair and to provide the driver transportation back to the island.

Councilmember Carroll asked whether this new position was in the FY15 budget; to which the Administrator responded that the position was not in the FY15 budget as presented. The Councilmember's second question was what would happen when this person is unable to come to work. The City is fully aware that a mechanic will be sick and take vacation; when those occasions present themselves, the City would need to outsource repair work.

Councilmember Bergwerf noted that all members of Council want to save money, but Council should not be short-sighted. She expressed the opinion that staff must have presented a rational argument, convincing the Personnel Committee to recommend adding this position now. She indicted that her only concern was thirty-five thousand dollars (\$35,000) for a truck.

Chief Graham said that there is a truck being taken out of service in the Fire Department in the not-too-distant future.

Mayor Cronin reiterated that, as presented, this addition to City staffing is budget neutral as presented with moving seventy-three thousand dollars (\$73,000) out of maintenance for the three (3) departments most affected.

Councilmember Harrington repeated that this is an issue that the Personnel Committee has discussed for months, and the people that the Committee relied upon for gathering the supportive data all agreed that this person was needed. He added that delaying a decision is not going to eliminate the needs of the City.

**VOTE: The motion FAILED on a tie vote, with Councilmembers Carroll, Ferencz, Loftus and Ward casting the dissenting votes.**

### **C. Consideration of Updated Wage Ranges**

Mayor Cronin noted that a schedule of updated wage ranges was also in meeting packets; the schedule looks at three (3) areas of staffing whose present salaries pose challenges to the City; the Mayor stated that the Personnel Committee will continue to work on wage ranges to make a recommendation to Council.

Speaking as Chair of the Personnel Committee, Councilmember Ferencz explained that the Committee took on the project to ensure that Council was well aware of the salary ranges because, from discussions when the three (3) firefighters were added, Council indicated that they were not aware of pay issues in the City. The Committee undertook the study to learn how the City's pay ranges compare to other local governments; from the communities who did respond, staff learned that these would not be "apples to apples" comparison:

- Their population did not experience the influx of tourists in the summer months; and
- Job descriptions did not match those of IOP, making it difficult to match up some positions.

Assistant Dziuban noted that this issue is timely since the City is close to adopting the FY15 budget, and a positive decision on this issue would impact that budget. She stated that there are two (2) issues of concern related to salaries that came to light through the wage study. There is a small group of employees that are "frozen" at their current pay rate; these are typically employees who have been with the City for many years and are consistently high performers. They find themselves in a situation where each member of the small group has reached the maximum for their salary range and can increase their wage only by the small CPI percentage each year. The result of their excellent evaluations is not reflected in a wage increase; the only way they will see a measurable increase in wage is to seek employment elsewhere. From staff's perspective, this is the most pressing concern, and their revised pay ranges are highlighted in yellow on the schedule.

If this situation is to be addressed, staff's recommendation is to increase the pay ranges for their positions between five and ten percent (5%-10%) effective June 1, 2014; the budget impact implications are thirteen hundred forty-six dollars (\$1,346) for FY14 and fourteen thousand dollars (\$14,000) for FY15.

The second issue is how the City's pay ranges compare to surrounding municipalities; for several positions, the City is below IOP's neighbors. In some positions, the City is as much as ten percent (10%) below or more, and, for others, the City's ranges are five percent (5%) or more below. In an effort to prevent any out-migration and to be competitive with neighboring communities, staff recommends that positions where the minimum and maximum pay range is below that of the City's neighbors by ten percent (10%) or greater, the pay ranges be increased by ten percent (10%). Only those positions where an employee is at the minimum pay range would receive a benefit from this change. If Council were to agree to take this action, the impact on the FY14 budget would be thirteen hundred ninety-four dollars (\$1,394) and, for FY15, the budgetary impact would be fourteen thousand five hundred dollars (\$14,500).

Another issue to address is that, when such salary range changes happen, a situation referred to as salary compression occurs. An example of salary compression is when an employee has been with the City for a period of three (3) years at their minimum and someone who has been with the City for only six (6) months at their minimum and, if the salary ranges are increased to be competitive, the pay for these two (2) employees are brought together, which creates a morale problem in a department. Staff's recommendation for avoiding salary compression is to increase the pay ranges for positions where the maximum is five percent (5%) or more lower than the local average by five percent (5%). The impact to the FY14 budget would be three thousand one hundred seventy-three dollars (\$3,173) and to the FY15 budget, thirty-three thousand dollars (\$33,000), and for people who have longevity were not necessarily seeing the benefit of that.

The two (2) proposals seeking approval are (1) helping the long-serving and high performing employees who wages were described as frozen and (2) trying to be competitive in terms of pay ranges.

Administrator Tucker explained that, if Council was inclined to take an action, then the first item reviewed would be to adjust the pay ranges five to ten percent (5-10%), and if Council wanted to take action on the next two (2) steps, Council would make a separate motion for adopting staff's

recommendations. The Administrator expressed the opinion that the critical issue to be addressed was to make the change to the ranges for the employees who are, and have been, at the maximum for their positions; the other recommendations could be a continuing project for the Personnel for a future budget.

**MOTION: Councilmember Bergwerf moved to increase the pay ranges by 5%-10% for the positions highlighted in yellow; Councilmember Bettelli seconded.**

Councilmember Loftus asked for the detailed information offered to the Personnel Committee; he noted that, when Council looked at the analysis for the Fire Department, they provided great detail of comparative salaries from other municipalities and where IOP stood and should go.

Administrator Tucker explained that the Personnel Committee examined the detail, but the detail was several pages; she hoped that the format included in packets would be easier to understand.

When asked about a recommendation from the Personnel Committee, the Administrator responded that the Committee wanted to bring the matter before full Council for discussion. Councilmember Ferencz added that the Committee made no specific recommendations.

Councilmember Loftus indicated that he preferred to delay action at this meeting since any change could be made retroactively; Council would have time to study the detail and collect their questions.

Councilmember Bergwerf withdrew the motion, and Councilmember Bettelli withdrew his second.

**E. Discussion of Expense of Phase II Drainage, Palm Boulevard crossings as Work Relates to Resurfacing**

Administrator Tucker commented that this item came from the Public Works Committee and noted that Palm Boulevard between 41<sup>st</sup> and 57<sup>th</sup> Avenues is slated to be resurfaced. The Phase II Drainage project will cross Palm in two (2) places, 45<sup>th</sup> and 57<sup>th</sup> Avenues; if these cuts are done post-resurfacing, they will leave scars on the newly resurfaced street. The Administrator explained that she has been evaluating whether to proceed with making these two (2) crossings prior to resurfacing; to assist with decision making, David Stevens and Director Pitts got quotes for the work to be done before the resurfacing. Estimates were received from Eadie's and Paragon Sitework, and they are as follows:

<u>VENDOR</u>	<u>45<sup>th</sup> Avenue</u>	<u>57<sup>th</sup> Avenue</u>
Paragon Sitework	\$50,800.00	\$24,779.00
Eadie's	\$97,755.00	\$20,410.50

The central difference in the two (2) prices for 45<sup>th</sup> Avenue was the expense for adjusting the water and sewer line in Eadie's pricing was much higher than Paragon's estimate. The Administrator speculated that, since Eadie's was working with the Water and Sewer Commission at this location, they know how complicated that task is going to be.

Until the balance of the project reaches these locations, the pipes will serve no purpose other to avoid scarring the resurfaced street. The cut at 45<sup>th</sup> Avenue will be perpendicular at the front gate to Wild Dunes.

The Administrator reported that the Public Works Committee did not make a recommendation on this initiative because they wanted all of Council should be aware that, if the City does not act now, there will be a scarring of the road when the balance of the drainage work. In addition, she stated that sufficient funds were in the Drainage Contingency Fund to accommodate this project.

Councilmember Carroll asked if the resurfacing could be delayed, and Administrator Tucker responded that the work has been delayed for a couple of years now.

Speaking as Chair of the Public Works Committee, Councilmember Ward remarked that the Committee had been shocked by the estimates; they expected much lower estimates, but he understood that the pricing was based on the complexities of the job.

Councilmember Bergwerf asked how soon the drainage project would happen and was told that funding was included in the FY15 budget to begin the initial phase which is at the outfall. She reminded Council that the engineer's recommendation was to do this project in reverse stating with the outfall.

Mayor Cronin added that, unless the City receives significant outside funding, the drainage project will be delayed until the City can accumulate the money.

Responding to Councilmember Loftus' question the timeframe for paving would be done, the Mayor stated that 56<sup>th</sup> Avenue was paved today.

In Director Pitts' opinion, the resurfacing is taking place now since Sanders Brothers has already deployed on the island, despite the fact that he was told by the County that resurfacing on the Isle of Palms and Sullivan's Island would take place after the summer season.

Mayor Cronin opined that these crossings would have to be a fall event, and that a decision on the timing for the crossings could be made at the next meeting.

## **7. Miscellaneous Business**

Mayor Cronin reminded everyone about the Disaster Expo happening from 5:00 p.m. until 7:00 p.m., Wednesday, May 21<sup>st</sup> at the Public Safety Building.

**Next meeting date: 5:45 p.m., Tuesday, June 17, 2014**

## **8. Executive Session – not needed**

**9. Adjourn**

**MOTION: Councilmember Ward moved to adjourn the meeting at 9:15 p.m.; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk