

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, April 19, 2016

The regular meeting of the Ways and Means Committee was called to order at 6:36 p.m. on Tuesday, April 19, 2016 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting 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. The absence of Councilmember Bergwerf was excused.

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 Bettelli moved to approve the minutes of the regular meeting of March 15, 2016 as submitted; Councilmember Harrington seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Comments related to flood insurance program, Chris Silcox, C.T. Lowndes & Company

Mr. Silcox reviewed the changes in flood insurance policies since the Biggert Waters Act in 2012 to the 2014 Homeowners Flood Insurance Affordability Act, which is being implemented over time. He stated that federal flood insurance is underwater to the sum of forty billion dollars (\$40,000,000,000), and the federal government wants out of the older home flood insurance business. The handout distributed is attached to the historical record of the meeting.

Rebecca O'Brien was present representing Jay Clarke of Morgan Creek Grill who was out of town; he asked that the City approve funding for the Marina Redevelopment Plan C that was discussed at the most recent Planning Commission meeting.

Dimi Matouchev, Chair-elect of the Isle of Palms Community Corporation and living at 116 Sparrow Drive, said that he was present representing the IOP Community Corporation which is a 501(c)3 corporation. He stated that this is a charitable organization that focuses on helping the community, prevention of child abuse, community service and youth programs. The Exchange Club is planning to build a bulkhead and dock on their location at 201 Palm Boulevard for non-motorized vehicles, and they were requesting a grant from the city in the amount of two hundred thousand dollars (\$200,000). He reported that all of the money raised by the Exchange Club is given to charity and they do not retain any funds for the organization. Mr. Matouchev stated that, if they were to build a world class facility, they would draw more weddings and other events. He noted that the Exchange Club has its own parking area and that, with the new bulkhead, it would expand. He concluded that the IOP Community Corporation Board of Directors hopes that the City can become a partner with the Exchange Club in this endeavor.

Kenneth McDowell, 16 Fairway Villas Lane, stated that he was a serious booster of paddle sports, and he was present to support the Exchange Club's plan for their waterfront improvements including a dock and a launch that would be friendly to paddle board access. As a participant in the paddling community, he encouraged the City's support of the Exchange Club project to offer

access to the “pristine waters on the south end of the island” with “a distinctive and immediately useful amenity to the City.”

4. Financial Statements – Treasurer Debbie Suggs

A. Financial Statement

The financial information for review was for the month ending March 31, 2016, nine (9) months through the fiscal year, making the target for revenue and expenditures seventy-five percent (75%). Revenues collected year-to-date total six million six hundred seventy thousand dollars (\$6,670,000), which is seventy-three percent (73%) of budget; Property Tax Revenues are at ninety-seven percent (97%) of budget and one hundred percent (100%) of Rental License revenue. Business Licenses are due at the end of April. The cash balance in the General Fund is at thirty percent (30%) of budgeted General Fund expenditures; total cash is two million dollars (\$2,000,000) more than the same time in FY15 and is primarily attributable to the Beach Preservation Fee collections and the tourism funds. Expenditures in the General Fund were at or near the target, and overall expenditure in the General Fund are at seventy-three percent (73%) of budget.

B. Tourism Funds

March Municipal Accommodations Fees were lower than the same month last year, but it is typically a slow month, and the Treasurer did not think it was a concern; collections year-to-date are running five percent (5%) ahead of FY15. State Accommodations for the quarter ending March 31, 2016 have not been received, and the second semi-annual payment from the Charleston County Accommodations Tax Pass-through will not come before the end of the fiscal year. Although Hospitality Taxes for March were lower than in FY15, the fund is running six percent (6%) ahead of FY15. The Beach Preservation Fee has generated about one million dollars (\$1,000,000) in its first year.

C. Beach Parking Management Project Worksheet

Treasurer Suggs said that she would find it difficult to divide the kiosk revenue between the Front Beach and the parking lots since all of the money ends up being pooled together for one (1) deposit. Since the kiosks are connected to the internet, the Treasurer can download reports by kiosk to use to distinguish the revenue source.

Mayor Cronin asked Chief Buckhannon if he would be able to get daily counts, and the Chief assured the Mayor that he would; those customers who buy season passes would not be included in counts since they would not be getting receipts from the kiosks.

Responding to Councilmember Carroll’s question about the short-term rental hang-tags, Chief Buckhannon said that every rental unit must be evaluated, and, based on said evaluation, the owner can receive up to four (4) hang-tags per rental unit depending on how many spaces are not able to park in the driveway/yard of the house.

Administrator Tucker added that some houses on Carolina have no parking. She noted that these residences would not be entitled to residential parking although they are in a residential parking district, but they have no right-of-way parking and not enough space on their property.

Councilmember Carroll asked that the City consider a reusable hang-tag for residents to park their friends in their yards in the right-of-way.

Chief Buckhannon reported that the staff is making notes of what they are seeing as strengths and/or weaknesses in the parking plan as it rolls out that will come under review at the end of the season.

Councilmember Ferencz asked how many BSOs were employed now and how much of the budget has been spent.

The Administrator commented that the City has seven (7) BSOs on staff and two (2) are "in the pipeline" with six (6) applications for the tenth position.

Treasurer Suggs stated that the City has spent fifty-eight thousand dollars (\$58,000) of a budget of a one hundred five thousand dollar (\$105,000) budget.

Since the managed beach parking plan does not go into effect until May 15th, Councilmember Carroll inquired about what the BSOs have been doing.

Chief Buckhannon stated that, in a typical beach season, the parking lots would be operational, and the BSOs would be heavily enforcing Front Beach parking; in addition, they are doing enforcement on Palm Boulevard and the side streets.

Councilmember Rice said that she hoped they were assisting and instructing people on how to use the kiosks and not just issuing tickets.

The Chief confirmed that they were doing that and noted that instructions for use are on the kiosks. In the parking lots at the end of each row is a sign indicating the directions to a kiosks to pay; there are signs at the kiosks that say "Pay Here;" and a third sign in the lots says "Park First, Pay Later." Staff is hopeful that the kiosks will be installed in the parking lots before the weekend.

Treasurer Suggs announced that the City received funds from FEMA earlier in the day; the check was for eighteen thousand six hundred eighty-seven dollars (\$18,687) related to project Category G, buildings and equipment, for damage to vehicles during Joaquin, and eleven thousand three hundred seventy one dollars (\$11,371) to address problems at the 49th Avenue beach access. The work needed on the 49th Avenue beach access is being held up in permitting; repairs to the vehicles has been done and paid for.

The Treasurer reiterated that the City had re-financed the debt on Fire Station 2 at a rate of 1.88% with no prepayment penalty through BB&T saving the City approximately two hundred forty thousand dollars (\$240,000) in interest over the remaining life of the debt.

MOTION: Mayor Cronin moved to approve the budget with the changes made during the workshop for First Reading at City Council, April 26, 2016; Councilmember Bettelli seconded and the motion on a vote of 7 to 1 with Councilmember Ward casting the nay vote.

Mayor Cronin reported that Charleston County Council has passed Second Reading on the increase to NPDES funds to seventy-two dollars (\$72) per year. Administrator Tucker will meet with Mount Pleasant on the possibility of partnering with them, and their fee is sixty dollars (\$60) per year. Based on the NPDES agreement between the City and Charleston County, the City must give them a one year's notice to leave their program.

6. New Business

A. Recommendation from the Recreation Committee to award a contract to *Display Sales* for 1 holiday tree for Front Beach for \$16,999.76

MOTION: Councilmember Rice moved to approve the purchase of a new holiday tree for \$16,999.76 from Display Sales; Councilmember Carroll seconded.

Councilmember Ward asked how long the City had used the existing tree, and the answer was ten (10) years.

VOTE: The motion PASSED UNANIMOUSLY.

B. Affirmation of Public Works Committee's action for an out-of-budget expenditure of \$2,539.99 from the Capital Projects Fund to *Ice Machines Plus* for the replacement of a failed ice machine.

Administrator Tucker explained that the language for the motion reflects that the ice machine has been replaced for the safety of Public Works personnel.

MOTION: Mayor Cronin moved to affirm the out-of-budget expenditure as detailed above for an ice machine; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

C. Recommendation from the Public Safety Committee to award a contract to SAM Pyrotechnics dba as Munnerlyn Pyrotechnics for \$25,000 for July 4th fireworks show

Mayor Cronin noted that the bid tabulation had been included in meeting packets.

Administrator Tucker explained that, since the bids last year had been lower than anticipated, the amount budgeted was lower and will not cover the twenty-five thousand dollars (\$25,000) for this year's show; two (2) proposals were submitted, one for twenty-five thousand dollars (\$25,000) and a second for thirty-six thousand dollars (\$36,000). The FY16 budget is nineteen thousand seven hundred fifty dollars (\$19,750) which also includes the ancillary costs of the show.

Chief Graham believes that there will be less quantity, but better quality; the company comes with very good recommendations. To meet bid specifications, last year's vendor quoted forty-eight thousand dollars (\$48,000).

Councilmember Rice commented that the FY17 budget for fireworks needs to be increased to cover the expected bids.

This show will be designed and put together differently from what the City has seen in the past; the fireworks show will be scripted and follow a patriotic theme. The owner will put the show together and produce a video simulation for staff to see before July 4th.

Mayor Cronin announced that high tide on July 4th will be at 8:30 p.m. that will require more control and more staff.

Clerk Copeland interjected that the owner of the company had promised the City a discount of twenty-five percent (25%) if this was not the best fireworks show the City has ever had.

MOTION: Councilmember Rice moved to increase the FY17 fireworks budget in ATAX to \$35,000; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

D. Recommendation from the Personnel Committee to award a contract to BenAssist for Actuary Fee of \$3,000 to evaluate the OPEB liability for GASB 45 and 75 (Retiree Health Insurance)

Treasurer Suggs explained that this is the fee for an actuary to determine the City's OPEB liability for retiree health insurance; she added that the City pays nothing toward retiree health insurance premiums. This issue is that the State Health Plan's premium is a blended rate that is an implicit subsidy which the City must recognize, meaning that the actual cost of retiree health insurance is higher, but the premium is the same for active and retired employees. The City's position is that, if a retiree wants to participate in the City's group policy, he must pay one hundred percent (100%) of the premium plus a thirty percent (30%) upcharge so that the City does not have to recognize the liability from the implicit subsidy.

Councilmember Ferencz added that this subsidy only applies to pre-sixty-five (65) retirees.

Administrator Tucker noted that a big class of IOP employees are eligible to retire prior to age sixty-five (65) because police and fire personnel put in fewer hours to retire.

The Treasurer clarified that the liability numbers from the actuary will appear on the government-side financial statement that is available to rating agencies; it will not be recognized on the General Ledger.

MOTION: Mayor Cronin moved to approve the payment to BenAssist; Councilmember Kinghorn seconded and the motion PASSED UNANIMOUSLY.

E. Approval of a request from the Planning Commission for ATM to generate Scenario C for the Marina Redevelopment Master Plan at a cost of \$4,500

MOTION: The Mayor moved to approve a payment of \$4,500 to ATM to produce Scenario C as requested by the Planning Commission; Councilmember Ferencz seconded.

The new scenario for the marina redevelopment relocates the boat ramp to the edge of the property nearer to Fire Station 2 and the Dewees boat landing.

Councilmember Kinghorn asked if there were other things that should be included in this new scenario, such as golf cart and pedestrian access and some entry point, not addressed previously, to eliminate another rendering.

The Mayor noted that Scenario C will be a major revision and addresses the items he mentioned.

VOTE: The motion PASSED on a vote of 7 to 1 with Councilmember Ward casting the nay vote.

7. Miscellaneous Business

Discussion of Painting the Public Restrooms

Although Council knows that something different will be happening with the site, the building needs to be repainted; with three hundred dollars (\$300) worth of paint, some temp workers started painting the building. It was being painted the same color, getting more freshened up for the season. Staff began to get complaints that the painting job was of poor quality, so the work was stopped and pricing for a professional paint job was requested. The goal is to determine whether to continue with the three hundred dollar (\$300) project, or should staff hire a professional to do the job? The quotes obtained were for fourteen thousand six hundred fifty dollars (\$14,650) and seven thousand three hundred seventy dollars (\$7,370).

The consensus of the Committee was to allow Public Works to complete the job.

Next Meeting Date: 5:45 p.m., Tuesday, May 17, 2016

8. Executive Session – unnecessary

9. Adjournment

MOTION: Councilmember Carroll moved to adjourn the meeting at 8:28 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk