

**WAYS and MEANS COMMITTEE
BUDGET WORKSHOP**

4:00 p.m., Tuesday, April 19, 2016

The Ways and Means Committee held a budget workshop at 4:00 p.m., Tuesday, April 19, 2016 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the workshop were Councilmembers Bettelli, Carroll, Ferencz, Harrington, Kinghorn, Rice and Ward, Mayor Cronin, Administrator Tucker, Treasurer Suggs, Assistant Administrator Fragoso and City Clerk Copeland; a quorum was present to conduct business. Councilmember Bergwerf's absence was excused.

Mayor Cronin explained that the purpose of the meeting was to review the full proposed FY17 revenue, capital and expenditure budgets; the FY17 budget as presented is balanced and does not call for a tax increase.

The first Committee chair to report was Councilmember Harrington for the Personnel Committee, and he reported that they were recommending the approval of four (4) new positions and taking one (1) part-time person to full-time. The new positions are a Human Resources Officer, a Building and Grounds Coordinator and two (2) police officers.

Mayor Cronin reminded the Committee that they were to decide tonight whether these new positions could be supported by the budget and not whether they would be filled since they have not been fully vetted by the respective Committees. Councilmember Rice commented that the Real Property Committee had requested that the Personnel Committee look into a person for buildings and grounds.

The Mayor said that it was the Committee's responsibility to determine if the need has been properly developed within the department for the position. For the Mayor, the issue is, if the position is authorized three or four (3-4) months from now, there would be no money in the budget to fund it. The version of the budget before the Committee does include the positions proposed.

Since the budget is balanced, it can support all of the positions as well as taking the Treasurer to full-time.

Councilmember Ferencz commented on how fixed costs have continued to increase over the years that she has been on Council; she stated that she thought the City "was spending because it has tourism funds – [the City] is living on tourism funds." She would prefer for the City to look at alternative ways of having support for staff without hiring another person, like outsourcing or incurring more overtime. She recommended having the maintenance person in the Recreation Department become the coordinator and to hire another someone to work with and under him.

Councilmember Kinghorn opined that the problem lies with Council; he stated that the meeting requirements alone that Council puts on staff in their oversight role were unnecessary; he thought Committees could meet every other month, freeing up staff from time spent preparing agendas and minutes and support materials. He said that he has not seen anything yet that could not wait four (4) weeks; he did not think that more staff than members should attend meetings. He thought that Council could free up staff time to do more constructive things. He suggested reducing the burden of meetings as a starting point and do some reforms before adding people. Since the full Council meets twice a month, at Ways and Means and City Council, subjects could be dealt with at those meetings. Councilmember Kinghorn also recommended that rather than have the

Committee chair approve the meeting agenda, the agenda should be run through Council to avoid duplication; he thought reforms could be done to reduce staff time and get greater priority out of that time.

The Mayor remarked that he thought all of Council was guilty of extending meetings and that Committees do skip meetings in the summer months, but could do so at other times if there was nothing substantive to handle. The Mayor said that the City Code only addressed the frequency of Council meetings.

Councilmember Bettelli thought a good idea would be to clarify the responsibilities of each standing committee as a way of avoiding duplication between Committees.

The Mayor opined that the Code does outline the scope of standing committees and that it behooves Council to follow them.

Councilmember Carroll expressed the opinion that meetings should be held when the department manager has something that needs to be discussed. He also said that he supports having the Treasurer become a full-time employee, but he thought the City could hold off on the other positions.

Councilmember Rice commented that Council had been elected to oversee things and to meet regularly to do that; skipping a meeting here and there during the year was not going to make much difference in the scheme of things. Currently the City has some huge projects in the works, i.e. renourishment, the marina, and she did not think Council should be thinking of doing less. She assured her fellow Councilmembers that the Real Property Committee would not be meeting less.

Councilmember Rice repeated that she had brought the need for a buildings and grounds person to the attention of staff; she believes that the City's biggest assets, its properties, need some attention. She stated that Council should expect more and that, as a tourist draw, the City's visitors expect more. She expressed her belief that the City needs one person to be responsible for maintaining the City's properties.

Councilmember Kinghorn restated that, if staff time at meetings was reduced, they would have more time to give to their supervisory roles.

The Mayor again asked if funding for this person should be left in the budget knowing that having someone in the position may be several months from now.

MOTION: Councilmember Rice moved to leave the funding for a Buildings and Grounds Coordinator in the FY17 budget; Councilmember Bettelli seconded.

Councilmember Ward asked Councilmember Rice what should be done at Front Beach to improve its appearance, and she responded that the sidewalks were cracked, the paint on the benches was peeling, there is no mulch around the bricks, it was not kept clean, etc.

Councilmember Kinghorn added that the dead palm fronds have not been trimmed and the season has begun.

Councilmember Harrington cautioned against a rush to judgement and suggested that the funding of the position should stay in the budget, allowing the position to go through the Committee for proper vetting.

Councilmember Bettelli stated that, in the early years of his tenure, he had been taught not to not spend money but to spend it wisely, and he believed that was the path Council would be taking by leaving the money in the budget whether it hired a person or additional contractors.

Councilmember Ferencz contended that if the money was left in the budget and the position was not filled, the money budgeted would become part of the positive net gain at the end of the year and moved to the Capital Projects Fund or the Disaster Relief Fund so that, in her opinion, the money would be obligated and spent. Councilmember Ferencz thought that a better solution was to take a portion of the funds in the budget for this person in salaries and to put into maintenance and repairs to hire more contractors to get the work done without being tied to the auxiliary costs.

Administrator Tucker reported that a member of the ATAX Committee had approached her after the meeting saying that she has seen the need for a buildings and grounds person over the island and was glad that the position was in the budget. The Administrator repeated that, when no one is responsible, expenses increase from lack of attention.

AMENDMENT: Councilmember Kinghorn amended the motion to take 70% of the total funds identified in the budget for the position of Buildings and Grounds Coordinator and put it toward a maintenance contractor and experience that before hiring additional personnel; Councilmember Ferencz seconded.

Councilmember Bettelli was not in support for the amendment because the need for the position had not yet been determined. He stated that he considered his job as a Councilmember to be one of enabling the City to run effectively, and he looks to the Administrator, the Department heads, the Committees and to Council to listen to the various reasons for whatever they want to add and to act on those reasons.

Going back to his original premise, Councilmember Kinghorn suggested doing the reform first to see where Council can generate more savings of staff time for higher priorities.

Administrator Tucker noted that preventative maintenance gives longevity and avoids early replacements, and that is something for which this person would be responsible. Based on the job description, this person would be expected to do certain things himself, but he would also need some degree of administrative skills to manage contracts and contractors.

VOTE on the Amendment: The motion FAILED on a vote of 2 to 6 with Councilmembers Harrington and Kinghorn supporting the action.

VOTE on the Main Motion: The motion FAILED on a vote of 4 to 4 with Councilmembers Bettelli, Harrington and Rice and Mayor Cronin supporting "aye."

Councilmember Harrington stated that the Public Safety Committee has not yet heard the rationale behind the need for two (2) additional police officers, but that Chief Buckhannon made a good case for the officers in the Personnel Committee meeting.

MOTION: Councilmember Harrington moved to keep the placeholder in the proposed FY17 budget for 2 additional police officers; Councilmember Bettelli seconded.

Councilmember Bettelli stated that the number of service calls has risen by thirty-two percent (32%) since 2007, and the number of cases assigned to investigations has risen by eighty percent (80%). In addition there are more requirements on record keeping.

Mayor Cronin asked that the Public Safety Committee look at what the two (2) officers were going to be doing on a day-to-day basis; he also noted that one of the foremost jobs of Council was to keep the island safe; therefore, he always leans toward having the right equipment and staff for both fire and police.

Councilmember Ward stated that all of the discussion tonight was premature since the positions have not been vetted by the Committees; he indicated that he wants to hear from the Committee chairs.

Mayor Cronin said he was advocating that the positions stay in the budget until they have run through the committees to make a recommendation to Council next month.

Since this meeting was a budget workshop, Councilmember Ward thought that voting on these issues was not necessary; the budget could be changed between First and Second Readings.

Administrator Tucker noted that the goal of staff was to learn from this meeting what was to be in the budget for first reading; she expected this Committee to review this version that has been developed by staff and the committees to make decisions about what to leave in and what to take out.

VOTE: The motion FAILED on a vote of 3 to 5 with the Councilmembers Bettelli and Harrington and Mayor Cronin casting the “aye” votes.

Picking up on Councilmember Kinghorn’s position of reducing the work load for staff, with the actions taken thus far, Administrator Tucker pointed out that the Treasurer must generate another version of the budget for the next round of Committee meetings, and, based on those meetings, may need to develop a third version for First Reading.

Proceeding to the third position, Councilmember Harrington stated that this person would be the payroll and human resources person for General Government.

MOTION: Councilmember Harrington moved to leave the placeholder in the proposed FY17 budget for the payroll and human resources position; Councilmember Bettelli seconded.

The Mayor questioned that the City needed a full time position for payroll and human resources and there was also the question of where this person would reside, and he brought up Councilmember Ferencz point of outsourcing payroll.

Councilmember Harrington recalled asking staff what they needed to do their job, and they brought these positions to the Committee and demonstrated that Clerk Copeland has a goodly amount of overtime. He stated that he believed it important to keep this placeholder in the budget, because he thought it important for Council to respond to what the staff needs.

Councilmember Kinghorn stated that, if the City has a human resources position, it will also have more human resource issues. He also thought this was the best example of his theory that, if Council's demands upon the Clerk's time were reduced by thirty percent (30%), she would have the time necessary to devote to human resources tasks.

Looking at past budgets to FY11-12, Councilmember Ward stated that the overtime budgeted for FY17 was only four hundred dollars (\$400) more while the salaries and wages budgeted for FY17 was forty-four percent (44%) which includes the additional position.

Administrator Tucker stated that she has the payroll reports that show the increase in overtime hours that the Clerk has worked. In addition, staff works off of the current and prior years' budgets in order not to be over budget year over year. The overtime hours have definitely increased, but the human resources requirements are changing and increasing in terms of the demand on the City to respond, the Affordable Care Act being only one.

Councilmember Ferencz repeated that many municipalities, non-profits and companies outsource their payroll to ADP – all of the benefits and new regulations are taken care of. She suggested that the City look into that company.

The Mayor agreed, but noted that the City would need funds available to use any payroll service and he continued to support leaving the funds in the FY17 budget until further vetting by the Personnel Committee.

Treasurer Suggs reported that she had reached out to Sullivan's Island because they used ADP for a while; their treasurer did not remember what they had paid for the service, but they found it easier to do payroll themselves because the payroll person was spending more time getting the information to ADP than she spends doing it herself. In addition, Treasurer Suggs has contacted ADP about getting a quote.

Councilmember Bettelli commented that the conversation was focusing on the Clerk, but other people in the City were doing bits and pieces of the human resources function.

VOTE: The motion FAILED on a vote of 4 to 4 with Councilmembers Bettelli, Harrington and Rice and Mayor Cronin supporting the motion.

The Mayor said that Council needed to listen to what staff was trying to tell them.

MOTION: Councilmember Harrington moved for Treasurer Suggs to extend her employment with the City to full-time; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

MOTION: Councilmember Harrington moved to include a 2% merit and a 1% COLA for employees in the FY17 budget; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

Mayor Cronin directed attention to the schedule of the estimated breakout of FY15 audited revenues by source.

The review of the FY17 budget started with a look at projected revenue, and Councilmember Ward stated that the transfers-in are increasing every year.

Treasurer Suggs responded that the transfers-in represent the same number of heads for which transfers-in have been made in the past, and the percentage is the same for temp labor as has been used in the past; with the COLA and the merit increases, the dollars have increased.

Again referring to the FY11-12 budget, Councilmember Ward said that the transfers-in have increased by six hundred thousand dollars (\$600,000); the Councilmember stated that he had hoped to reduce the amount of dollars transferred-in from tourism funds to support the General Fund expenditures.

Mayor Cronin stated that, without a new source of revenue, he did not see how that would happen.

Referencing line 22 on page 5 of the budget Parking Lot Revenue, the Mayor said that the figure was "a reasonable estimate by reasonable people" and that it was consistent with past revenue without the hotel.

Looking at General Fund expenditures for General Government, the Mayor commented that Councilmember Ferencz had a question about the reimbursement program for employee training that has increased thirteen thousand seven hundred dollars (\$13,700) for FY17. Administrator Tucker explained that the number has been increased for specific requests for tuition reimbursement; these employees have told staff exactly what courses they would be taking, how much they would cost and how much tuition and books would be.

Treasurer Suggs noted that the reimbursement requests must be submitted and approved before budget preparation begins, and reimbursement varies based on the grade received.

The Administrator recalled one (1) occasion when an employee terminated employment within a year of completing classes for which he was reimbursed, who was asked and did reimburse the City for tuition and books.

When Councilmember Carroll asked whether Fire and Police Department personnel were reimbursed for the training that the City provides, the Administrator replied that the training was needed for them to perform their jobs and would not be reimbursable.

Councilmember Ferencz asked whether the course work had to be job-related, and the Administrator responded that it was.

Councilmember Bettelli stated that the overall six percent (6%) increase in the Police Department budget was primarily the costs associated with the two (2) new positions; with those positions out of the budget, the increase would only be one percent (1%).

Directing attention to Vehicle Maintenance on line 122, Councilmember Bettelli reported that the Department will be seriously over budget in FY16 and that the replacement of certain vehicles has been moved forward. The FY17 budget shows an increase of ten thousand dollars (\$10,000), but it may have to be increased again before the budget is adopted.

Councilmember Bettelli explained that the increase in the Telephone and Cable line represents the expense for the Metro Ethernet line for secure data transmissions with Consolidated Dispatch that has been paid in the past by a Port Security Grant that has ended.

According to Councilmember Ward, the increases to the Public Works budget are in line with previous years; for the Public Works Department, the major increases are on the capital side.

The nine percent (9%) increase in the Recreation Department's FY17 budget can be attributed to the inclusion of costs associated with the Buildings and Grounds Coordinator; the next version that excludes the position will show a more modest increase.

Councilmember Ward reported that Professional Services in the Judicial and Legal budget has gone from forty-six thousand dollars (\$46,000) five (5) years ago to one hundred eighty-one thousand dollars (\$181,000).

Administrator Tucker explained that the suit with the Beach Property Owners Association is ongoing and the expenses continue to accrue. The City has had to defend itself in this case, and the related expenses have significantly impacted this line. In addition, the services of the prosecutor continue to increase with the increase number of cases in court, as well as the increased demand for jury trials.

In the Parking Department, seven thousand dollars (\$7,000) has been budgeted for overtime for existing employees who work in the municipal parking lots on busy weekends to maintain orderly parking and to assist visitors with the kiosks.

Referring to page 18 of Draft 1 of the FY17 budget, Mayor Cronin stated that revenue exceeds expenses by approximately four hundred twenty-three thousand dollars (\$423,000) which will be transferred to Capital Projects.

When moving to the Capital Projects budget, Council saw the first of grant funds the City will apply for; the City will apply for hazard mitigation grants for three (3) projects, i.e. a generator for the Recreation Center, the cost to elevate the public restrooms and beach restoration on the northern end of the island attributable to Joaquin. The grants would pay for seventy-five percent (75%) of the costs.

The need for the generator became evident during the emergency preparedness earthquake exercise; because the Recreation Center had no backup power, its use in the aftermath was significantly limited. If Council would not support this process and the accompanying obligation to twenty-five percent (25%) of the costs, the Administrator wanted to know so time to complete the application could be spent elsewhere.

Later in the budget, Council will see the grant income to pay seventy-five percent (75%) of the cost to elevate the public restrooms based on the original project, not the Tri-County Hospitality Center; this project would qualify for hazard mitigation funds since elevating the structure mitigates flooding.

Councilmember Kinghorn stated that, any time the City can get two or three dollars (\$2-\$3) for one dollar (\$1) from the City, the opportunity should be pursued.

The consensus of Council was to pursue the hazard mitigation grants.

Councilmember Ferencz questioned the disparity between the number of walkie-talkies being replaced by the Fire and Police Departments.

The Administrator explained that Chief Graham believes that everyone should have like equipment, so the Fire Department is upgrading all of their radios at the same time. The Police Department and the other department of the City, on the other hand, will replace the radios as they fail. As noted earlier, the radios the City uses are no longer being made and parts are not available.

Chief Graham noted that the Fire Department has radios assigned to all full-time personnel, to the boat and the jet skis, and has a couple of spares for part-time employees and volunteers.

Administrator Tucker reminded Council that the City has been saving money for several years toward the radio replacements.

Moving to page 39 of the FY17 budget, Council can see that, under General Government/Special Projects, the golf cart path between 18th and 20th Avenues will be split fifty-fifty (50-50) between Capital Projects and Municipal Accommodations Fee Funds.

The Administrator reported that the City has filed for the encroachment permit for the golf cart path from SCDOT, and staff has been working to comply with SCDOT's requests. One (1) of their requests was to veer off the right-of-way onto the Mayor Carmen R. Bunch Park property sooner than planned, but the Administrator has been assured by the Greenbelt Committee that to do so would not complicate the deed restrictions on the property.

Director Kerr stated that the City expects to relocate two (2) power poles and a fire hydrant to construct the path.

The audio/visual/projector system for Council Chambers is expected to be two (2) large screen televisions, one (1) on either side of the room with one (1) facing the audience and one (1) facing Council.

Councilmember Kinghorn asked to go back to page 26, State Accommodations Tax Revenues and Expenditures, and directed attention to the transfer to the Charleston Visitors Bureau (CVB) in FY17 of five hundred twenty thousand dollars (\$520,000). In the past six (6) months, the Councilmember stated that he has studied reports and literature, spoken to various people and received opinions on how these funds could be used. In addition to the City's contribution, Wild Dunes contributes, in addition to doing their own promotional activities; he opined that the City should be able to cap the contribution at some number. This money represents five percent (5%) of the General Fund, and he questioned where in the General Fund this money could make a significant difference. He asked that Council consider a reasonable cap in funds sent to the CVB to continue participation, but to use some of these resources here to promote the island in the off-season.

Mayor Cronin stated that the amount of money that goes to the CVB is dictated by state law as follows:

General Fund	5%
A Visitors Bureau	25%

The Mayor added that it was not a negotiable amount.

Councilmember Kinghorn said that his interpretation of that law is that the money does not have to go to a visitors' bureau, but could be used for promotional activities. He opined that the City could be more creative and use the funds locally. He asked that the City get a formal legal opinion on the matter.

Councilmember Carroll recalled that Council has discussed its membership in the CVB at great length, and he remembers the need to hire additional personnel to act independently for promotional purposes.

Councilmember Kinghorn clarified his statement saying that the City does not have to hire anyone, but must use the funds for promotional activities, such as Front Beach and the marina.

Councilmember Rice voiced her understanding that it has to be an organized entity that is there for promotion to legally get these funds distributed; in her opinion, the law was very specific.

Councilmember Ward asked about the addition of thirty thousand dollars (\$30,000) to the Advertising line of the ATAX budget.

Administrator Tucker explained that the Mayor had met with the hospitality and lodging people on the island who introduced him to the "secret season" that occurs from October through March, and the Mayor has proposed producing a video that the island's real estate and rental agencies could use in their own promotional activities at no charge. The thirty thousand dollars (\$30,000) in the Advertising line is money to do something that this hospitality group would propose to promote the off-season and all that the island has to offer.

Councilmember Ferencz asked why the City was not asking the CVB to do this for the City.

The Administrator noted that some communities that contribute to visitors' bureaus, pay them an extra sum to do something over and above the norm to promote special events or happenings, and this could be something the CVB would do for the city, but the Administrator has not yet contacted them.

The Mayor added that this "secret season" promotion would be targeted marketing.

Councilmember Ferencz thought that Perrin Lawson of the CVB had indicated that the CVB would be interested in doing some type of specialized promotion for the City. She questioned why this money was not assigned to the line in the ATAX budget that is for discretionary programs and sponsorships by the ATAX Committee.

Councilmember Kinghorn asked for a legal opinion on the City's use of the twenty-five percent (25%) of ATAX funds that now are sent to the CVB and what the City's options might be.

When Councilmember Ward stated that he thought that the fireworks expense had been reduced, the Mayor reminded the Committee that, after last year's disappointing show, the City went out for bid, and, in the first round, received no bids. In the re-bid, the City received only one (1) bid and it was twenty-five thousand dollars (\$25,000).

Councilmember Ferencz voiced concern that the Capital and Special Projects budget for the Fire Department was nine hundred eighteen thousand dollars (\$918,000) in FY16, including a rescue truck for three hundred fifty-two thousand dollars (\$352,000), and in FY17 it was nine hundred ninety-one thousand dollars (\$991,000) without a major investment.

Responding, Administrator Tucker explained that the two hundred thousand dollars (\$200,000) for the radio replacements was coming from savings to the expenditure line.

The savings for apparatus was increased because the equipment was seriously impacted by October flooding and Joaquin and is not holding up to its expected useful life; therefore, some apparatus must be replaced sooner than originally thought and the costs are continuing to increase.

A new assignment to fund balance is the replacement of twenty-eight (28) self-contained breathing apparatus (SCBA). In prior years, the City has replaced a few of these each year, but the Fire Department has recommended that they all be replaced at the same time to ensure that all personnel have like equipment. When Councilmember Ferencz asked about any resale value, Chief Graham replied that there may be an opportunity for a trade-in, but she would not know until time came to replace them.

Questioning the need for another truck, Administrator Tucker explained that currently the Fire Inspector and Battalion Chief Maibach are sharing a truck. Frequently Chief Maibach is receiving or giving training off-island which means that the Inspector has no transportation to conduct inspections.

Councilmember Ferencz suggested that the City pay the Inspector for mileage.

Chief Graham added that a 2010 pickup is up for replacement, but the Department has decided to keep that truck and purchase an additional one (1).

The Chief commented that the Department has two (2) jet skis that typically last three (3) years; the jet skis get a great deal of use, and replacing them before they develop mechanical problems is critical to the safety of the island's beach-goers.

The Public Works Department has three (3) major capital expenditures in the FY17 budget, the replacement of the two (2) underground storage tanks, the beginning construction on the Phase II drainage project and the required NPDES requirements for the Public Works site.

Administrator Tucker explained that she had added twenty thousand dollars (\$20,000) to the Building Department Capital budget for the construction of a fenced parking area within the IOP Water and Sewer Commission's property on Waterway Boulevard to be used for overflow marina parking. The Administrator reported that she has spoken with Kristen Champagne, Director of the Water Commission, and that Ms. Champagne was aware of information on some dialogue between one (1) of the Commissioners and a tenant at the marina. The Administrator further explained that she did not know if this was something that the tenants were going to make happen or whether the expectation was that the City would do it. The expenses would be for fencing and a gate in order to comply with Homeland Security regulations to ensure that the rest of the site and the operation on the site would be secure.

Councilmember Ferencz thought that this expense should be a part of the marina project, and Councilmember Bettelli suggested that the marina tenants should share in the costs for their employees to park off site and provide more parking for their customers.

The Administrator stated that this issue had been brought before Council to receive their input on whether it was something the staff should pursue on behalf of the citizens to eliminate some of the marina overflow parking on Waterway Boulevard.

According to Councilmember Rice, the Commissioners are willing to make this happen and that the space will accommodate forty or more (40+) vehicles; they would also like to see it happen for this boating season.

Items included in the Front Beach Area, etc. Capital Projects budget were the design costs for new public restrooms, one-third ($\frac{1}{3}$) of the cost for construction of the public restrooms, and public art for Front Beach.

Councilmember Ward said that he would prefer that the funds for the public restrooms be removed from the budget because of a conversation he had with Elliott Summey, Chair of Charleston County Council, over the weekend. The Councilmember said that Mr. Summey had told him that Tom O'Rourke, Charleston County Parks and Recreation Commission (CCPRC), wanted a millage increase for forty million dollars (\$40,000,000) for parks and recreation and that one million dollars (\$1,000,000) would be for the Isle of Palms. Councilmember Ward's concern was that Charleston

County would reconsider if they saw the money being budgeted in the City budget; he noted that the building would belong to the City, but CCPRC would take over the operation.

Administrator Tucker pointed out that, if the funds for the public restroom were removed from the budget, the hazard mitigation grant for the cost of elevating the structure would also need to be removed.

Mayor Cronin agreed to take all of the funds out of the budget, and, when time comes for Second Reading, the funds can be added back if Charleston County PRC will not confirm the money.

Councilmember Ward noted that he asked Mr. Summey if he was free to repeat the conversation on more than one occasion and was told he could.

Councilmember Ferencz noted that the repair/replacement/addition of a dune walkover was included in the budget as an expense in the ATAX budget; she remarked that she understood one (1) of the uses of the Beach Preservation Fee was dune walkovers and asked that the money be moved.

Treasurer Suggs and Administrator Tucker agreed.

Mayor Cronin directed Council to page 28, Beach Restoration and Beach Preservation Fee funds, to review the funding for the next restoration project.

Administrator Tucker stated that the cost estimates the City has received for an offshore dredging project similar to the one in 2008 are fifteen million dollars (\$15,000,000), which will require participation from different sources, as follows:

Beach Restoration Fund Revenue

Donations of cash - stakeholders		8,752,429
Grants - estimated	State of South Carolina	2,625,000
	FEMA	753,951
Loan Proceeds – City debt		1,200,000
Transfers-in	Beach Maintenance Fund	396,152
	Beach Preservation Fee	1,276,446
Interest Income		100
	Total	<u>15,004,078</u>

The City had a goal of doing this project in the fall of 2016, but it now appears unlikely to happen because some of the stakeholders have notified the City that they will not be able to gather the money by this fall. The City will be investigating whether retreat is the more economically viable option which means the City would pursue condemnation of buildings using various sources of money to do that. Such an action would take those building off the tax rolls, and the result would be publicly owned property in those locations. Administrator Tucker noted that she had no idea of the affordability or consequences of said action.

The Mayor added that the stakeholders will hear the estimated number they will be asked to come up with later in the week.

When asked how much money the City had spent in restoring the beach, Mayor Cronin said that the number was about two million two hundred thousand dollars (\$2,200,000) – all tourism funds.

Moving on, Council turned to page 47 for the Marina Fund detailing the capital expenditures for FY17 that include replacing the fuel dispensers at the dock, only with failure, replacing the four (4) underground fuel storage tanks, engineering and design for the marina redevelopment without the drystack storage, painting the bulkhead and evaluating the erosion on the landside of the bulkhead. (The Administrator has not gotten any price quotes for the evaluation of the bulkhead.)

Mayor Cronin recalled that the new steel bulkhead was constructed on the water-side of wooden bulkhead.

Councilmember Ferencz asked how any work on the bulkhead could tie in with any work to be done on the marina redevelopment project.

The Administrator responded that she could not answer the question until a structural engineer has identified the problem. The painting of the bulkhead was an item that rolled forward on the Capital Plan, but the painting will not take place if there is significant work to be done on the bulkhead.

The Mayor noted that the marina debt will be paid in full in 2019 freeing up cash to do other needed projects at the marina.

The Mayor announced that the City had received an interest rate of 1.88% on the Fire Station 2 bond re-financing with no pre-payment penalty; the City will save approximately two hundred thousand dollars (\$200,000) in interest payments of the remaining life of the bond.

3. Adjournment

Mayor Cronin closed the Budget Workshop at 6:33 p.m.

Respectfully submitted:

Marie Copeland
City Clerk