

WAYS and MEANS COMMITTEE
545 p.m., Tuesday, February 16, 2016

The Ways and Means Committee held its regular meeting at 5:45 p.m., Tuesday, February 16, 2016 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Carroll, Ferencz, Kinghorn, Rice and Ward, Mayor Cronin, Administrator Tucker, Treasurer Suggs, Assistant Administrator Fragoso and City Clerk Copeland; Councilmember Harrington's absence 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

Administrator Tucker stated, that in preparing for the meeting, she had found several scrivener's errors in the minutes of the January meeting, and she reviewed them for the Committee.

MOTION: Councilmember Bergwerf moved to approve the corrected minutes as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. Citizen's Comments

Jim Raih of 3904 Cameron said that he had studied the RFP for the municipal lots intensely as he considered submitting a proposal; the fact that the hotel is undergoing full renovation and will not be open this season was a real stumbling block since parking for it generates sixty to seventy thousand dollars (\$60,000 - 70,000) in revenue for the lots. He stated that he believes the municipal lots to be a major asset for the City and offered to be of any assistance to the City that he could.

4. Financial Statements – Treasurer Debbie Suggs

A. Financial Statement

The financial statement under review was through January 31, 2016, seven (7) months into the fiscal year, making the target fifty-eight percent (58%). General Fund revenue was down about one million (\$1,000,000) dollars which the Treasurer believes to be a timing difference; they are:

- The Property Tax advance for January was paid to the City in January in FY15, but was not received until February this year and was seven hundred thousand dollars (\$700,000),
- The Local Option Sales Taxes were not received timely, and
- The City's portion of State Accommodations Taxes and Aid to Subdivisions were also late.

Cash was lower than in FY15 in the General Fund, but total cash on-hand was still running about one million dollars (\$1,000,000) ahead of FY15. The Treasurer took a moment to point out the interest rate from the Local Government Investment Pool that is the highest the City has seen in many months.

Expenditures in the General Fund overall were at fifty-four percent (54%), and only the Mayor/Council department was over budget due to the salary payment in November; other departments were at or below budget. The property and liability insurance were paid for the City in January; overtime generated during the flood and the one-time employee bonus were covered by a transfer back into the General Fund of some of the year-end positive net results from the Capital Projects fund.

Councilmember Kinghorn asked whether the Treasurer thought the City would meet the revenue budget; she responded that she was confident that the City would end the year under budget like it historically has.

Treasurer Suggs reported that the City has received approximately twenty-one thousand dollars (\$21,000), seventy-five percent (75%) of the total requested, from FEMA as a reimbursement for emergency spending with the flood. Funds spent from the General Fund and the Disaster Recovery Fund were fully reimbursed, and the remaining funds went to the Capital Projects Fund.

B. Tourism Schedules

Thus far in FY16, the Municipal Accommodations Tax Fee collections are running four percent (4%) higher than the same period in FY15. State Accommodations Taxes are paid to local governments on a quarterly basis and are due for the December 2015 quarter; the Charleston County Accommodations Tax Pass-through is paid semi-annually and should arrive any day. Hospitality Taxes are doing well and running seven percent (7%) ahead of FY15 for the same period. The City has received more than nine hundred seventy-six thousand dollars (\$976,000) in Beach Preservations Fee in its first year of existence.

5. Old Business

A. Status of Annual Audit Engagement

Administrator Tucker reported that the RFP has been issued and that the opening is planned for March 1.

B. Status of 42nd Avenue Beach Access

The Administrator told the Committee that the City had not been awarded the OCRM grant for which it had applied; the City applied for the grant following a request from a resident for a flat, hard beach access for the physically challenged similar to the ones at Sullivan's Island. After an examination of the beach accesses, staff determined that the only reasonably flat beach access was at 42nd Avenue; the proposed new access would be parallel to the existing Mobi-mat path. The anticipated cost of the new handicap path and handicap parking space is ninety-five thousand dollars (\$95,000), of which the grant would have paid half, and the City has received permits for the access and parking space from OCRM and SCDOT. Since the City did not win the grant, the question before the Committee was whether to proceed at the City's expense or to delay; the Administrator noted that the City had budgeted ninety-five thousand dollars (\$95,000) in the FY16 budget for a beach access path.

Responding to Councilmember Kinghorn, the Mayor said that grant would have been through OCRM who has one million dollars (\$1,000,000) for improving beach access.

Councilmember Rice agreed that this plan was a great one, but she commented on the situation at 49th and questioned where the funds were to come from for its repairs if one hundred thousand dollars (\$100,000) was spent at 42nd Avenue.

Administrator Tucker stated that she was hoping FEMA would assist in funding for 49th Avenue.

Councilmember Bergwerf voiced the opinion that a handicap access at 42nd Avenue would serve a large portion of the island; the only other such accesses are at 9th and 21st Avenues. She agreed with the Administrator that this was the only access that would achieve the goal to be flat, and it was short; she recommended that the City proceed with the plan.

Councilmember Kinghorn suggested improving the current access and re-applying for the grant next year.

The Administrator stated that the access is currently covered with Mobi-mat, but it does not provide a stable surface on which to walk, therefore, not achieving the goal.

Director Kerr commented that the changes to the 9th Avenue access were to provide a flatter access, but the sand shell did not perform as hoped. He noted that the accesses at 21st Avenue and at the Sea Cabins are ADA compliant, but they are not practical for those who are physically challenged, but still mobile, because they are too long.

Councilmember Ward stated that once someone reaches the base of the 21st Avenue access, the sand is so high and thick that it is difficult to move through.

Since the 42nd Avenue access appeared to be the only flat access on the island, it is in an opportune location, it would be a short distance and parking is already available, Councilmember Bergwerf suggested that the City use tourism funds to construct the path now.

MOTION: Mayor Cronin moved to proceed with the handicap parking space at the 42nd Avenue beach access, but to delay the construction of the handicap accessible beach path to apply for grants for funding; Councilmember Carroll seconded.

Director Kerr noted that the plans for the parking spaces call for asphalt, and the consensus was to proceed according to the plan.

The motion PASSED UNANIMOUSLY.

6. New Business

A. Review of FY17 Revenue Budget

Administrator Tucker stated that the revenue projections at this time are based on the past twelve (12) months' actual receipts, and all projections that have been increased for FY17 are bolded. She directed attention to Line 9, Business License Fees and stated that a bill is expecting to be proposed in this year's legislative session that could affect them; she commented that MASC is working hard with legislators to reach a fair and equitable compromise. Line 15, Transportation Network Company Fee is a new revenue source for the City that will come from companies like Uber. Parking lot revenue in line 21 has been increased based on the fee increase that Council recently approved and an increased base rent. On the Recreation Department's Instructors' Income and Program Income, the members of the Recreation Committee discussed ways to increase revenues in that department, but no action was taken at the meeting.

After learning that the parking meter hourly rates were not scheduled to be increased, Councilmember Kinghorn recommended increasing the rate to one dollar and a half (\$1.50) per hour.

Mayor Cronin asked if the parking kiosks could be programmed to charge different rates at different hours, and Chief Buckhannon said that he would have to find out, but he did note that they could be programmed to charge different rates on different days.

Councilmember Bergwerf remarked that, with a Wild Dunes sticker, a hurricane sticker or a new residential parking permit, people would be allowed to park in the City lots after 6:00 p.m. She recalled that Stantec had reported that the first available parking on the island to be filled was the metered spaces on Front Beach.

Responding to Councilmember Kinghorn's statement that the City must continue to diversify its revenue sources to avoid increasing property taxes, Councilmember Rice reminded him that the Isle of Palms has a public beach.

MOTION: Councilmember Kinghorn moved to increase the per hour rate for metered parking to \$1.50; Councilmember Bergwerf seconded.

Councilmember Carroll said that he would like to see the metered parking be used for shopping in the local businesses or eating in the Front Beach restaurants; therefore, he preferred that the per hour rate remain the same.

Chief Buckhannon stated that Council must decide whether it wants more people to park in the lots or more people at the meters. The meters should have a quicker turnover, and they are designed for that purpose. Parking lots are designed for people to park for several hours; therefore, businesses thrive when the meters are turning over. The rates for the parking lot have been set so that it was counter-productive against the meters; by raising the lot rates to eight and ten dollars (\$8-10) a day, parking at the meters is more attractive. The end result is that the meters are not turning over and the businesses are not getting the people traffic because it will be cheaper to park at the meters for several hours than to park in the lots.

AMENDMENT: Councilmember Carroll moved to amend the original motion to increase the metered parking to \$2.00 per hour; Councilmember Ferencz seconded.

Mayor Cronin reminded the Committee that the City is looking at a seven figure rest room and must have a revenue source. Like the increased daily rate in the municipal lots, he suggested that the increased fee go into a sinking fund for the restrooms.

Councilmember Bergwerf preferred that the kiosks stay at one dollar and a half (\$1.50) per hour.

VOTE on the AMENDMENT: The amendment FAILED on a vote of 2 to 6 with Councilmembers Carroll and Ferencz supporting it.

VOTE on the ORIGINAL MOTION: The motion PASSED on a vote of 6 to 2 with Councilmembers Rice and Ward casting the dissenting votes.

Councilmember Carroll questioned that court-generated revenue would be one hundred sixty thousand dollars (\$160,000) in the coming year, but Treasurer Suggs informed him that the City gets revenue from other traffic and criminal violations as well as parking ticket revenue.

Administrator Tucker returned to her discussion of the revenue budgets and covered all other funds as she had in Committee meetings. (A copy of the initial revenue budget is attached to the historical record of the meeting.)

The Administrator continued with the large sheet that compared FY16 top FY17 budget projections; she reminded the Committee that the only source of revenue for the Capital Projects fund was the General Fund. (This schedule is also attached to the historical record of the meeting.)

Councilmember Carroll asked if he was correct that the estimated cost for the off-shore dredging project was fifteen million dollars (\$15,000,000), and the Mayor stated that he was correct.

Administrator Tucker reminded the Committee that the City had decided to focus its efforts on an off-shore dredging project rather than another shoal management project because the City would be limited with where it could place sand. In the areas with sandbags or wave dissipation devices, their removal would be required before they could receive sand, and, if the project did not last very long, they would be back in the same situation of replacing the sandbags and wave dissipation devices.

Councilmember Ferencz asked how many properties were at risk and their approximate value. Mayor Cronin noted that Ocean Club has approximately fifty (50) properties; the regular units have an appraised value of about one million dollars (\$1,000,000) each and the penthouses are appraised at one and a half million dollars (\$1,500,000) each. The Mayor reminded the Committee that Governor Haley has included forty million dollars (\$40,000,000) for beach renourishment in the proposed budget for FY17.

B. Discussion of Re-financing Fire Station 2

Mayor Cronin commented that, included in meeting packets, were several different scenarios for re-financing the GO bond on Fire Station 2, and that the top page was a summary of them.

The options are as follows:

- Option 1 is to do nothing;
- Option 2 suggests making early principal payments and not re-finance;
- Option 3 is to re-finance the remaining principal for a period of ten (10) years and save over two hundred seventeen thousand dollars (\$217,000);
- Option 4 is to pay down the principal by seven hundred thirty-five thousand dollars (\$735,000) and re-finance one million five hundred thousand dollars (\$1,500,000) for ten years at an interest rate of two percent (2%), yielding a savings of three hundred thirty-one thousand dollars (\$331,000); and
- Option 5 again is to pay down the principal by the same amount and to re-finance the balance for a period of eight (8) years at two percent (2%) with a savings in excess of three hundred sixty thousand dollars (\$360,000).

Responding to Councilmember Kinghorn's inquiry, the Mayor indicated that he preferred Option 3 and not layout cash to pay down the bond, but to retain the cash for another need.

Treasurer Suggs stated that she had been contacted today by the bond attorneys who quoted her forty-five thousand dollars (\$45,000) in attorney's fees for the re-finance.

MOTION: Councilmember Kinghorn moved to proceed with the re-financing of the GO bond for Fire Station 2 using Option 3 as presented: Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

Mayor Cronin noted that the attorney's fees were not in the FY16 budget and would be an out-of-budget expenditure; if the closing rolls to July, the fees can be included in the FY17 budget.

C. Recommendation from the Public Safety Committee to re-purpose the PSB Dispatch office into a conference room at a cost of approximately \$4,500, using funds budgeted for service agreements

MOTION: Mayor Cronin moved to repurpose the dispatch office in the PSB to a conference room at a cost of \$4,500; Councilmember Bergwerf seconded.

Chief Buckhannon stated that the old dispatch office is not used, but is just a shell with nothing in it but desks and old dispatch consoles; currently the City is paying about eleven thousand dollars (\$11,000) annually to maintain the old consoles which are not being used. The dispatchers have been moved to the front and the goal of always having someone to greet people has been achieved; their tasks have also been re-vamped to be in line with the new title of Communication Specialists. The old dispatch office, sitting empty as it is, creates two (2) problems for the Chief; it is a space that holds dispatch equipment that is costly to maintain, but he also needs a more secure space for the Beach Services Officers to store their equipment that now sits on a table in the Squad Room unsecured. The Chief wants to move the BSOs and their equipment into a small office being used as a conference room and use the old dispatch office as a conference room which would be larger than the conference room presently in use. The floors must be completely redone, and he has received a quote of about two to three thousand dollars (\$2,000 – 3,000) and

the walls need to be repainted and holes repaired, costing less than fifteen hundred dollars (\$1,500). He proposes that, rather than maintaining the old consoles, which are no longer in use, to use the budgeted funds to re-purpose the room; later he will sell the old consoles.

VOTE: The motion PASSED UNANIMOUSLY.

D. Recommendation from the Real Property Committee to amend the lease term for Morgan Creek Grill to allow for four (4) extensions of three (3) years each added to the remaining four (4) years of the current lease for a total of sixteen (16) years and related leasehold improvements

MOTION: Mayor Cronin moved to extend the lease term as detailed above; Councilmember Bergwerf seconded.

Councilmember Bergwerf, Chair of the Real Property Committee, stated that the Committee had a “lively discussion” at their meeting; Morgan Creek Grill originally asked for a thirty- year (30 yr.) extension, but the Committee reached a compromise of sixteen (16) years. In addition, Morgan Creek Grill agreed to relocate the dumpsters and put a decorative fence around them.

Mayor Cronin said that he did not want to take action on the lease term at this meeting, but would prefer to make it after the ATM presentation on a marina master plan to be given at the Council meeting of February 23rd. He indicated that he did not want Council to do anything that would be counterproductive to the plan.

Councilmember Bergwerf reported that the Committee had voiced the same concerns; she added that, with a term of sixteen (16) years, Morgan Creek Grill should have no problem obtaining bank financing to make the improvements they want to make, and this is the lease term they had in the beginning.

Mayor Cronin and Councilmember Bergwerf withdrew the motion and second, respectively.

MOTION: Mayor Cronin moved to defer action on the Morgan Creek Grill lease amendment until after the report on the marina master plan; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

E. Recommendation from the Real Property Committee to award a contract to IPW Construction in the amount of \$23,085 for City Hall repairs

MOTION: Mayor Cronin moved to award a contract to IPW Construction in the amount of \$23,085 for repairs to City Hall; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

F. Status of RFP 2016-02 related to City Parking Lots

The Mayor referred to the bid tabulation included in meeting packets indicating that the City received no bids for the management of the municipal parking lots; he voiced appreciation for the comments from Palmetto Parking as to why they chose not to bid. The Mayor stated that the loss

of revenue from the hotel parking appeared to have a major impact on decisions not to bid; the fees paid by the hotel equaled about twenty-two percent (22%) of the total revenue for 2015.

When Councilmember Ward asked why the base rate increased, the Administrator responded that it was increased because the daily rates were increased to eight and ten dollars (\$8-\$10).

Councilmember Ward suggested rebidding the lease with a base rent of one hundred twenty-five thousand dollars (\$125,000).

The Mayor stated that the contract for last year was a base of one hundred thirty thousand dollars (\$130,000) and thirty percent (30%) of anything over the base.

With so little time before the lots have traditionally opened, the Administrator said that the options before the Committee being as follows:

- To hire personnel for the City to operate;
- To purchase and install kiosks for park-and pay; Chief Buckhannon anticipates three (3) kiosks in the large lot and one (1) in the small; the purchase would be an unbudgeted expense and the parking would not be as orderly, possibly impacting the maximum volume of cars parked. On the other hand, all of the revenue would stay with the City. After quick checks, the investment in the equipment would be roughly fifty thousand dollars (\$50,000), and the process would likely take thirty (30) days. In addition, personnel would have to be brought in on very busy days to maintain some degree of order; if the same type of kiosks were used as are on Front Beach and the program not be successful, the kiosks could be added to those at Front Beach.
- To attempt to negotiate with Palmetto Parking, who offered a letter of interest.

Administrator Tucker reported that she received an informal bid today, after the deadline, from a couple of residents indicating their interest in the lots; they said they would present a lease to the City, and the City would then have three (3) days to decide. The Administrator responded that they submitted after the deadline and they did not submit in the structure outlined in the RFP.

Mayor Cronin added that this bid offered no base rate, only thirty percent (30%) of the gross revenue.

Councilmember Kinghorn expressed the opinion that the benefits of an automated system "far outweigh" the concerns pointed out, and he recommended that the City proceed along that road. He noted that with an automated system, the City did not have to hire personnel and no person would be handling cash.

Councilmember Rice noted that the automated systems at Church and Market Streets in downtown Charleston have an attendant on hand at all times.

After further discussion on the type of equipment to buy, Councilmember Kinghorn stated that the Committee was a policy-making body and that the details of the equipment should be left to staff.

MOTION: Councilmember Kinghorn moved to proceed with an automated system for the municipal parking lots and to allow staff to make decision on the equipment; Councilmember Bergwerf seconded.

In terms of enforcement, Administrator Tucker stated that, as envisioned at this time, BSOs would ride through the lots periodically, and any vehicle they find without a ticket from the kiosk would get a parking ticket for not paying.

It was noted that the City's Procurement Code does not require bidding for leases, but to enter into a lease requires an ordinance.

Preliminary calculations indicate that gross revenue without the hotel should be three hundred sixty thousand dollars (\$360,000) and the equipment costs would be approximately fifty thousand dollars (\$50,000) as stated by Councilmember Ward.

Councilmember Kinghorn remarked that parking lot kiosks would generate revenue twelve (12) months a year.

Councilmember Carroll commented that the kiosks work well in well delineated parking lots, but that is not the case with the City lots; he suggested contracting with a private vendor for a year while research was done the idea of an automated system.

Councilmember Bettelli reminded the Committee that parking stops are in the lots to mark the parking spaces.

Dan Moore of Palmetto Parking was invited to the podium, and he confirmed that labor would be involved. He stated that Palmetto Parking was "very interested," but, with the loss of revenue from the hotel and no concessions for the weather, they could not guarantee they would make a profit. He also stated that, with the layout of the big parking lot, an attendant would be needed to assist with the orderly parking and traffic flow.

Administrator Tucker noted that staff would need to be able to award an emergency contract in excess of ten thousand dollars (\$10,000) without going through the normal process to avoid losing another thirty (30) days.

Added to the motion were the authorization of necessary funding and of the emergency procurement to award a contract in excess of ten thousand dollars (\$10,000).

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

7. Miscellaneous Business

A Special Meeting was scheduled for 5:30 p.m., Wednesday, March 23rd for Council's annual legal review.

Mayor Cronin stated that he, Sullivan's Island Mayor O'Neil and Mount Pleasant Mayor Page would be jointly sending a letter to County Council requesting that cameras be installed on all access roads leading to Sullivan's Island and the Isle of Palms.

The Administrator reminded the Committee of the Coyote Forum at 5:30 p.m., Wednesday, February 17th at the Recreation Center, as well as the Special Council Meeting at 5:15 p.m., Tuesday, February 23 and the Public Hearing at 5:45 p.m., Tuesday, February 23rd.

8. Executive Session – not needed

9. Adjournment

MOTION: Councilmember Carroll moved to adjourn the meeting at 7:57 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk