

Ways and Means Committee
5:45 p.m., Tuesday, August 18, 2015

The regular meeting of the Ways and Means Committee was called to order at 5:45 p.m., Tuesday, August 18, 2015 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, City Administrator Tucker, City Treasurer Suggs and City Clerk Copeland; a quorum was present to conduct business.

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

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Bergwerf moved to approve the minutes of the regular meeting of July 21, 2015 as submitted; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Mayor Cronin announced that the IOP Police Department had won first place for the new design on the police vehicles in the category of departments with ten to fifty (10-50) officers. The printed announcement stated that unique to the design were the City's website appearing on the rear of the vehicle and the Department's logo on the side.

The South Carolina Beach Advocates meeting will take place on September 29th and 30th in North Myrtle Beach; the Mayor and the City Administrator will be attending, and he said that anyone interested in attending should contact either one of them.

His third announcement was that the Corps of Engineers had signed the contract to dredge the Intracoastal Waterway both here and in McClellanville; the company out of Indiana will mobilize in October and plan to complete the work by the end of the year.

4. Financial Statements – Treasurer Suggs

A. Financial Statement

Being one (1) month into the fiscal year, the target for revenue and expenses at July 31, 2015 was eight percent (8%). Revenue in the General Fund was two hundred eighty-five thousand dollars (\$285,000) with Rental License revenue accounting for almost half; rental licenses are due by August 31st. Treasurer Suggs reminded the Committee that much of July's revenue was attributable to FY15. In overall General Fund expenditures, the City was on target with eight percent (8%); departments over the target were Fire due to normal summer overtime, Recreation due to the additional personnel for summer camps, and BSOs which will even out over time. Interest at the LGIP is 0.2826 percent, rather than the percentage on the report. The City's cash position is strong with approximately eight hundred thousand dollars (\$800,000) more overall than at the same time a year ago.

Councilmember Loftus was concerned about the departments that had exceeded the expenditure budget in the first month of the fiscal year; since the Fire Department exceeded its budget in 2015, he asked whether that increase had been a consideration when the FY16 budget was projected.

The Treasurer stated that the payroll budget in the Fire department was “always the most challenging;” she commented that she does not want to over-budget for overtime, but it must be a factor. Treasurer Suggs noted that, since the Department must operate with a full staff all the time, when someone is injured, sick or takes vacation, the person called in to cover the shift would get overtime.

Administrator Tucker added that both Police and Fire personnel cannot work unless they are one hundred percent (100%) physically able; as an example, two (2) patrol officers are on light duty assignment now, resulting in someone receiving overtime to replace them on their shifts.

B. Tourism Schedules

In Municipal Accommodations Taxes, all collections for FY15 have been received and the grand total for the year was in excess of one million dollars (\$1,000,000) and included a one-time adjustment of over fifty thousand dollars (\$50,000) for the online travel companies. Collections in FY15 represent a fourteen percent (14%) increase over FY14.

Commenting on the continued growth in tourism dollars, Councilmember Loftus complimented that City staff for their time, effort, and hard work toward tourism. He stated that the increased dollars have kept the City from having to raise taxes.

Councilmember Carroll added that tourism funds subsidize the lifestyle on the Isle of Palms.

State Accommodations Taxes collections of one million one hundred eleven thousand dollars (\$1,111,000) exceeded FY14 collections by three percent (3%).

The second bi-annual payment of the Charleston County Accommodations Tax Pass-through was received and totaled two hundred fifteen thousand five hundred dollars (\$215,500); the County increased the City’s share from twenty to twenty-five percent (20-25%) to cover the beach recycling collection, the cost of extra deputies on the weekends in-season, and the cost of two (2) Beach Services Officers. When the extra five percent (5%) is deducted, the City showed an increase over FY14 of twenty-seven percent (27%).

Hospitality Taxes had a very strong year with collections of approximately six hundred eighty-seven thousand dollars (\$687,000) reflecting growth over FY14 of twelve percent (12%). In July, the City received forty-three thousand dollars (\$43,000) in delinquent taxes and penalties from one (1) payee; the remaining ten thousand dollars (\$10,000) due to the City will be paid by August 31st.

Collections in the Beach Preservation Fee fund for FY15 totaled more than four hundred twenty-five thousand dollars (\$425,000).

Councilmember Carroll asked whether the City was receiving regular collections from the online travel companies since the lawsuit has been resolved, and the Treasurer responded that they were supposed to be paying.

Mayor Cronin added that the one (1) major problem was that new online travel companies are opening up every day, making it difficult to know if all that is due is being collected.

Councilmember Loftus asked about the residences that were renting out bedrooms through Airbnb. Administrator Tucker responded that identifying these residences was very difficult, but the residences need to be checked to determine whether the structure is one that can rent rooms. Mayor Cronin said that there were many unanswered questions on this subject.

Councilmember Loftus suggested that Planning Commission be tasked with investigating the issue to learn if there were ways the City could tighten up on such situations and possibly identify property owners who rent out bedrooms to visitors.

At Councilmember Ward's request, Treasurer Suggs explained she and Councilmember Ward have drafted a letter to go to all island businesses and rental properties on how to complete the Local Option Sales Taxes form so that the Isle of Palms gets the taxes it is due. In the meantime, the Department of Revenue is changing the portal used to access the tax forms; therefore, the mailing of the letters has been put on hold to see the new portal. In talks with the Department of Revenue, the Treasurer has been led to believe that the problem has been addressed in the new portal.

C. FY15 Update

Treasurer Suggs reviewed the preliminary and unaudited financial information for FY15. She noted that the City has one (1) Local Option Sales Tax payment yet to be received that is historically around sixty thousand dollars (\$60,000). The column on the far right side on the schedule has the ending balances in the various City funds based on the information in-house. The Treasurer also noted that the balance in the Beach Restoration Account should be zero (\$0), not the negative four hundred twenty-four thousand dollars (-\$424,000) that is shown; the expense will be offset when the City recognizes the income from the affected property owners. Treasurer Suggs stated that the City had experienced a very good year financially, but several purchases were deferred until FY16, for example the rescue truck, and some projects were not under-taken, for example the NPDES improvements to the Public Works site, the implementation of Parking Management Concept C, and the marina redevelopment plan. The City has continued to save to make large equipment purchases with cash. In addition, the City had a strong year in business licenses and building permits, the additional five percent (5%) the City received from Charleston County in Municipal Accommodations Taxes, and the new revenue source of the Beach Preservation Fee.

Mayor Cronin stated that staff had projected a positive net result, and the original plan for the result was to transfer fifty thousand dollars (\$50,000) to the Disaster Recovery Fund and one hundred sixty-five thousand dollars (\$165,000) to Capital Projects, which the City should do.

When the audit results are known, Council will be tasked with determining how the balance of the positive net result will be booked. The Mayor indicated that his preference was that next

Ways and Means Committee

August 18, 2015

Page 4 of 11

year the City could refinance the bond on Fire Station #2 with a portion of that year's the positive net result used to pay down the principal to one and a half million dollars (\$1,500,000). Mayor Cronin agreed with Councilmember Ward that the amount needed to reach the one and a half million dollars (\$1,500,000) in principal was approximately eight hundred thousand dollars (\$800,000), of which sixty percent (60%) comes from tourism funds.

Councilmember Carroll asked whether the City should consider changing auditing firms periodically to get a different point of view. Treasurer Suggs stated that the contract with Greene, Finney and Horton expires after the FY15 audit; therefore, the City would be in a position to issue an RFP.

The Treasurer stated that the City could have relatively firm numbers for the General Fund for FY15 by the next Ways and Means Committee meeting.

Administrator Tucker reminded the Committee of the possible need for a Special Meeting to set the millage rate since the County typically gives the City very little turnaround time for that decision.

Responding to Councilmember Ferencz's question about an internal controls audit, the Administrator reported that staff has sent a request to about ten (10) firms; today was the deadline for questions and proposals are due soon.

5. Old Business – None

6. New Business

A. Consideration of the purchase of ball-field groomer from Smith Turf and Irrigation at state contract pricing not to exceed \$13,500

MOTION: Mayor Cronin moved to approve the purchase of a ball-field groomer at a price not to exceed \$13,500; Councilmember Bergwerf seconded and the motion **PASSED UNANIMOUSLY.**

B. Consideration of the purchase of Skid-steer, included in the FY16 budget at \$22,000 from State Accommodations Tax funds

MOTION: Mayor Cronin moved to approve the purchase of a Skid-steer as detailed above; Councilmember Loftus seconded and the motion **PASSED UNANIMOUSLY.**

C. Approval of Award of \$1,700 of State ATAX funds for the Police Department to provide public access to the IOP Connector traffic camera

MOTION: Mayor Cronin moved to approve \$1,700 of State ATAX funds to provide public access to the IOP Connector traffic camera; Councilmember Carroll seconded.

Ways and Means Committee
August 18, 2015
Page 5 of 11

Administrator Tucker reported that the Police Department had learned the name of the vendor that handles the SC511 for SCDOT. After SCDOT declined to include the camera on the Connector to their system, the City approached their vendor who is willing to take the City's feed and make it part of the SC511 system for seventeen hundred dollars (\$1,700). A link to the SC511 system is on the City's website. The ATAX Committee was happy to fund the project that should be helpful to residents, as well as visitors, and assist with general traffic management.

The Mayor reported meeting with elected officials at Sullivan's Island because they are interested in providing the same traffic information on the Ben Sawyer Bridge to their residents and guests.

Councilmember Harrington asked whether the seventeen hundred dollars (\$1,700) was a recurring annual fee, and he was informed that it would be a one-time charge. The Councilmember then asked what the fee paid for; Chief Buckhannon explained that the vendor would provide an appliance that City would install that would transfer the feed and actually put the feed on the SC511 system. The Chief described the appliance as "a glorified firewall transmission device."

VOTE: The motion PASSED UNANIMOUSLY.

D. Approval of an award of \$1,000 of State ATAX funds for advertising and tourism on the Carolina Coast Surf Club surf cam

MOTION: Mayor Cronin moved to approve the award of \$1,000 of ATAX funds as detailed above; Councilmember Bettelli seconded.

Administrator Tucker introduced Jim Radley who was representing the surf club and was present to answer questions; he also had a handout of the surf cam feed showing the exact space the City's ad would appear. (A copy of the handout is attached to the historical record of the meeting.)

After learning that the one thousand dollars (\$1,000) would be an annual fee, Councilmember Loftus asked about the volume of traffic on the site. Mr. Radley replied that the high on July 4th was five thousand (5,000) hits and as few as three hundred fifty (350) in December.

VOTE: The motion PASSED on a vote of 8 to 1 with Councilmember Bergwerf casting the nay vote.

E. Approval of overages, totaling \$4,833.24 in the FY15 State ATAX budget:

1. Public Restroom Operations - \$3,372.30 – as a result of keeping the restrooms open longer and increased frequency of power washing

MOTION: Mayor Cronin moved to approve the over budget expenditures in the Public Restroom Operations; Councilmember Carroll seconded.

Ways and Means Committee
August 18, 2015
Page 8 of 11

Councilmember Ward asked about the current condition of the public restrooms, and the Administrator answered, "Abysmal!" She added that three (3) shower heads were not working, four (4) sinks were not functioning, and three (3) light bulbs that need to be replaced; the work is already scheduled to repair and replace those items. She stated that the restrooms are generally in the same condition they were when discussions about replacing it began; they are no better, but the City tries to keep everything functioning. The Administrator noted that the restrooms are a maintenance challenge based on the level of use, and, since the City is working to replace them, staff is mindful that every dollar spent counts against the fifty percent (50%) rule.

To Councilmember Ward's comments that the restrooms were not clean, Administrator Tucker said that there is an attendant on duty every day who reports to the City when things are not operational and that they were being power washed more frequently. Power washing the restrooms means closing them to the public because the product used contains a de-bacteria and de-greasing agent.

Councilmember Ward asked if the situation would be any better with a new facility; the Administrator opined that a new facility would be an equivalent challenge due to the volume of traffic it gets.

Administrator Tucker reported that she had met earlier with a representative from the Council of Governments to get their assistance in identifying sources of money for replacing the restrooms; she provided them with copies of the information the City has gathered since the talks of replacement began. The Administrator reminded the Committee that the construction cost of the current restrooms was one hundred eighty-thousand dollars (\$180,000); the County paid sixty-seven percent (67%). The City and grants paid the balance.

Mayor Cronin noted that the County has not said "no," and Director Kerr has dialogued with County personnel.

Councilmember Bergwerf added that money for new IOP restrooms is not in the County's FY16 budget.

The Mayor suggested that Councilmembers write to members of County Council to lobby for funding for new public restrooms in next year's budget, and the City Administrator stated that the City might also look to the state for funds.

When Councilmember Ward asked Administrator Tucker where she thought the City would be on this project in three (3) years, she indicated that she thought the City would be moving forward in that timeframe, but that will be entirely dependent on sources of grant funds and other funds. The Administrator stated that Council could re-visit its position on renovating them, but she cautioned about the risk of spending that money and then having one (1) thing go wrong

that toggles the cumulative five-year (5 yr.) total over the assessed value and putting the fifty percent (50%) rule into effect, at which time, the City would have to demolish them and rebuild.

Ways and Means Committee
August 18, 2015
Page 9 of 11

Councilmember Buckhannon opined that, if the restrooms get to a point that they are un-usable because the fixtures are not working, the City may be forced into seeking financing for the project in hopes of getting money back from grants or Charleston County.

Councilmember Loftus expressed the opinion that the City should continue “to play hardball with the County” until they agree to contribute.

Councilmember Harrington recommended that the City establish a strategy for persuading Charleston County to include the public restrooms in their next budget.

The Mayor noted that he thought the City was making some progress with the County, but they then changed their Administrator and Chair of County Council.

Councilmember Carroll reiterated his position that the City should give Charleston County the land on which the restrooms are constructed in exchange for their building new restrooms.

Councilmember Ferencz asked at what point the restrooms become a health hazard and who would make such a decision. The Mayor responded that the City would close the restrooms if they were a health hazard.

Administrator Tucker added that the ventilation in the public restrooms is poor, but, as long as it is operational and everything is functioning, it is open to the public. If the facilities were not functioning and the water coming out faucets in the sinks was contaminated, it would be a health hazard.

VOTE: The motion PASSED UNANIMOUSLY.

2. Parking Management Plan - \$1,127.27 – legal fees specific to the parking management plan

MOTION: Mayor Cronin moved to approve the over-budget expenditures in the parking management plan from the ATAX fund; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. New Garbage Packer - \$333.67 – cost of the truck exceeded budget

MOTION: Mayor Cronin moved to approve the over-budget expenditure in the ATAX fund for the garbage packer; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

F. Award a sole source contract to Palmetto Custom Carts in the amount of \$40,500 for 3 low speed vehicles for Beach Services Parking Management Concept C (pg. 23, Muni ATAX/Police Department Capital Outlay - \$40,500)

MOTION: Mayor Cronin moved to award a sole source contract to Palmetto Custom Carts in the amount of \$40,500 for 3 low speed vehicles; Councilmember Buckhannon seconded.

Ways and Means Committee
August 18, 2015
Page 10 of 11

The Mayor noted that this was the first purchase relative to the implementation of Parking Concept C.

Councilmember Loftus stated that the City should delay this purchase to eliminate storing these vehicles in the salt environment of the Police Department garage for several months.

Captain Usry explained that the order is being placed now to avoid the end-of-season rush by the resorts and golf courses for replacements to their fleets; in addition, the vehicles are being custom-made and will need to be accessorized after they get to the island. The Captain does not anticipate taking possession of them until late December or early January.

Chief Buckhannon noted that enforcement begins in March and that the BSOs would be patrolling the entire island to enforce the Concept C parking plan.

Councilmember Carroll commented that these vehicles would be able to go onto the beach unlike the existing low speed vehicle the City now owns.

VOTE: The motion PASSED UNANIMOUSLY.

G. Award of a contract to Vic Bailey Ford in the amount of \$26,733, state contract pricing, for one (1) 2016 Ford Interceptor Utility vehicle (pg. 20, Capital Projects/Police Department Capital Outlay - \$34,000)

MOTION: Mayor Cronin moved to award a contract to Vic Bailey Ford for one (1) 2016 Ford Interceptor Utility vehicle in the amount of \$26,733; Councilmember Carroll seconded.

Responding to Councilmember Loftus' question, Chief Buckhannon said the mileage on the vehicle being replaced was a 2009 model with one hundred six thousand six hundred (106,600) miles.

VOTE: The motion PASSED UNANIMOUSLY.

H. Award of a contract to Vic Bailey Ford in the amount of \$24,543, state contract pricing, for one (1) 2015 Ford Police Interceptor sedan (pg. 25, Hospitality Tax Fund/Police Department Capital Outlay - \$32,000)

MOTION: Mayor Cronin moved to award a contract to Vic Bailey Ford in the amount of \$24,543 for one (1) 2015 Ford Police Interceptor sedan; Councilmember Bettelli seconded.

Captain Usry informed the Committee that Ford was not yet manufacturing the 2016 sedan that will be available in October at an increased price.

Chief Buckhannon said that the mileage on the 2011 model being replace was just under ninety-nine thousand (99,000), and, by the time the new vehicle arrives, the mileage will exceed one hundred thousand (100,000).

Ways and Means Committee
August 28, 2015
Page 11 of 11

VOTE: The motion PASSED UNANIMOUSLY.

I. Consideration of \$6,065.73 for an additional pedestrian crosswalk at 37th Avenue and Palm Boulevard

MOTION: Mayor Cronin moved to install a new pedestrian crosswalk at 37th Avenue and Palm Boulevard; Councilmember Carroll seconded.

Councilmember Ward asked that the Public Safety Committee investigate a location for a crosswalk between Breach Inlet and 10th Avenue.

The Mayor stated that this crosswalk would not be a budgeted expense; the line item for crosswalk street-prints has already been spent. The cost would have to be an over-budget expense in the appropriate line item or an out-of-budget expense or hold the crosswalk to FY17.

MOTION: Mayor Cronin moved to proceed with the pedestrian crosswalk at 37th Avenue using Muni ATAX funds, Maintenance and Services; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Next Meeting Date: 5:45 p.m., Tuesday, September 22, 2015

8. Executive Session – not needed

9. Adjourn

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 7:11 p.m.; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie B. Copeland
City Clerk