

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, July 21, 2015

The regular meeting of the Ways and Means Committee was called to order at 5:45 p.m., Tuesday, July 21, 2015 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Buckhannon, Carroll, Ferencz, Harrington, Loftus and Ward, Mayor Cronin, City Administrator Tucker, City Attorney Halversen and City Clerk Copeland. The absence of Councilmember Bettelli 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 Carroll move to approve the minutes of the regular meeting of June 23, 2015 as submitted; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

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

A. Monthly Financial Statement

Treasurer Suggs announced that the annual audit would begin August 21st and the auditors would be in City offices for approximately a month; in the interim, the Treasurer will be analyzing accounts, making sure everything is accounted for properly and making sure all invoices and revenues related to FY15 are included. She noted that the financial statements discussed at the meeting reflect the preliminary and unaudited statements through June 30, 2015. At the time the reports were generated, General Fund revenue was at one hundred six percent (106%) of budget, and General Fund expenditures were at ninety-nine percent (99%) of budget. Since the statement was produced, the City has received additional revenues of Local Options Sales Tax in the amount of fifty-eight thousand dollars (\$58,000) and the quarterly payment for Sunday alcohol sales of ten thousand dollars (\$10,000); total revenue received to-date is nine million fifty-one thousand dollars (\$9,051,000). Revenues not yet received by the City include the June property taxes, June and July Local Option Sales Taxes, Comcast franchise fees, Aid to Subdivisions, and the General Fund portion of the State Accommodations Tax quarterly payment; Treasurer Suggs reminded the Committee that the quarter ending June 30, 2015 was typically the highest quarter for State Accommodations Tax. She also noted that three hundred thousand dollars (\$308,000) of FY15 City revenues has come from the increase in the franchise fee to SCE&G that was not budgeted. Cash in the General Fund was thirty-seven percent (37%) of annual General Fund expenditures. Looking at expenditures, the Treasurer stated that several departments were over budget, i.e. Mayor and Council for MASC Annual Meeting costs, the Fire Department for salary and overtime wages, and Judicial and Legal, the reasons for which have been reviewed.

Councilmember Carroll asked whether each member of Council was allowed a dollar amount for attending the annual MASC meeting in the annual budget.

Treasurer Suggs answered in the negative; she indicated that Councilmembers who attended were reimbursed for their expenses; she commented that, with the conference occurring in July, expenses often get registered in either or both fiscal years.

B. Tourism Funds

For Municipal Accommodations Fee, the City received one hundred two thousand dollars (\$102,000) for June, making FY15 collections fourteen percent (14%) greater than in FY14; the one (1) month to be received is typically the highest of the year.

Collections for State Accommodations Taxes and for the Charleston County Accommodations Tax Pass-through have not yet been received.

With thirty-three (33) payers, Hospitality Tax collections were approximately seventy-five thousand dollars (\$75,000); this fund is running eight percent (8%) ahead of FY14. One month remains to be collected.

Councilmember Loftus expressed surprised that Hospitality Tax collections were down from prior years with the level of tourism the City has seen this year.

Collections for the Beach Preservation Fee matched Municipal Accommodations Fee at one hundred two thousand dollars (\$102,000); the fund total is two hundred sixty-three thousand dollars (\$263,000).

C. Project Schedules

For the parking management and wayfinding signs schedule, the City saw no new activity in June, and the Treasurer stated that she would retire this schedule. A new schedule will follow the new contract for FY16.

The same situation exists for the shoal management schedule; it, too, will be retired. For this meeting, a box was added in the bottom right indicating funds of two hundred thirty-seven thousand six hundred dollars (\$237,600) for the next project.

5. Old Business – None

6. New Business

MOTION: Councilmember Loftus moved to re-order the *Agenda* to address Item B under New Business at this point in the meeting; Councilmember Buckhannon seconded and the motion **PASSED UNANIMOUSLY**.

B. Recommendation from the Real Property Committee to award a contract to Applied Technology and Management in the amount of \$96,600 for a Modified/Reduced Scope for the Marina Master Plan

MOTION: Mayor Cronin moved to award a contract to Applied Technology and Management for \$96,600 as detailed above; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

Mayor Cronin asked Councilmember Loftus to describe the discussions on the new proposal at the Real Property Committee.

Councilmember Loftus reported that the Committee had reviewed the project and had voted unanimously to move forward.

Councilmember Buckhannon noted that the costs had gone from one hundred seventy thousand dollars (\$170,000) originally to the ninety-six thousand six hundred dollars (\$96,600) in the proposal before the Committee at this time, and the cost is within budget.

The Mayor stated that the project is within budget and would provide the City with a marina plan; he noted that, looking at the activity at the marina every weekend, help is needed to plan for the positioning of vehicles, trailers, etc.

Councilmember Carroll reiterated his opinion that, with a new thirty-year (30 year) lease in place at the marina, the City would be spending taxpayer money on a private enterprise if this proposal were to be approved. He added that parking to him was of utmost importance; over the weekend, he had witnessed the cars parking on Waterway Boulevard to about 34th Avenue and going up 41st Avenue going towards Palm Boulevard. He indicated that he did not know how a revised master plan at the marina would reduce the congestion that occurs there.

Councilmember Loftus said that a key component to the proposal would be a parking plan, and he added that he would like to see Council aggressively move forward with the parking recommendations from the new master plan for the marina giving relief to the surrounding neighborhoods.

Councilmember Carroll then asked how a marina parking plan would impact the implementation next summer of the island-wide parking management plan and the parking on Waterway Boulevard and 41st Avenue.

The Mayor responded that the parking on 41st Avenue is not in the residential area, i.e. on one side is the private marina parking and on the other is a ditch.

Noting that much of the island will become residential-only parking with only Palm Boulevard and the parking lots available for visitors to the island, Councilmember Carroll asked whether persons who pay a launch fee at the marina would still be allowed to park on Waterway Boulevard, a residential area.

Administrator Tucker recalled that several areas of the island, the marina and the Recreation Center for example, were not yet treated in the overall map of where the restrictions were to be. Because of these complications, such questions went unanswered to move the plan forward.

Giving her opinion of discussions in the Real Property Committee, the Administrator stated that, while there is a long-term lease at the marina now, overarching that is the City's need to be a partner in the decision-making improvements to the marina, to manage it better and in a more organized way. In her opinion, the goal was to look at all of the uses at the marina and to develop the best plan for all of the uses. Relationships need to have the best use and to maximize the available space which should reduce the neighborhood impact. The Administrator admitted that on busy weekends, July 4th and Memorial Day, parking would migrate into the neighborhood, but the residents should see an improvement.

Due to the number of visitors from off-island that use the marina, parking would overflow the space at the marina; Councilmember Buckhannon voiced that the new plan would make the best use of the available property. On the subject of the thirty-year (30 yr.) lease, he recounted talking with Marina Manager Berrigan who said that he has experienced equipment failure with several items in the store (generator, walk-in freezer, bait cooler, and icemaker) that the City would have been responsible for under the old lease. In Councilmember Buckhannon's opinion, the thirty-year (30 yr.) lease was a great option for the City, resulting in a tenant that would be capable of investing in the property.

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

A. Discussion of Changes to the Procurement Code

Based on situations that have arisen over the years, Attorney Halversen has kept a file noting that such items needed to be included in the Procurement Code, clarified in it or added to it when the time came for a change, and they have been incorporated in the document for consideration.

Administrator Tucker explained that the original discussion on changing the procurement process was in a Recreation Committee meeting over some delays in getting a project done; the Recreation Director reviewed the process with the Committee, the reasons for the delays and the cumbersomeness of the process. At that Recreation meeting, the Administrator shared that the City Attorney had commented that, when changes were contemplated for the ordinance, she had ideas that she wanted to include. From that discussion, the Committee suggested the changes be considered. She concluded her comments saying that the current Procurement Code is fine and that the City could continue to operate with it indefinitely, but the ordinance presented does include some improvements; among them is addressing the issue that, if an item is budgeted, could the process be shortened while keeping City Council aware of purchases and contracts that are occurring.

Mayor Cronin suggested that the Committee go through the changes page-by-page to learn whether Councilmembers have questions, issues or concerns about them. Starting on Page 1, he referred to the provision that allows the purchasing agent to award contracts of up to twenty-five thousand dollars (\$25,000) if the item is included in the fiscal year's budget and is communicated to City Council.

Attorney Halversen reported that the increase in the toggle was the single recommendation from the Recreation Committee.

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Councilmember Loftus voiced his concern that increasing the toggle would eliminate the opportunity for checks-and-balance. He noted that the budget is typically adopted in May, so, in February of the following year, the need for a specific purchase may no longer exist, but the purchase is made anyway. He opined that this would not be sound fiscal policy; he liked the current process that, when something is included in the budget, but it is given a second look before purchasing.

Councilmember Harrington stated that he did not think situations where this change apply happen very often, and he did not think the change would be abused.

Noting that the City has run well as it is for a while, Councilmember Loftus said that the City should have an overwhelming reason to make a fiscal change like this, and he did not see that “overwhelming” reason.

Councilmember Ferencz asked whether other Committees of the City had brought the Procurement Ordinance up for discussion.

Administrator Tucker did not recall that the subject had been discussed by any other Committee; she stated that the problem, as it is identified, does affect every department of the City. The Administrator explained that the procurement process takes a minimum of sixty (60) days, i.e. release a bid, open the bids, then the bids are presented to the appropriate Committee for approval or disapproval. If the Committee recommends accepting a particular bid, the purchase is then taken to Ways and Means and, ultimately, to City Council for approval. Increasing the toggle to twenty-five thousand dollars (\$25,000) could reduce the time by a month, allowing work to begin. That was the motivation – to try to get work underway sooner; in the particular case identified, staff was trying to get work done before a specific season or activity began.

Councilmember Ward said that he was encouraged to receive an email from the Administrator about the consideration of having an internal controls audit; he commented that the audit should be done by an independent accounting firm, preferably not the firm that performs the annual City financial audit. As that relates to Procurement Code, he suggested taking no action on the changes until Council has received the results of the internal control audit.

The Committee Chair agreed with the suggestion to delay, but said that he would like Councilmembers’ thoughts on the other proposed changes.

Attorney Halversen stated that paragraphs 2 through 5 under “Exceptions” are to give Council more flexibility to say that the City does not have to go through the long Request for Proposal (RFP) process, but can get the person or firm to do the task under these conditions. She indicated that language could be added such as “If Council deems it to be in the best interest of the City, the City can forego the RFP process per these exceptions” and make sure that “approval by Council” is included in each.

Councilmember Loftus asked how the City could stay transparent and avoid abuse by a future generation of Councilmembers.

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The Attorney stated that she thought the exceptions were relatively specific; she had included them because the situations have come up in the past and have been seen in other local codes. Attorney Halversen commented that the City's existing code is fine, but it is a "bare-bones" version

pursuant to the model code that was written right after the state required that all municipalities have a procurement code. Since 1983, when the requirement went into effect, many municipalities have expanded their codes to speak to issues that they deal with; she noted that she has seen multiple instances when the City's code did not answer certain questions. The answers cannot be found in the state code because it does not apply to the City; many of the changes are included because that is what is currently happening.

Responding to the Councilmember's question, Attorney Halversen did not know how to prevent future councils from abuse of the code; a chief motivation for changes would be to tighten the code to prevent such actions now and in the future.

In the section covering competitive bidding, Administrator Tucker explained that the City does not maintain a bidders' list primarily due to staffing; a bidders' list must include everyone, be kept up-to-date and be accurate. It also would be one (1) more thing on which to base a challenge to a bid. Her recommendation to Council would be to eliminate references to a bidders' list in any changes that could be made.

Councilmember Carroll asked whether local contractors would be notified of, for example, a dune walkover RFP, or whether they, too, must follow the City's website.

The Administrator responded that local contractors may be informed by staff telling them, but the City has nothing in writing saying that the City must do that.

Referencing the "Public Notice" section under competitive bidding, Councilmember Loftus said that he was opposed to newspaper advertising with all of the advances in technology.

Recounting the current process, the Administrator noted that the City has only placed a "teaser" ad in *The Post and Courier* under Public Notices in the classified ads; in this ad, interested parties are referred to the City's website for the full bid or proposal package.

Attorney Halversen noted that, in the current code, in case of a tie bid, the City would select the local bidder.

The Administrator reminded Council of the bidding for the fire truck when two (2) of the bidders did not meet the specifications of the bid, but of those both bids were lower than the bid accepted. In the section on Page 3 on "Award – Contracts shall be awarded to the lowest responsible bidder," Attorney Halversen and Administrator Tucker have considered adding language "meeting specifications in the bid or offering an acceptable alternative" to address such situations.

Page 5 addressed the RFP process which is very similar to the sealed bid process covered earlier; the sealed proposal provides for more flexibility for negotiation.

The section for “Construction Contracting” is in the current code; the revisions here are for clarification and are taken from other local codes that use the same type of language; Attorney

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Halversen noted that the changes may not be necessary, but do make the code more readable and understandable. The changes primarily refer to construction management services like that of design/build services, turn-key management.

Proceeding to Page 7 of the proposed changes, Attorney Halversen said that the City receives questions frequently from engineers saying that Charleston County allows them to submit request for qualifications bidding process rather than sealed bids. She noted that architects are exempt from the sealed bid process. The City would still go through the same competitive bidding process as in getting qualifications, but in the end, the City would have more flexibility to negotiate.

In a conversation with the City Administrator, Attorney Halversen learned that the City only uses land surveying services that could run in excess of five thousand dollars (\$5,000); typically, any land surveying services required are included in the engineer’s proposal. The inclusion of land surveying services is not necessary, but Council may want to consider it if any changes are made to the procurement ordinance.

From an earlier discussion with Attorney Halversen, Administrator Tucker recalled that she has asked for certain clarifications if the suggested changes move forward in the future. The first would be to put the word “real” before every use of the word “property” in the final section of the ordinance, and second, if a public hearing is included, it should be a Council’s option rather than a requirement, particularly for leases. Since the lease actions require the passing of an ordinance, the transactions would be very public. Thirdly, since the City has a finite amount of property and finding comparables here can get very specific, the Administrator suggested adding the following language to section (a) (4): or willingness to accept the results of one certified appraiser; again the option of accepting one (1) appraisal gives Council more flexibility.

Attorney Halversen indicated that she would make the changes discussed at this meeting.

C. Discussion of Public Access to Traffic Camera on the Connector

Administrator Tucker stated that this had been discussed at the Public Safety Committee meeting; at that time, the Police Department had only gotten one (1) quote for the components; she assured the Committee that providing public access to the camera-feed of the Connector traffic does not require the City to purchase an additional camera – the camera in-place now will work. The issue is that the Connector camera feeds through a City server and is available to be seen by Public Safety personnel to monitor; to make that feed public means that the City must take that feed through a separate server, through an internet-based company to make it “live” and then be hosted for the space for the web feed. If the City were to make the present access public, the security of the City’s network would be in jeopardy. The City staff has gotten additional pricing, but does not want to continue until it knows whether this activity is one that

Council wants to pursue. Since this new service was not included in the FY16 budget, the City could look to one (1) of the tourism funds or placing an application for funding before the ATAX Committee that meets the first week in August.

Reviewing the pricing information provided by the Police Department, the Administrator stated that the cost for the new server would be approximately three thousand dollars and Comcast would provide the internet access at one hundred seventy-five dollars (\$175) per month. The

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variable is the selection of the best provider of a micro-website or an app that would be available on the computer or phone to access the feed; prices run from five hundred dollars (\$500) to twenty-four thousand dollars (\$24,000). Staff is of the opinion that the most expensive option is because this is not something the vendor normally does and the business does not know what to expect in terms of the amount of bandwidth that would be necessary. The amount of bandwidth would depend on how much the site was used. The lower cost estimates are worrisome because, when the usage picks up, the service could decline, but the City may want to experiment with a lower priced company.

In general, Councilmembers were supportive of the idea, but they were hesitant to go with a vendor who has never done anything like this before. Councilmember Loftus suggested that the City should begin with one of the lower priced vendors.

The Committee expressed a desire to present this activity to the ATAX Committee for funding.

Councilmember Carroll stated that a camera-feed of traffic on the Connector was an “after the fact” situation; people who want to come to the island for a day at the beach need to know the traffic conditions before they turn onto the IOP Connector via a camera-feed on Highway 17. He thought the City staff should talk with Charleston County about the cameras on their roads and, possibly, visitors to the island could tap into them.

Councilmember Buckhannon said that the Police Department was doing a “phenomenal” job with their Twitter feed.

Administrator Tucker informed the Committee that the City had reached out to SCDOT first, and they had told her that they were not willing to expand their system at this time.

The consensus of the Committee was that staff should prepare an application for funding of this project for the ATAX Committee to consider in August.

7. Miscellaneous Business

Next Meeting Date: 5:45 p.m., Tuesday, August 18, 2015

8. Executive Session – unnecessary

9. Adjourn

MOTION: Councilmember Ward moved to adjourn the meeting at 6:55 p.m.; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk