

WAYS and MEANS COMMITTEE
5:00 p.m., Tuesday, September 20, 2016

The regular meeting of the Ways and Means Committee was called to order at 5:00 p.m., Tuesday, September 20, 2016 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Carroll, Ferencz, Harrington, Kinghorn, Rice and Ward, Mayor Cronin, Administrator Tucker, Attorney Halversen, Assistant Administrator Fragoso 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 Harrington moved to approve the minutes of the regular meeting of August 16, 2016 as submitted; Councilmember Bergwerf seconded

Councilmember Kinghorn referred the Committee to page 13 of the minutes to clarify his position about the cardio room at the Rec Center; he stated that he has contended for some time that space exists within the current footprint to expand the cardio room and that he wanted that option explored first.

VOTE: The motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Financial Statements

A. Financial Statement

Treasurer Suggs stated that, being only two (2) months into the fiscal year, there was little of financial significance to report. General Fund Revenue is at eight hundred forty-eight thousand dollars (\$848,000), which is one hundred eleven percent (111%) of collections for the same period in FY16. General Fund Expenditures are at one million three hundred forty-four thousand dollars (\$1,344,000) or thirteen percent (13%) of the FY17 budget; the target at this point in the year is seventeen percent (17%). Adding in a deposit of sixty-four thousand dollars (\$64,000) received in September for August shows that the cash balance remains relatively flat in the General Fund.

B. Tourism Schedules

Municipal Accommodations Taxes were strong for the month of August at approximately two hundred eighteen thousand dollars (\$218,000). No new revenue was collected from State ATAX or the Charleston County Accommodations Tax Pass-through. August was also a good month for Hospitality Taxes with collections of approximately ninety-three thousand dollars (\$93,000). The Beach Preservation Fee Fund increased by more than two hundred eighteen thousand dollars (\$218,000).

C. Project Worksheets

The only new expenditure for the Beach Restoration Project was an invoice from Coastal Science and Engineering for design and permitting. The Front Beach Parking Lot Worksheet shows that the City had a profit of one hundred eighty-eight thousand dollars (\$188,000) for its first summer of operation.

Councilmember Ferencz asked whether hiring one (1) more BSO to work in the parking lots would be less expensive than paying existing employees overtime.

The Administrator thought that the overtime was less expensive, and the Mayor noted that the City paid overtime only for a period of about six (6) weeks.

Councilmember Rice asked about covering the kiosks and free parking in the municipal lots over the winter.

Administrator Tucker said that traditionally the City has covered the kiosks around October 1st and they remain covered around St. Patrick's Day.

The reason for free parking on Front Beach for that time frame is to encourage people to go to Front Beach in the off months to help the businesses survive the winter months.

The Administrator told the Committee that at least one (1) additional kiosk and security cameras are scheduled to be added to the parking lots over the winter months.

Councilmember Kinghorn thanked staff for their work in rolling out the parking management plan; he commented that it was a job well done as testified to by the revenue.

D. Report on the Millage

The Treasurer directed the Committee's attention to a schedule of assessed values from the Charleston County Auditor's Office that contained historical data on the City's property taxes. In the middle, larger box is the proposed millage rate and the estimated property tax revenues indicate that collections could fall short of budget by approximately seventy-nine thousand dollars (\$79,000). Looking back the past three (3) years, a deficit has been projected for each year, but actual collections met or exceeded the budget projections. Based on the information presented, the Treasurer remains confident that the millage rate for this year does not need to change.

MOTION: Councilmember Carroll moved to recommend to City Council to leave the millage rate unchanged at 24.7 mills; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

E. Consideration of Distribution of FY16 Positive Net Result

Treasurer Suggs reported that the auditors are completing the audit at their office and that they have found no adjustments. At this point, remaining work involves information they have not received from Charleston County relative to property taxes, and, in order not to slow the reporting

process, staff is looking for guidance on how the City should distribute the FY16 positive net result of approximately six hundred ninety thousand dollars (\$690,000).

Treasurer Suggs created a schedule showing the sources of the positive net result, including the net change in restricted fund balances.

MOTION: Mayor Cronin moved to transfer \$500,000 from the General Fund to the Capital Projects Fund and to leave the balance of \$137,940, plus or minus final auditor adjustments, to the unassigned General Fund balance; Councilmember Kinghorn seconded.

When Councilmember Ward asked about transferring funds to the Disaster Recovery Fund, Councilmember Kinghorn questioned that, if the need arose for Disaster Recovery Funds, Council could authorize money be moved from the General Fund to the Disaster Recovery Fund then.

The Treasurer noted that the Disaster Recovery Fund was part of the non-restricted General Fund to be assigned by City Council at their discretion.

Mayor Cronin stated that, in his opinion, all unassigned funds are available for disaster recovery if the need arrives;

Treasurer Suggs said that the auditors consider the Disaster Recovery Fund to be assigned, but unrestricted.

Councilmember Carroll recalled that, when Hurricane Hugo devastated the island, the City had to retain and pay the entire City staff; he asked how that was handled.

The Administrator explained that overtime paid to staff members who were eligible was a reimbursable FEMA expense during the emergency protection timeframe; therefore, the City recovered some of those costs. And it took nearly four (4) years for the City to attract visitors again.

Councilmember Rice voiced the opinion that the City cannot make its decisions based on what might happen in the future. The City must be prepared, but it cannot stop improving City facilities because they could be destroyed in a few years.

Administrator Tucker recalled that the City did not have a Disaster Recovery Fund at the time of Hugo and that the fund was started with some insurance proceeds after the event. In addition, she reported that the City has better insurance now, the community is more disaster-resistant, including City-owned buildings, and is generally more prepared overall.

In follow-up, Councilmember Rice asked who defined a disaster; she thought that the some people might consider the need for beach renourishment to be a disaster.

The Mayor pointed out that some storms that have profoundly affected the beach have not been named storms.

Amendment: Councilmember Ward amended the motion to transfer \$50,000 of the \$137,940 to the Disaster Recovery Fund; Councilmember Rice seconded.

Councilmember Ward said that he thought this action would be a positive sign to residents that the City is continuing to prepare for disaster events.

VOTE on the AMENDMENT: The amendment PASSED UNANIMOUSLY.

VOTE on the AMENDED MOTION: The amended motion PASSED UNANIMOUSLY.

5. Old Business

Discussion of Amendment to the Purchasing Ordinance

Administrator Tucker reminded the Committee that this amendment had been presented to them in July 2015 at the request of the Recreation Committee in an effort to streamline the procurement process. At that time, this Committee decided to proceed with an internal controls audit and to have the audit team comment on the proposed changes. The Administrator noted that, although the red-lined version is the most recent, additional changes need to be made. (A copy of the red-lined version is attached to the historical record of the meeting.)

Attorney Halversen explained that all of the information printed in red is new to the City's Procurement Code; the new information comes from research of other municipal procurement ordinances from around the state and of the State procurement code. The State code does require that municipal procurement codes provide for open and fair competition and must be followed. The changes in the City's Code are to streamline the bidding process and to give Council with the opportunity for more flexibility in bidding. For example, the existing ordinance only provides for sealed bids; the City frequently uses the Request for Proposal (RFP), but it is not specifically outlined in the ordinances. Therefore, Attorney Halversen has included specific procedures for the Request for Bid (RFB) and Request for Proposal (RFP) and added procedures for the Request for Qualifications (RFQ) that is used for hiring architects and engineers; these are examples of adding to the ordinance procedures what the City already does in practice.

The Attorney noted that she had included all of the changes she could to make the process less burdensome for staff and Council, but she stated that the City was not obligated to adopt all of them. She added that, earlier in the day, she had sent Administrator Tucker a list of more items that she feels should be considered for incorporation in the procurement amendment. (A copy of the list is attached to the historical record of the meeting.)

Among the items discussed specifically were:

1. Sole source contracts and State contract purchasing,
2. Bidding out City leases,
3. Differences between RFP/RFQ/RFB and addition of RFI (Request for Information),
4. Multi-term contracts, and
5. Additional projects completed under existing contract terms, example is contractor who moved sand on the beach for the last renourishment doing the same job at the same price.

After listening to Attorney Halversen's explanation of "additional projects under existing contract terms," Councilmember Ferencz asked whether other contractors could sue the City for re-using the same contractor for multiple like projects. In the attorney's opinion, if the City followed its prescribed process, that should not happen.

Councilmember Kinghorn then asked whether the new ordinance provided for challenges to a bid award, and he was told that Section 1-10-10 details the procedures for appeals. In the Attorney's opinion, the changes provide the City more protection in that circumstance.

Councilmember Ferencz was concerned about whether the changes to the Procurement Code provided for more or less oversight by Council.

Other than the change in the toggle for staff level awards to twenty-five thousand dollars (\$25,000) if the contract is in the budget, Attorney Halversen believes the changes afford Council the same level of oversight it currently has.

Councilmember Ferencz asked whether the changes to the construction contracting portion of the amendment also came from neighboring municipalities.

Attorney Halversen explained that the added paragraphs are intended to be a clarification; in the current code, item 1 was included the RFP processes and likely taken from County ordinances without a description of what it was for. For the design/build process, this section allows for the RFP process rather than the RFB process.

Councilmember Kinghorn asked the Administrator how many contracts in excess of twenty-five thousand dollars (\$25,000) are awarded in a year; the Administrator estimated the number to be between ten and twenty (10-20).

Since the issue of oversight had been mentioned, Councilmember Kinghorn stated that the City goes through a comprehensive budget process through Ways and Means in the spring that culminates in an approved budget; the budget then gets two (2) readings and a public hearing before final adoption in May or June. By August, the City is ready to move forward on a purchase that was approved two (2) months earlier, and the order must be presented to a Committee and to both Ways and Means and City Council again. He questioned the need for these additional steps. He stated that, in other organizations with which he has been associated, once the budget has been approved and the contracts are within that budget, nothing more needs to be said. If the contract bids submitted are in excess of budget, they then go back to the decision-making body for approval, but, as long as contracts are within the approved budget, staff should be given the autonomy to execute and not further delay implementation.

Councilmember Ward noted that the budget might have passed, but it might not pass on a unanimous vote; he stated further that those who are in dissention should have the right to voice those concerns.

Councilmember Kinghorn contended that the dissenters had already been given that opportunity in, at least, four (4) previous meetings.

Mayor Cronin stated that he liked the change for staff approval up to twenty-five thousand dollars (\$25,000); he noted that projects costing more usually involve "turning dirt," for example, Phase II drainage, etc.

Councilmember Rice voiced the opinion that the City should re-bid leases when the terms expire; in her opinion, re-bidding was a clearer approach.

MOTION: Mayor Cronin moved to re-order the Agenda to address Items B 1 and 4 under New Business next; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

6. New Business

B. Recommendations from the Real Property Committee

1. Approval of up to \$20,000 as a match for the Shore-based Saltwater Fishing Grant

Administrator Tucker stated that the Real Property Committee voted to go to the original plan for a public fishing dock at the marina combining a possible award from the Shore-based Saltwater Fishing Grant to an award from the Tier 2 Boating Infrastructure Grant to reduce the City's expense. The maximum amount of this grant is one hundred thousand dollars (\$100,000); since the plan is to rehabilitate an existing dock, the City would not be anticipating a maximum award. The grant is looked upon more competitively if there is a local match.

MOTION: Councilmember Harrington moved to approve the match of 20% up to \$20,000 for the Shore-based Saltwater Fishing Grant; Councilmember Kinghorn seconded.

Councilmember Kinghorn asked Mr. Marshall how much ATM would charge if the City had to re-apply next year for this grant.

Mr. Marshall explained that, if the City were unsuccessful, SC Fish and Wildlife and DNR will provide feedback about where the application fell short; the second application would address the shortcomings from the initial application. Depending on the complexities of the issues raised, the charge is usually about half the original cost. If the deficiencies were in the work done by ATM, Mr. Marshall assured the Committee that it would be taken into consideration when figuring the charge for a second application.

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

4. Approval of Amendment Tasks 1-3 and 5 in the Contract with ATM in the amount of \$46,900 to refine the Conceptual Redevelopment Plan for the IOP Marina

Administrator Tucker noted that the amendment to the ATM contract was included in meeting packets and included the next steps in the marina redevelopment to get closer to a work product that could be presented to the residents. The proposal was for eighty-seven thousand one hundred dollars (\$87,100), and the Real Property approved it minus the schematic design, which is Task 4 at forty thousand two hundred dollars (\$40,200). The majority of what would be included in the schematic design would be the more refined engineering elements associated with the treatment of stormwater. Omitting that task now would mean that the cost estimate presented in Task 5 would only include a best estimate on the stormwater component since it would not be based on detailed engineering.

MOTION: Councilmember Harrington moved to approve Tasks 1-3 and 5 in the ATM proposal for \$46,900; Councilmember Rice seconded.

Councilmember Ward asked how much the City has spent with ATM on the marina redevelopment project, and Administrator Tucker responded that the amount was approximately one hundred nineteen thousand dollars (\$119,000). He said that he has heard that to get to the final bidding documents was going to cost another three hundred thousand dollars (\$300,000). The Councilmember voiced the opinion that the City was going about this project backwards by spending a lot of money up front without a confirmation that the residents of the island want the project.

Mayor Cronin contended that Council would have nothing to present to the people without these steps that will generate the cost for individual components.

Mr. Marshall said that, if everything fits according to the conceptual drawings, ATM would move forward with the survey and master plan schematic, or a thirty percent (30%) design; at this point, tweaks could still be made.

When Councilmember Ferencz asked whether the City would be ready for the referendum once these steps were done, Administrator Tucker replied that, if it is the will of Council to hold a referendum, the City would have a reasonable picture and a reasonable cost estimate to put before the citizens.

Councilmember Kinghorn asked the Chair of the Real Property Committee Councilmember Bergwerf if she was satisfied that there had been “ample public comment to-date and the due diligence and the funds being spent are prudent.” She answered affirmatively.

Councilmember Rice said that she thought that the work would produce a tool that could be displayed at an event at the marina or Rec Center where citizens could again give their input.

Councilmember Ferencz stated that she thought the purpose of the referendum was to learn whether the residents want to spend four to five million dollars (\$4,000,000 – 5,000,000) on the marina redevelopment project.

Councilmember Kinghorn commented that the decision on a referendum has not been made; the City needs more data and more financial information; and, by this time, the City will know more about the BIG grant application.

Councilmember Carroll expressed his opinion that, like Councilmember Ward, the City had “put the cart before the horse” when it granted the lease extension at the marina.

VOTE: The motion PASSED on a vote of 7 to 2 with Councilmembers Carroll and Ward casting the dissenting votes.

2. **Approval of up to \$3,500 to remove the showers from the exterior wall of the public restrooms and install temporary free-standing showers**
3. **Award a contract to Hill Construction in the amount of \$9,620 for buildings conditions assessment**

MOTION: Councilmember Bettelli moved to approve items 2 and 3, both budgeted items, without further discussion; Councilmember Bergwerf seconded.

Councilmember Ward asked if the City have a consent agenda process, and he was told that the City does not.

Councilmember Ferencz asked that the topic of consent agendas be put on the Personnel Committee October meeting agenda to learn if there are settings where consent agendas cannot be used. Until that topic has been handled by the Committee, she also asked that Council refrain from employing the process.

Mayor Cronin chose to take the items separately.

Councilmember Carroll asked how moving the showers would affect the fifty percent (50%) rule for the public restrooms.

Administrator Tucker answered that this action would not count against the rule; these showers will be temporary.

Councilmember Ferencz asked whether the thirty-five hundred dollars (\$3,500) would pay to remove and relocate the showers, and the Administrator said that it would. The Councilmember’s next question was how many free-standing showers would be installed, and the answer was two (2) posts with multiple shower heads on each.

VOTE: The motion PASSED UNANIMOUSLY.

Administrator Tucker noted that, if the City were to adopt the new procurement amendment, the Committee would not be going through this process since both items are under twenty-five thousand dollars (\$25,000).

A. Recommendation from the Recreation Committee to award a contract to Carolina Fencing in the amount of \$11,200 to replace the baseball field fencing

MOTION: Councilmember Rice moved to award a contract to Carolina Fencing as detailed above; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

C. Award of a contract to Petersen Grading, LLC in the amount of \$35,000 to make the repairs to the 49th Avenue beach access

Administrator Tucker stated that the City has received eleven thousand three hundred seventy-one dollars (\$11,371) from FEMA for this project, an amount based on best estimates the City could get right after Joaquin. Since the bids have come in, the City is appealing to FEMA for their paying seventy-five percent (75%) of the thirty-five thousand dollars (\$35,000) cost of the project; the state has committed to pay the local twenty-five percent (25%) match. The cost of this project is an unbudgeted expense, but it could be one hundred percent (100%) reimbursed.

Staff recommends charging the majority of this expense to Capital Projects and the balance to Hospitality Taxes.

MOTION: Mayor Cronin moved to award a contract to Petersen Grading to make repairs to the 49th Avenue beach access; Councilmember Carroll seconded.

Councilmember Rice asked if this beach access would drain properly in the event of another serious storm; to which the Administrator answered, "Hard to predict."

The Mayor added that the answer to her question will be decided in part by the City's progress on the Phase II Drainage project.

Responding to Councilmember Ward's question as to why this item was not budgeted, the Administrator said that no one remembered it during the budgeting process.

Mayor Cronin commented that the original estimate for the project had been about seventeen thousand dollars (\$17,000).

VOTE: The motion PASSED by a vote of 8 TO 1 with Councilmember Ward dissenting.

Councilmember Bettelli stated that the repair could be paid for by Disaster Recovery Funds, which does have a budget.

Treasurer Suggs pointed out that thirty thousand dollars (\$30,000) was in the Hospitality budget earmarked for fencing at the Water and Sewer's property on Waterway Boulevard that will not be used; this expense could come from this budgeted item.

MOTION: Mayor Cronin moved to put the grant revenue and project expense in the Disaster Recovery Fund; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Discussion of Savings Associated with Reducing Meetings for Improved Time Management

Mayor Cronin proposed that this item should be a discussion-point at the budget look-ahead workshop to establish financial goals for the coming fiscal year; he also suggested setting agendas and meetings for the year at the same time.

The Ways and Means Committee scheduled the meeting for 4:00 p.m., Tuesday, November 1.

Councilmember Kinghorn recalled that his reason for asking for such a meeting was to set some goals and objectives for staff as they build and prepare the budget.

Councilmember Ferencz indicated that she would like to consider the actual budget process in terms of time management.

Next Meeting Date: 5:00 p.m., Tuesday, October 18, 2016

8. Executive Session – not needed

9. Adjournment

MOTION: Councilmember Carroll moved to adjourn the meeting at 7:20 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk