

## **WAYS and MEANS COMMITTEE**

5:45 p.m., Tuesday, June 17, 2014

The regular meeting of the Ways and Means Committee was convened at 6:25 p.m., Tuesday, June 17, 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 and Clerk Copeland. A quorum was present to conduct business.

1. Mayor Cronin called the meeting to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

### **2. Approval of Previous Meeting's Minutes**

**MOTION:** Councilmember Loftus moved to approve the minutes of the regular meeting of May 20, 2014 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

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

#### **A. Financial Statements**

Treasurer Suggs reported that, having completed eleven (11) months of the fiscal year, General Fund revenues were at eighty-six percent (86%) of budget and General Fund expenditures were at eighty-six per-cent (86%); the target for eleven (11) months was ninety-two percent (92%). The City has received an additional Property Tax payment in the amount of sixty-five thousand dollars (\$65,000), which brings total collections year-to-date to four million two hundred twenty-eight thousand dollars (4,228,000); collections for May and June remain to be collected. In Local Option Sales Tax, the receipts for May, June and July were yet to come. Building Permits, Business Licenses, and Parking revenues had met or exceeded the budget amounts. The Treasurer stated that General Fund expenditures also look good, but she reminded Council that there are several large payments to be made in June. Treasurer Suggs said that she expects to end the year on-budget. Cash in the bank is at twenty-six percent (26%) of the annual General Fund budget.

Councilmember Ward stated that he has learned that several of his clients who prepare their own sales tax forms have been filing Local Option Sales Taxes using the code for Charleston, rather than the code for the Isle of Palms; he asked that notice be put on the City's website to inform other people on the island who are completing these tax forms on their own. Mayor Cronin suggested that, when someone buys a new business license, the Building Department staff could educate the businesses on the proper way to complete the sales tax forms. Councilmember Ward offered to train Building Department personnel.

Councilmember Loftus recalled the Administrator informing Council that many people are paying their boat taxes to Charleston County and not the Isle of Palms; Administrator Tucker said that she has not had a callback from the County. The Councilmember asked that the Administrator have an update for the July meeting.

## **B. Tourism Schedules**

Since the Municipal Accommodations Tax schedule was prepared, the City has received another payment of seventy-two thousand eight hundred five dollars (\$72,805) which makes the increase over FY13 to eight percent (8%). For the City, there were no new receipts from State Accommodations Taxes or the Charleston County Accommodations Tax Pass-through. Hospitality Taxes are running eight percent (8%) ahead of FY13; the Treasurer said that she had double checked these numbers with the Building Department and learned that a habitual late payer has made a late payment of approximately seventeen thousand dollars (\$17,000) in June for May, taking the increase to eleven percent (11%).

Councilmember Loftus asked whether these figures include Harris Teeter; Treasurer Suggs said that the amount would be quite small since the store was only open one (1) day in April.

## **C. Projects Schedule**

Treasurer Suggs stated that she is not expecting to receive any additional invoices for the watersports dock and commented that the project ended well under budget. The City paid no invoices in May from Stantec relative to parking management and wayfinding signs.

## **5. Old Business**

### **Review of FY15 Budget**

Mayor Cronin stated that the newest version of the budget is being referred to as the "sunshine" budget.

Administrator Tucker began her review of the changes included in this version of the budget with the transfer of two hundred thousand dollars (\$200,000) from the Beach Restoration Fund to the Beach Maintenance Fund as the City's contribution to the overall costs of the shoal management project planned for November 2014. Also from the Real Property Committee, funds remaining from the watersport dock were split between the Marina Enhancement Fund and the replacement of the underground storage tank project.

Councilmember Ferencz asked where the one hundred twenty plus thousand dollars (\$120,000+) for the enhancement fund and the storage tank was coming from; the Administrator explained that this money was the balance between the budgeted amount and the actual costs of the watersports dock rehabilitation. Councilmember Ferencz voiced her understanding that the balance remaining in that budget was two hundred forty thousand dollars (\$240,000). Treasurer Suggs commented that about half of the cost of the project was to be paid with State ATAX funds; therefore, those remaining funds were transferred back into the fund balance for State ATAX.

Councilmember Carroll asked whether the fuel company would share the costs for the replacement of the underground tanks; Administrator Tucker said that the City marina will not get assistance from fuel companies because neither the marina nor the City is affiliated with any one (1) fuel company. The City shops for the best price for fuel, as does the marina; the City

talked with the marina manager about this; he had investigated, run the numbers for the marina and decided that to affiliate with one (1) company would not be in the best interest of the marina.

Administrator Tucker stated that, on the departmental pages, changes have been made to the salary lines related to a recommendation from the Personnel Committee that will add approximately twenty-one thousand dollars (\$21,000) to the FY15 budget. The Committee's recommendation was delay the implementation of any changes until January 1, 2015 and to increase the spread between the minimum and maximum wage ranges for all positions in the City. The twenty-one thousand dollars (\$21,000) deals with salary compression issues and addresses those employees who are at the top of their wage range.

Councilmember Ward asked for confirmation that this action will increase expenses in the budget. Treasurer Suggs stated that expenses do increase in the FY15 budget; employees at the bottom of their range will receive an increase to the new minimum and employees at the maximum of their pay range will be eligible for the six percent (6%) merit pool effective January 1, 2015.

Councilmember Loftus asked if all new employees are hired at the minimum wage or are there circumstances when the new employee has good experience and is hired at a higher number. Administrator Tucker said that a police officer who has completed the academy and is already certified or a firefighter who has completed the Fire Academy and is an EMT could be hired above the minimum, but those occasions are rare.

Councilmember Buckhannon reminded Council that each year the wage ranges are adjusted by the CPI at July 1<sup>st</sup>.

Responding to comments about the number and size of the municipalities included in the wage comparisons, Administrator Tucker noted that she had requested salary range information from all of her fellow administrator and managers; those represented on the schedule include in packets are the ones who replied. The Administrator reported that the Personnel Committee was informed of all of the nuances between municipalities that made it difficult to make comparisons with the Isle of Palms. Administrator Tucker added that she also gets requests from other managers, and the Administrator explained that, when Council has given her a deadline and she also receives a request for information from a fellow administrator, she ignores the request and meets the deadline for the task assigned by Council.

Councilmember Loftus asked whether the Administrator had reached out to municipalities who have budgets similar to the City; Councilmember Buckhannon stated that positions in larger cities will likely have more responsibility than the same position here.

Councilmember Bettelli stated that the solution to this issue was to hire a consultant to do the work; the City did that and did not adopt any of the recommendations.

Continuing with changes included in this version of the budget, the Administrator reported that reductions were made to Miscellaneous and Contingency lines and to Advertising; since the City

anticipates holding a referendum to implement provision of the Beach Preservation Act, money was added to Election expense.

Councilmember Ward asked, if a second question was to be included in this referendum, how much expense would be added; Administrator Tucker responded that she thought the increase would be very little.

Proceeding, the Administrator commented that fifteen thousand dollars (\$15,000) was added to Judicial and Legal for pending litigation related to the attempted privatization of a road. Referring to page 29, the Administrator noted that the transfer-in to maintain an adequate fund balance in the Capital Projects Fund has been reduced to one hundred eighty-thousand dollars (\$180,000) from two hundred four thousand dollars (\$204,000). Page 30 reflects the increase to Capital Projects Revenue to account for the amount of grant funds that the City hopes to get for the expenses associated with bringing the Public Works site into compliance with NPDES regulations. The City is trying very hard to complete the installation of the City Hall generator in FY14; since the end of FY14 is at-hand, the amounts have been re-budgeted to FY15 for the digital signs and the traffic counters. In the Capital Projects Fund for Public Works, an adjustment was made to line 49 on page 31 based on the estimated cost to bring the Public Works site into compliance with NPDES regulations; the amounts that had previously been designated for 1207 and 1301 Palm Boulevards have now been reallocated for this purpose.

A new item to this version of the budget is electronic ticket system that includes driver's license scanners; the City is having difficulty with the contractor that was selected and paid in FY13. The Public Safety Committee has requested that the vendor attend the next meeting because they have not delivered the product; they will either be motivated to deliver the product or the City is going to file a claim against them and buy an alternate product. Responding to Councilmember Buckhannon's request for clarification about the product, Administrator Tucker recalled that the purchase was made over two (2) budget years; the first purchase was for new court software that has been installed and is functioning well. The second purchase of the scanners and software associated with them has not been delivered although it has been ordered and paid for. The Police Department has been hounding the contractor for eleven (11) months with no positive results; before demanding a refund of the City's money, the Public Safety Committee has asked to meet with the contractor.

Councilmember Buckhannon asked whether the City knew of an alternate product that is available and at the same cost. The Administrator commented that there will be compatibility issues if the Police Department has to go with a different product, but she is confident that an alternate product is on the market. Councilmember Buckhannon voiced the opinion that the City should not delay in filing a claim. Administrator Tucker added that the City cannot buy another product until the money is recovered.

Chief Buckhannon stated that, for now, officers will continue to hand-write tickets, but the company says that, by the end of this month (June), they think they will be able to have the product ready, but the Chief was skeptical. The ticket-writers are scanners and a small portion of the product purchased, the real issue is the software; the contractor is in the process of sending the bar-code scanners.

Councilmember Buckhannon asked whether the software being written is specifically for the City; the Chief responded that it is not specific to the City but specific to their software. When the City purchased the court software, it was above the capabilities of the ticket-writing program; they have had to bring the ticket-writing program to a level that will be compatible with the court software. The City only learned the real issue behind the delays four or five (4-5) months ago.

Administrator Tucker assured the Committee that the contractor has been notified that the Public Safety Committee expects them to attend the August meeting, giving them one (1) more opportunity to deliver the product.

Chief Buckhannon informed the Ways and Means Committee that the Police Department was told that the product was ready and that the delays came from waiting for the devices to arrive; if the scanners had been delivered timely, they could have been used for other functions, i.e. an automated system for generating accident reports in the field that was given to the City by the State.

Councilmember Carroll asked whether other local departments were using this system; the Chief replied that the City of Charleston does have a system in place, but he does not know if they use the scanners with the court system. Charleston County does not have this type of system, but is trying to get a records management systems in place; to his knowledge, Mount Pleasant is not using a system at all. Administrator Tucker remarked that Hilton Head is using this product, but they are on the older software version for ticket-writing that communicates with the court systems.

The Administrator continued that a second change on the same page to line 117 is a total change of six hundred twenty dollars (\$620) with three hundred ten dollars (\$310) here for one (1) Fire Department ATV. On the following page in line 150 is a provision for Front Beach lighting; the amount is a combination of seventy-five thousand dollars (\$75,000) for undergrounding power lines on the island and fifty thousand dollars (\$50,000) previously budgeted for the Front Beach lighting project. SCE&G has stated that they expect one hundred twenty-five thousand dollars (\$125,000) to be sufficient to cover the City's half of the project under the Non-standard Service Clause; in the future, SCE&G will be responsible for the maintenance of the lights and the City will pay the monthly electric bill. Mayor Cronin explained that SCE&G holds the non-standard service clause money for five (5) years, and, if it is not used, SCE&G keeps the money.

Councilmember Buckhannon asked whether SCE&G was going to supply the kind of lighting system that the City would want as opposed to a chandelier-type light. Administrator Tucker explained that the Public Works Committee made a recommendation on the selection of fixtures and poles so that SCE&G could move forward with the lighting scheme and cost estimates.

Councilmember Ward added that the Committee recommended that SCE&G would install the infrastructure for future lighting enhancements at Front Beach. According to the Administrator, the poles will have electrical outlets approximately four feet (4 ft.) from the ground.

Continuing with the budget review, on page 42 the Administrator pointed out transfer-in from the Beach Maintenance Fund to the Beach Restoration Fund as the City's contribution toward the

shoal management project scheduled for the fall; the corresponding transfer-out is shown on the next page.

A change initiated by the Real Property Committee at their joint meeting is on line 40 of page 52 and is a change to the name of the one hundred seventy-five thousand dollars (\$175,000) allocated to the marina to Comprehensive Master Plan for Marina Enhancement. The joint meeting between the Planning Commission and the Real Property Committee has been held and the Planning Commission has received its assignment.

Councilmember Buckhannon reminded the Committee that the assignment for the Planning Commission is to develop the multi-disciplinary RFP working with the consultants currently involved and the marina tenants.

On pages 58 and 59, respectively, are the purchase of the replacement rescue truck and the cost for the reconfiguration of the Public Works site to come into NPDES compliance. In the marina budget, the bond issue cost of nine thousand two hundred eleven dollars (\$9,211) was eliminated; the bond will be paid off in FY14. Depreciation expense in the marina was reduced by eleven thousand dollars (\$11,000).

Councilmember Ward asked Administrator Tucker whether the expenses have increased or decreased since the First Reading of the FY15 budget.

The Administrator answered that spending has increased based on the increase in the estimates for NPDES compliance and other expenses from the FY14 budget have been re-budgeted to FY15. The Administrator added that she did not think there had been enough reductions to counteract the increases.

Mayor Cronin noted that no changes had been material to fund balances.

Councilmember Carroll recalled a recent conversation with Chief Graham about extending the life of the rescue truck; he opined that the City has put itself into a tight financial position in the initial years with the "sinking" fund it created to pay cash for vehicles for the Fire and Public Works Departments. If the life of these capital purchases can be extended, the amount of the annual savings will be less, and Chief Graham indicated that the rescue truck would last another year without endangering personnel.

Chief Graham stated that the necessary repairs will be made to the rescue truck to keep it in service another year, but she cautioned the Committee that this extension could significantly increase maintenance costs and that the cost of a replacement will increase significantly. In the Chief's opinion, the City could lose what it expects to save if the cost of a replacement dramatically increases. According to the Chief, the price increases every year on January 1.

The Mayor commented that, with the increased replacement costs and the fact that the money has already been saved for the rescue truck, he questioned what would be accomplished by delaying the purchase.

Councilmember Carroll asked that all members of Council make the time to go to the station and examine the rescue truck for themselves; he reiterated his belief that the City will save money in the long run by delaying the purchase a year.

Councilmember Bergwerf stated that the rescue truck is important to the City's insurance rates. Chief Graham added that this is an emergency vehicle; when it is inoperable, insurance rates could increase.

Councilmember Carroll voiced his understanding that the most important aspect of this truck is the pump that regenerates the air tanks that are used in major fires. Chief Graham noted that, when the truck was first purchased, it was run on all medical calls, and it also complimented the equipment supply needed to maintain or improve the City's ISO rating. The Fire Department needs to maintain that equipment, and there is an air-fill station on the truck, some large cylinders. The cylinders are filled at Station 2 with the compressor; then personnel can fill the air packs on-scene using the air-fill station on the truck. Chief Graham stated that it was critical, whether in the existing truck or a new truck, to have the ability to fill on-site; she added that mutual aid is often requested with the ability to fill air-packs for other departments. At this time the rescue truck is being used as the reserve truck, but, on the occasion of a major event, it will roll along with the other equipment or if another truck is down for repairs.

Councilmember Ferencz commented that she has examined the truck and stated that it appears to be brand new; the Councilmember voiced her understanding that replacing the springs will cost approximately five thousand dollars (\$5,000). In her opinion, the rescue truck serves now as a supply truck that has forty thousand (40,000) miles on it and is sixteen (16) years old. The replacement model being considered will have water-pumping capabilities and be more of a water supply than a supply truck. Councilmember Ferencz indicated to the Mayor that this discussion leads her to a discussion about the schedule of Estimated Reserve Requirements.

Administrator Tucker interjected that the "Estimated Reserve Requirements" schedule went through all Committees, and no changes were recommended.

**MOTION: Councilmember Carroll moved to delay the purchase of the rescue truck to FY16; Councilmember Ward seconded.**

Councilmember Bergwerf stated that everyone wants to be frugal and to save the citizens' money, but, in her opinion, this is not the place. She noted that the City saved money specifically to purchase this rescue truck, and the Chief says it is time to replace it. To delay the purchase means that the City is ready to accept responsibility for repairs and the increased cost in FY16. The Councilmember commented that she had just rid herself of a sixteen (16) year old vehicle – "it was running just fine," but she was waiting "for the other shoe to fall." No one can say that two hundred twenty-nine thousand dollars (\$229,000) has been saved because the money is still in a reserve to be used for the rescue truck.

If the purchase is moved to the FY16 budget, the savings will be one hundred fourteen thousand dollars (\$114,000) that will be saved in FY14 and in FY15 versus two hundred twenty-nine thousand dollars (\$229,000) to be reserved in FY14.

Mayor Cronin reminded the Committee that such an action will not change fund balances; he also noted that no one has said that the Fire Department does not need a new rescue truck.

Councilmember Carroll stated that the IOP Fire Department “does an incredible job, has great equipment and does a good job at maintaining that equipment;” therefore, he does not believe that the truck needs to be purchased this year, but can remain in the fleet one (1) more year.

Councilmember Bergwerf reiterated her position that the City has saved the money to make the cash purchase of a rescue truck in FY15; therefore, the purchase should be made in FY15.

Councilmember Ferencz questioned that the Fire Department needs the truck; she repeated her position that this is a supply truck, not a ladder or EMT truck, but a truck that hauls stuff, important stuff. Over the sixteen (16) years that the City has owned the truck, the Fire Department has put a yearly average of twenty-five hundred (2,500) miles on it; the truck does not fill an emergency need on the island. The problem is that too much weight has been put on the chassis of the truck creating a bumpy ride, but no one’s life is at stake if this truck is not replaced in FY15.

Whether the truck is or is not an emergency truck is a decision that, in Councilmember Bergwerf’s opinion, Chief Graham should make.

Administrator Tucker commented that, if the City was to lose its ISO rating, insurance rates would increase for every resident on the island; this could happen if the rescue truck were to be taken out of service.

According to Chief Graham, the City needs the equipment that is on the rescue truck, but, in reality, the type of truck is irrelevant.

Responding to Councilmember Ferencz, the Chief stated that she believes that the truck can be made to last another year, but she also anticipates a minimum increase to the replacement cost of the truck will become effective January 1. These increases are the result of manufacturers meeting new and ever-changing EPA regulations, as well as changes by the National Fire Protection Agency (NFPA).

Councilmember Carroll asked how quickly the City could replace the rescue truck if it were to completely breakdown; the Chief replied that, if the City were to purchase a demo model. It could possibly be delivered in a month. If the City were to buy new, it would have to be built and would take up to nine (9) months for delivery.

**VOTE: The motion FAILED on a vote of 4 to 5; the dissenting votes were cast by Councilmembers Bergwerf, Bettelli, Buckhannon, and Harrington and Mayor Cronin.**

Councilmember Carroll noted that Council had gotten no additional information on the digital sign as expected and that action was delayed for a month; he added that he had looked at the College of Charleston sign, but it was not lit when he was there.



**MOTION: Councilmember Loftus moved to remove the digital sign from the FY15 budget; Councilmember Ward seconded.**

Administrator Tucker commented that the digital sign contract was on the upcoming Council meeting to be awarded.

Mayor Cronin remarked that the amount could be left in the budget and that Council could not award a contract next week.

The Administrator reminded the Committee that the signs will need to be replaced or to receive significant maintenance if the decision is made not to go forward with the digital sign; maintenance has been delayed because the digital option was in the budget.

Director Page noted that the current boards are in serious disrepair; when this initiative started a couple of years ago, the Director looked into pricing for repairing them and found the estimate to be so high that she asked for pricing to replace the signs as they are; the two (2) estimates were nearly the same. In the interim, the City introduced the wayfinding signs, and it seemed logical that new message boards should complement other wayfinding signs. The Director stated that she proposed the use of digital messaging because the task of updating the current signs is so time-consuming, and changes cannot always be made as timely as needed.

Referring to Councilmember Carroll's comments, Director Page stated that there was a discussion about the vendor bringing a demonstration model to the island to provide a first-hand look at the proposed digital sign. The Director added that she had voiced to a committee that she did not think bringing the demo to the island would give Council or residents a true representation of the sign being proposed for the City. The demo sign would be on a trailer behind a truck and would look just like the lighted sign at the entrance to Sullivan's Island; it would not have the framing design of the wayfinding signs to enhance the look, and the messaging area would be much larger than is planned for the City's sign. The primary difference between the existing message boards and the proposed digital sign will be the look of the letters; there will be no graphics. A digital sign would allow staff to respond almost immediately to meeting changes, event happenings, weather alerts, etc. Director Page suggested that, if Council does not want digital signs, the new signs should be a WELCOME sign in the wayfinding motif and not a message board; the City has a website, the e-newsletters and access to electronic media to announce meeting dates and times, events, etc. in addition to notices in the newspapers.

Responding to Councilmember Ferencz, the WELCOME sign on the right as drivers exit the Connector is in the FY15 budget to be replaced. The Councilmember suggested re-locating the new WELCOME sign to the space occupied currently by the message board which is already funded in FY15 and remove the forty thousand dollars (\$40,000) budgeted for the digital signs from the budget.

Councilmember Bergwerf stated that she does not want to see the messaging aspect lost; she noted that certain entities, like the VFW and the Methodist Church, use the messaging board to announce things like the fish fry and the tea room. The message boards afford the City the opportunity to take care of emergencies or notice that the parking lots are full.

Councilmember Bettelli commented that most of the island's residents are retired and do not have electronic devices; he added that the City is the public body that is supposed to provide information to residents.

When asked by Councilmember Bergwerf about how long the message boards have been used, Director Page said that the signs pre-dated her employment with the City which is seventeen (17) years.

Mayor Cronin added that he sees the sign as more than it is now; he sees it as more a public safety information sharing tool. In his opinion, people may not pay attention to the meetings information, but they do take notice when there is a notice about rip currents or recycling day or election day.

Administrator Tucker reiterated that, if the digital signs are not approved, funds would be necessary for the replacement or repair of the existing signs.

Councilmember Loftus remarked that discussions about the digital sign have gone on for months, and the message he received from residents was that "the digital sign is not in the fiber of Isle of Palms." He voiced the opinion that, if the City installs digital signs, it would be setting a double standard since island businesses would not be allowed to have digital signs at their locations.

Councilmember Bettelli commented that he, too, has received e-mails and spoken with island residents about the digital signs, and the impression he got was that these residents had been told that the sign would be like the sign driving onto Sullivan's Island. When he explained how the signs were really going to look and that the digital sign was going to appear quite like the existing sign, but be less labor intensive and in the wayfinding theme, they changed their opinions about them.

Councilmember Bergwerf noted that the Sullivan's Island Planning Commission is studying a permanent digital sign because of the possibility of emergencies.

**VOTE: The motion to remove the digital sign from the FY15 budget PASSED on a vote of 5 to 4; Councilmembers Bergwerf, Bettelli and Harrington and Mayor Cronin cast the dissenting votes.**

**MOTION: Councilmember Carroll moved to approve \$1,250 to repair the existing message boards.**

The motion failed for lack of a second.

Councilmember Carroll reported that he has a written quote from the licensed and bonded contractor from the Isle of Palms to repair the two (2) signs.

Administrator Tucker stated that the City will have to get a new permit from SCDOT because the present permit is for a digital sign.

Councilmember Carroll stated that the quote he has is to re-strip, paint and update the existing signs.

Director Page reported that the estimate she got for repairing the signs was gotten a couple of years ago and it was for seven hundred dollars (\$700) per sign. She added that this quote was before the SCDOT regulation about break-away posts and before the City initiated the wayfinding sign project; therefore, the City will incur design costs from Stantec for the two (2) signs. She explained that the plywood on the back of the existing signs has rotted, meaning that the strips cannot be replaced.

**MOTION: Councilmember Ferencz moved to include the message boards at Breach Inlet and the 14<sup>th</sup> Avenue and Palm Boulevard intersection in the Stantec budget for signs in FY15; Councilmember Ward seconded.**

Mayor Cronin asked if Councilmember Ferencz was suggesting re-directing the funds for the digital signs to the line for wayfinding signs in the FY15 budget; the Councilmember answered that she was not suggesting an increase to the Stantec sign budget.

Mayor Cronin explained that this action would mean that the City must spend less on the signs planned for the rest of the island in FY15.

Councilmember Ferencz explained that her motion indicated that these signs are important enough to maintain the Stantec motif and that these signs be a part of the FY15 contract with Stantec. She stated that, since the marina has gone into planning mode, the City would not be placing a sign there in FY15, but could use the Stantec money in the budget to do whatever signage is needed in FY15.

Councilmember Harrington asked if Council would be voting on replacing the existing signs through Stantec and staying with informational signs with letters for the Recreation staff to spend their time changing.

Councilmember Ward said that he liked Director Page's idea of simple WELCOME signs. He commented that he moved onto the island in 1988, the message boards did not exist and people "got around just fine."

Clarifying the motion, Administrator Tucker stated that, since the digital message boards have been eliminated from the FY15 budget, funds in the FY15 budget for the next phase of wayfinding signs be used to cover the WELCOME sign and signs at Breach Inlet and the intersection of 14<sup>th</sup> Avenue and Palm Boulevard. She added that the City would not do what is planned for the next phase of Stantec's wayfinding contract; she also recounted that the City's agreement with SCDOT was to expand on the wayfinding sign initiative throughout the island.

Councilmember Loftus suggested that the WELCOME sign on the right side of 14<sup>th</sup> Avenue entering the island be relocated to the message board site.

Councilmember Bergwerf stated that a good way to find out whether the residents read the message boards is to remove all of the letters and wait for feedback from residents.

**VOTE: The motion PASSED UNANIMOUSLY.**

Councilmember Carroll questioned that the City should spend one hundred seventy-five thousand dollars (\$175,000) from this budget for planning at the marina; he suggested cutting the amount in half.

Administrator Tucker stated that the City will have to put out an RFB for the multi-disciplinary planning initiative, and, although the placeholder is one hundred seventy-five thousand dollars (\$175,000), the money will not be spent if it does not have to be. The Administrator commented that a small project may come from the planning initiative that could be done with a portion of this money.

Councilmember Bergwerf reported that the Real Property Committee wants to push forward to improve parking and traffic flow at the marina; she indicated that something could be done about the parking and move forward with planning.

The Administrator related that the parking plan that the current marina consultants presented had an estimated cost of five hundred thousand dollars (\$500,000).

Councilmember Ferencz recalled that, in an earlier version of the budget, seventy-five thousand dollars (\$75,000) was assigned to planning and one hundred thousand dollars (\$100,000) was designated for implementation; in the "yellow" version of the budget, another sixty-three thousand dollars (\$63,000) has been added for marina enhancements.

Administrator Tucker explained that the sixty-three thousand dollars (\$63,000) is money assigned/reserved for future enhancement of the marina site; it is not to be spent in FY15.

Councilmember Ferencz expressed concern that the City will end up with a one hundred seventy-five thousand dollar (\$175,000) plan; the Administrator reminded the Committee that they must approve any contract award.

Councilmember Buckhannon stated that the Real Property Committee wanted the money combined because it is a new way of approaching the issues at the marina, but the Committee was expecting to have funds available to take an action toward parking.

Councilmember Loftus agreed that the Real Property Committee's intention was not spend the entire amount on consulting fees; in his opinion, the Committee's intention is to address the most pressing issue at the marina which is parking.

Councilmember Buckhannon stated that the Committee wants to relieve the parking burden on the neighborhoods.

**MOTION: Councilmember Ferencz moved to remove \$180,000 earmarked to go into the Capital Projects budget from the General Fund in FY15; Councilmember Ward seconded.**

Administrator Tucker read the description from the budget that the transfer is “made to Capital Projects to maintain an adequate Capital Projects fund balance.” The Administrator reminded the Committee that the General Fund has been the main source of funding for Capital Projects; the Capital Projects fund has usually been capitalized by a portion of the year-end positive net result. Since staff is not expecting to have the same size year-end positive net result, this is the mechanism being used to fund the Capital Projects fund to keep up with planned expenditures.

Mayor Cronin stated that, if the money is not moved forward now, it must be moved forward next year. To which Councilmember Ferencz added “unless the City reduces capital spending.”

Councilmember Loftus asked the City Treasurer to estimate how the City would end the fiscal year. Treasurer Suggs referred the Committee to page 1 of the “yellow” budget and stated that, in the General Fund, she is predicting two hundred nineteen thousand dollars (\$219,000) more in revenues than budgeted and fifty thousand dollars (\$50,000) less in expense that generates a positive net result of two hundred sixty-nine thousand dollars (\$269,000). The positive net result is planned to be transferred to the Capital Project fund. The Treasurer said that she wanted to be realistic in the projection of the general column in the Capital Projects fund a shown on page 2.

Continuing down the column, one hundred eighty thousand dollars (\$180,000) being transferred into the Capital Projects fund from the General Fund, leaving the fund balance at the end of FY15 at approximately six hundred twenty-five thousand dollars (\$625,000). The Treasurer added that, to her, a fund balance of six hundred twenty-five thousand dollars (\$625,000) in the Capital Projects fund is “scary low;” she pointed out that the Capital Projects fund has maintained a fund balance in excess of one million dollars (\$1,000,000).

According to the Treasurer, expenditures from the Capital Projects fund typically run between four hundred and five hundred thousand dollars (\$400,000-\$500,000) a year; she noted that she prefers to have two (2) years’ expenditures in the fund balance by maintaining a fund balance of one million dollars (\$1,000,000).

Administrator Tucker added that, since the City has started saving for large purchases, the one million dollar (\$1,000,000) target has been reduced.

Responding to Councilmember Ferencz’ query, Treasurer Suggs said that a project may be split between tourism funds and the Capital Projects fund.

Councilmember Loftus asked how not making the transfer to Capital Projects would affect the budget; Mayor Cronin stated that the Capital Projects fund balance will go down and the General Fund fund balance will increase.

Councilmember Carroll stated that he believes that removing items like this transfer-out from the General Fund makes for a more accurate budget, eliminating large surpluses at the end of the fiscal year.

Treasurer Suggs stated that the FY15 General Fund budget is as pure staff can make it.

Mayor Cronin commented that this action means no funds for Capital Projects. Councilmember Ferencz remarked that the City has half a million dollars in the Capital Projects fund balance which Mayor Cronin pointed out as being less than the City spends in a year.

Councilmember Buckhannon stated that he trusts the City Treasurer and asked her for a recommendation on removing the transfer to the Capital Projects fund in the FY15 budget as it relates to the "best interest of the City." Treasurer Suggs recommended that the transfer should remain in the budget.

**VOTE: The vote DID NOT PASS on a vote of 6 to 3 with Councilmembers Carroll, Ferencz and Ward casting the dissenting votes.**

Councilmember Ward said that he has questioned for twenty-four (24) years about why the Public Works Department was located at the foot of the Connector as people drive onto the island and he opined that the Public Works' operations be re-located in Mount Pleasant or Awendaw. He suggested that, before the City invests two hundred thirty-nine thousand dollars (\$239,000), with a reimbursement of one hundred ninety thousand dollars (\$190,000), in the site improvements to bring the site into compliance with NPDES regulations, the City look into the possibility of acquiring land in the locations mentioned above to house the Public Works department. The Councilmember stated that the property would have enormous value for the City.

Councilmember Bergwerf voiced concern over sending public safety vehicles to Mount Pleasant or Awendaw when they need to fill-up; the funds for landscaping to improve the look of the site have been reassigned. She also introduced the cost of land in Mount Pleasant or Awendaw and questioned that there was land properly zoned to re-locate Public Works.

Mayor Cronin recalled that, several years ago, out-sourcing all of the Public Works' functions was considered.

Councilmember Ferencz commented that, for 2016, the City's ten-year (10 yr.) Capital Plan includes four hundred thousand dollars (\$400,000) for "Gateway Entrance Phase 2" looking from 14<sup>th</sup> Avenue and Palm Boulevard from City Hall to 21<sup>st</sup> Avenue; her impression was that the City wanted to enhance the entrance to the island by putting power lines underground, etc. With that in mind, she voiced her agreement with Councilmember Ward that now is the time to investigate the possibilities. In addition, the Councilmember opined that, once the City invests in the property to satisfy NPDES regulations, the City will never entertain relocating Public Works; she looks at this as a part of the long range vision for the island.

Councilmember Bettelli called for a "point of order" that the Committee had veered from the Agenda item FY15 Budget; he agreed to holding the discussion, but thought that the issue should go through the Committee process.

Councilmember Ferencz defended the discussion by the fact the funding for coming into compliance with NPDES regulations is a part of the FY15 budget.

Since the budget must be adopted by June 30, 2014, Mayor Cronin agreed that the discussion can wait since no action could be taken in FY15 if Council decides to relocate Public Works.

Councilmember Carroll suggested that Director Pitts state his opinion on relocating; Director Pitts commented that the property would have to be an industrial site, and the City would have to meet NPDES regulations.

Councilmember Buckhannon reminded the Committee that 14<sup>th</sup> Avenue was not always the gateway to the island.

Having looked at Stantec's recommendations and considering the parking pass system, Councilmember Ferencz asked whether the City had considered taking over the roads such that the City maintains the roads; therefore, the City could have whatever parking system the City and residents want and make money on it. She reminded the Committee that, according to SCDOT, any parking system must be revenue neutral; if the City owned the roads, the City could create parking and possibility get revenue from the beach-goers who come to the island for a day.

Councilmember Buckhannon recalled that Committee and Council discussions caused the costs of taking over the roads in the FY14 budget, and Council voted to remove it at that time.

According to estimates from Stantec, maintenance on the roads would cost approximately one million dollars (\$1,000,000) a year.

Councilmember Bergwerf stated that the City would need to save a certain amount each year; she added that she does not believe that SCDOT spends a million dollars (\$1,000,000) in maintenance on the Isle of Palms.

The Mayor noted that, if the City were to approach SCDOT about taking over the roads, the City would not get ownership of Palm Boulevard.

Councilmember Ward suggested putting the decision on the November referendum to let the residents decide.

To Councilmember Loftus, the idea of taking over the roads was intriguing, but he recalled that prior Committee or Council meetings, the City ran into a roadblock with SCDOT in that they would not give up Palm Boulevard. He did like the possibility of getting more revenue from the beach's day visitors.

Councilmember Bergwerf commented that residents would have to be made aware that their taxes were going to go up; Councilmember Loftus indicated that, when residents learn that to take over the roads could solve the parking issues on the island, they would support it.

Councilmember Ward referred the Committee to page 63, to the capital purchases listed and Mr. Berrigan's e-mail of May 2; the Councilmember quoted from the e-mail as follows "This would put us more in line with typical commercial tenant/landlord relationships." Councilmember Ward stated that he had recently entered into a lease in Mount Pleasant, and

these are the types of things that are his responsibility as the tenant. Since the City will be renewing the lease soon, he asked why the City was giving the Marina Outpost these considerations. He noted that past governing bodies have allowed these exceptions, but he added, "that was the reason elections were held to change procedures in the City that the current Council may or may not agree with." The Councilmember commented that these pieces of capital equipment represent a lot of money and that every tenant would like to have such a lease.

Treasurer Suggs inserted that the marina store does reimburse the City for insurance that includes liability and flood on the marina store. Administrator Tucker commented that the dock insurance is an item the City pays and is reimbursed.

Mayor Cronin explained that, when the tenant went into the lease, this equipment in the store was identified as City-owned property, and was in working condition; they expected it to continue working and as City property, if it failed, for the City to replace it. These items are clearly identified in the lease as City-owned property.

Councilmember Ward said that he understood the City was renegotiating the lease.

Councilmember Bergwerf recounted that, when the City bought the marina, it was a building with equipment in it; in turn, tenants leased the building with equipment in it and the equipment there was listed as City property. She stated that she thought the equipment that was part of the building, i.e. HVAC, coolers, etc., would be the City's responsibility; the item that she believes the City should not cover is the point-of-sale/cash receipt system, which is part of the business operation. The Councilmember stated that she had gone to the internet to the Ruby Point-of-sale website and learned that a small business can buy the equipment for one thousand dollars (\$1,000) and spend seventy dollars (\$70.00) a month for software maintenance. She believes that Mr. Berrigan should have whatever he wants, but it was not the City's responsibility to pay for it.

**MOTION: Councilmember Bergwerf moved to remove the replacement of the marina point-of-sale system for \$30,000; Councilmember Ward seconded.**

Councilmember Carroll again voiced his opinion that the existing lease is vague and that is a triple-net lease; therefore, the tenant is responsible for all the things on the property. He stated that he did not understand why the City was subsidizing private business at taxpayer expense.

Councilmember Bergwerf countered that the equipment is the taxpayers' asset.

Councilmember Ferencz commented that now was the time to change the language of the lease so it is not ambiguous; she said that the City could take those assets off the City's books and not be responsible for them. The Councilmember then asked what the City would get if it replaced the equipment on this list.

Administrator Tucker stated that the City could increase the lease rate at renewal time to recuperate the cost of replacement.



Councilmember Carroll said that another option was for the tenant to have a long-term lease of twenty-five to fifty (25-50) years and the tenant would be responsible for everything.

**VOTE: The motion PASSED UNANIMOUSLY.**

**MOTION: Mayor Cronin moved to recommend the “yellow” budget as submitted with changes to City Council for Second Reading; Councilmember Loftus seconded and the motion; the motion PASSED with a vote of 6 to 3 with Councilmembers Carroll, Ferencz and Ward casting the dissenting votes.**

## **6. New Business**

### **A. Consideration of Marina Outpost Lease Renewal with Amendments**

This item was discussed by the Real Property Committee, and they recommended to Ways and Means to move forward the store renewal. The Committee’s recommendation was to add these items to the lease as requested by Marina Outpost manager Berrigan; Mr. Berrigan volunteered to bear the legal expense for the lease amendment with his attorney that the City’s attorney will review.

Administrator Tucker stated that Mr. Berrigan was asking to clarify the financial responsibilities of equipment listed at City-owned property, which include the walk-in freezer, built-in merchandise coolers, Hoshizaki ice machine, Tonka bait cooler, Ruby point-of-sale system, fuel dispensing and monitoring systems and HVAC units.

Councilmember Buckhannon stated that Council still has the opportunity to change the lease; based on discussions, the Councilmember indicated that changes will be made to the lease.

Councilmember Carroll commented that he would like to see a long-term lease making the lessee responsible for everything.

Councilmember Bergwerf noted that the tenant wanted to exercise one (1) of two (2) remaining options to renew the existing lease; therefore, the terms cannot be changed dramatically. Councilmember Buckhannon agreed.

Councilmember Buckhannon added that he thought that the City could not make the lease for a longer term without cancelling the current lease and issuing an RFP with a different term.

Mayor Cronin concluded the discussion stated that the Real Property Committee needs to work with the tenant to clearly define what is to be included.

Councilmember Loftus stated that the Real Property Committee’s intention was to bring this request before the Ways and Means Committee to get feedback.

**B. Discussion of Beach Preservation Act (S 503)**

Mayor Cronin remarked that copies of the newly enacted Beach Preservation Act were included in meeting packet which grants powers to coastal municipalities to have Beach Preservation fee added to accommodations taxes for tourists who visit the island. In order to enact this for the City, the City must hold a referendum; thereafter, the City could impose the fee.

Councilmember Ferencz asked how the realtors felt about this. The Mayor responded that realtors send one (1) person to the legislative session who objected to it; the objection was that the rules were not being enforced the way they are, i.e. the realtors feel disadvantaged in that many people who fall into the category of vacation rental by owner are not paying the appropriate taxes. As a result, the Department of Revenue pushed through the next legislation which provides the local municipalities with information from the Department of Revenue to ensure that this group of taxpayers were paying the necessary fees.

The additional one percent (1%) would go into a separate fund for beach maintenance – beach access paths, cleaning of the beach, preserve the beaches, etc. The Administrator stated that a key goal of the legislation was to allow the coastal municipalities to accumulate money to deal with beach erosion, and the City hopes to accumulate enough money every four (4) years to address erosion problems on the island. She indicated that the potential revenue to the City is eight hundred thousand dollars (\$800,000) per year.

**MOTION: Councilmember Ward moved to hold a referendum in November, 2014 to enact the Beach Preservation fee for the City of Isle of Palms; Councilmember Carroll seconded, and the motion PASSED UNANIMOUSLY.**

**C. Discussion of Fairness in Lodging Act (S 985)**

For this second item of legislation, the City must pass an ordinance is that would allow the City to find rental properties that have been renting without the proper licensing and to fine them up to a thousand dollars (\$1,000) for every seven (7) days the property was rented.

**MOTION: Councilmember Loftus moved to authorize the City Attorney to craft an ordinance fining owners of vacation rentals who are not properly licensed the highest amount allowed and are not paying the required fees; Councilmember Bettelli seconded.**

Additionally, Mayor Cronin related that the state legislation allows the City and the Department of Revenue to share information in whatever language the ordinance requires.

**VOTE: The motion PASSED UNANIMOUSLY.**

**7. Miscellaneous Business**

Next Meeting Date: 5:45 p.m., Tuesday, July 15, 2014.

The Mayor announced that he and the City Administrator would meet soon to discuss how to consolidate Committee meetings and to have them on a more scheduled basis.

**8. Executive Session** – not needed

**9. Adjourn**

**MOTION: Councilmember Ward moved to adjourn the meeting at 9:30 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:  
Marie Copeland, City Clerk