

## WAYS AND MEANS COMMITTEE

5:45 p.m., Tuesday, September 20, 2011

The regular meeting of the Ways and Means Committee for the City of Isle of Palms was held at 5:45 p.m., Tuesday, September 20, 2011 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. In attendance for the meeting were Councilmembers Bergwerf, Buckhannon, Duffy, Loftus, Piening, Stone and Thomas, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. The absence of Councilmember Bettelli was excused. A quorum was present to conduct business.

1. Mayor Cronin called the meeting to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

### 2. Approval of Previous Meeting's Minutes

**MOTION: Councilmember Loftus moved to approve the minutes of the regular meeting of August 16, 2011 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.**

3. **Citizens' Comments** – None

4. **Financial Statements** – Treasurer Suggs

#### A. August Financial Statement

The financial statement for discussion covered the second month of FY12; General Fund revenues were at seven percent (7%) collected, and expenditures were at fourteen percent (14%) of budget – the target through two (2) months is seventeen percent (17%). Budgeted revenues year-to-date were running ten percent (10%) ahead of FY11. Departments running ahead of budgeted expenditures were the Recreation Department, which has additional part-time employees for the summer months, and the Beach Services Officers, who are only in the City's employ five (5) months of the year. As the year progresses, these are expected to be on budget. The General Fund cash balance is in excess of two and a half million dollars (\$2,500,000); approximately half a million dollars (\$500,000) is in BB&T earning a quarter of a percent (0.25%) interest and approximately two million dollars (\$2,000,000) in the LGIP earning slightly less than a quarter of a percent (0.2420%) interest.

#### B. Tourism Schedules

State Accommodations Taxes are paid quarterly, therefore, no collections yet for FY12.

Municipal Accommodations Tax collections for August were excellent at one hundred seventy-six thousand dollars (\$176,000), which is an increase of fourteen percent (14%) over FY11 year-to-date.

Charleston County Pass-through is paid semi-annually, so no collections until the first of 2012.

Hospitality Tax collections are running behind FY11, primarily because a large taxpayer made only a partial payment in July and no payment in August.

### **C. Project Schedules**

The Beach Restoration project paid invoices to Chris Jones for consulting and to Coastal Science and Engineering for post -project monitoring and permitting of the remedial plan. Spending on the project exceeds nine and a half million dollars (\$9,500,000), and a balance of approximately nine hundred thousand dollars (\$900,000) remains in the project fund.

Administrator Tucker reported that the deadline for comments on the pending permit ended on September 14, but the City has not yet learned whether any comments were received.

53<sup>rd</sup> to 57<sup>th</sup> Avenue Drainage Project fund made a seventh (7<sup>th</sup>) pay application to Eadie's for the construction, as well as a small payment to Civil Site Environmental for project management. A total of one million fifty thousand dollars (\$1,050,000) has been spent on this project, and available to spend is approximately one hundred forty-five thousand dollars (\$145,000).

Councilmember Loftus asked whether the City expected to receive additional invoices; Treasurer Suggs stated that balances on the construction contract and technical support remain. Administrator Tucker added that Eadie's is doing the punch-list items now and that, if something outside of the scope of the original contract needs to be done, the City could incur additional expense, but nothing is anticipated at this time. One (1) outside expense will be the removal of the stain on the road, but it is not expected to be costly.

City Hall Renovation fund made its final payment to Liollo for the construction; the remaining expenditures on the project are retainage to Liollo, issues related to the hurricane shutters, the demolition of 1301 Palm and the relocation of electrical and computer wiring to the Public Works Building.

In response to Councilmember Loftus' request for an update on 1301 Palm, the Administrator reported that the City has received three (3) estimates for the removal of the wiring and computer connections from the old building to the Public Works offices. After reviewing the estimates, staff is of the opinion that the City could save money if the components of the project were to be priced separately; the City is currently awaiting the new estimates.

## **5. Old Business**

### **Discussion of Request for Qualifications – Beach Access Parking**

Mayor Cronin reported that, as Council had requested, staff has developed a draft of a proposal for request for qualifications to seek consultants to make recommendations about beach access parking. Before moving forward, the Mayor and staff want to confirm that it remains the will of Council to continue with the process and to issue an RFP.

Councilmember Stone commented that he hesitated to go forward to seek bids without an understanding of what the cost would be for the scope of the work; he suggested that a simpler solution would be to bring residents, Councilmembers and members of the Planning Commission together for open discussion and brainstorming on possible solutions to the parking problems on the island.

In his opinion, many issues could be solved by stepped up enforcement of traffic regulations currently on the books, i.e. line of sight at the perpendicular streets. In addition, Councilmember Stone referenced other options that have been submitted, such as allowing parking on only one (1) side of Palm Boulevard. He did not believe that spending money on a consultant to get another opinion was the answer.

Councilmember Loftus recommended asking the Planning Commission to develop two or three (2-3) scenarios to be presented at an island-wide public hearing, and, based on public feedback, Council and the Planning Commission could decide the course to set. He voiced the opinion that best ideas had been presented and that they needed identification and organization.

Councilmember Bergwerf thought the Planning Commission should be tasked with developing a comprehensive parking plan and recalled that the Planning Commission has been ruminating on parking initiatives for several years. The Councilmember indicated that the time to hire a consultant would be after a comprehensive parking plan was in place.

In Councilmember Duffy's view, having a plan from the Planning Commission should identify all the data that a consultant would need to research.

Mayor Cronin summarized the discussion thus far being that the Committee wanted the Planning Commission to devise a plan, possibly with several chapters, to address the differing problems that exist on the island.

Councilmember Duffy reflected that the members of the Planning Commission know the parking issues on the island, they know the constraints imposed by state and local regulations, and they know the goals set forth in the City's Comprehensive Plan. He expressed the opinion that the draft request established parameters from which to develop a plan, and that plan would define a narrowed scope for consultants.

Councilmember Buckhannon stated that he thought more time spent with Council and the Planning Commission brainstorming on ideas would be productive. He stated that residents had proposed some great parking solutions in emails since the concept of the parking nodes on Ocean Boulevard had been put forth.

Councilmember Piening stated that Council's job was to make the best decision for the community despite the fact that some residents may not be pleased, and he noted that this Council had proven that, if a decision proved not to work, it would take a step back and re-examine.

Councilmember Loftus commented that the Committee needed "to give the Planning Commission a road map" of the direction in which to head, and he referenced the Wilbur Smith study of the 41<sup>st</sup> Avenue and Palm Boulevard intersection that presented three (3) different options. He remarked that the Planning Commission should identify key points and develop separate scenarios for managing them.

The Mayor recapped the discussion that the issue should be sent back to the Planning Commission for additional consideration that would involve interaction with City Council and

island residents. The Mayor added that the citizen involvement might be better accomplished if parking was approached by the differing sections of the island, for example, residents of Ocean up to the Front Beach area or residents of Palm from 41<sup>st</sup> Avenue to 57<sup>th</sup> Avenue.

The Mayor commented that the draft was a very good work product from staff and that it could prove to be useful to the Planning Commission as they begin further deliberations. He thanked the staff for their hard work in developing the draft and the quality of the end product.

## **6. New Business**

### **A. Recommendation from the Real Property Committee for Approval of up to \$30,000, if necessary, from the Marina Fund for GEL sampling and analysis plan and initial sampling with subsequent testing.**

Administrator Tucker commented that Jack Walker of GEL was in the audience to answer any technical questions that Committee members might have; the Administrator added that this issue is the direct result of the expanded scope of the project. She then turned the discussion to Assistant Dziuban, who had handled the subject at the Real Property Committee.

According to Assistant Dziuban, the goal of this action is to keep the dredging project moving in order to meet the dredging window for 2011-2012. With the expanded scope of moving into the Intracoastal Waterway, the Corps of Engineers has communicated that the Waterway has not been dredged in some time; therefore, spoil material must be tested to determine its composition. The process could have two or three (2 or 3) steps, which are as follows:

- 1) The development of a sampling and analysis plan that must be approved by the Corps of Engineers;
- 2) The collection of sediment samples and size testing; and, possibly,
- 3) The actual sediment testing for chemicals.

The Corps of Engineers does have an exemption to the sediment testing which states that, if eighty-five percent (85%) of the material is as large as, for example, a grain of sand, the agencies will feel confident that more sophisticated chemical testing is unnecessary because the larger grain size will not absorb the same kind of materials that the smaller, silt-like particles will. The request for thirty thousand dollars (\$30,000) is assuming that all three (3) steps required, and the approval of the request will mean that the dredging project will not be put on hold while staff seeks another funding approval from Council. If only steps one and two occur, the cost will be approximately ten thousand dollars (\$10,000).

Assistant Dziuban stated that the Real Property Committee designated the Marina Fund as the funding source for this phase of the project.

**MOTION: Mayor Cronin moved to approve up to \$30,000 from the Marina Fund to finance the sampling and analysis plan from GEL and the possible sediment testing; Councilmember Loftus seconded.**

Responding to a query from Councilmember Duffy, Assistant Dziuban stated that this testing procedure was in the original GEL proposal as a potential alternate.

The Mayor asked Mr. Walker the probability of meeting the eighty-five percent (85%) exemption, and Mr. Walker replied that the chances were better than fifty percent (50%) and closer to seventy-five percent (75%).

**VOTE: The motion PASSED UNANIMOUSLY.**

**B. Recommendation from the Public Works Committee to make repairs to 21<sup>st</sup> Avenue storm drain and seek reimbursement from Charleston County Stormwater Fees.**

Administrator Tucker noted that this item was for informational purposes and that no Committee action was necessary.

Assistant Dziuban related that this problem had been brought to the City's attention by a citizen, and the situation is that a drainage pipe has sunk, creating a large pool of standing water, and needs to be raised. Chuck Jarman of Charleston County attended the Public Works Committee and had provided the City with three (3) options to resolve the situation; they are as follows:

- 1) To wait until the spring of 2012 when Charleston County Public Works will be back on the island in its routine cycle;
- 2) To go before Charleston County Council to make a special request for the work to be done sooner, which may or may not be granted; or
- 3) For the City to arrange for the work to be done and apply for reimbursement from the stormwater fees Charleston County has collected from residents of the island.

Mr. Jarman stated that the City has a balance of approximately fifteen thousand dollars (\$15,000) in its stormwater fund; an initial bid for the 21<sup>st</sup> Avenue repairs came in at under six thousand dollars (\$6,000). The Public Works Committee has agreed that the City should seek bids for the work to be reimbursed from Charleston County Stormwater Fees.

Mayor Cronin commented that he understood that the residents of the island paid approximately one hundred thousand dollars (\$100,000) each year in stormwater fees; Administrator Tucker informed the Mayor and Ways and Means Committee members that the City has requested an accounting of the stormwater fees collected from the Isle of Palms.

The Mayor reminded the Committee that the City had decided for Charleston County to administer the stormwater program for the City, but the City could choose to assume responsibility for the program at some future date.

## **7. Miscellaneous Business**

### **A. Update on Status of Property for Open Space**

Administrator Tucker prepared a short PowerPoint presentation for this item on the agenda; a copy is attached to the historical record of the meeting.

The Administrator started her presentation program by quoting from the City's Comprehensive Plan as follows:

Goal 3.4 – Promote the maintenance of green space throughout the island.

Administrator Tucker proceeded to give the history behind the City's attempt acquire the lot located at 3206 Palm Boulevard; the lot is centrally located on the island, remains untouched by developers and has been owned by one (1) family since 1945. The acquisition of this property is the City's third (3<sup>rd</sup>) attempt at using the Greenspace Funds allocated by Charleston County; the other attempts were the purchase of property at 45<sup>th</sup> and Palm and the property known as the "7<sup>th</sup> Avenue triangle."

When the property was appraised in 2011, it appraised at one million three hundred thousand dollars (\$1,300,000). In April of this year, City Council passed a resolution authorizing the submittal of a grant application to the Greenbelt Fund which has a sum of four hundred seventy-four thousand dollars (\$474,000) earmarked for the acquisition of open space on the Isle of Palms. Subsequently the application was submitted, and Charleston County Council approved the funding application in its August 2011 meeting.

The vision for the property is to trim the vegetation, provide a pedestrian pathway and to provide a virtually untouched space for quiet enjoyment. As is the case along Palm Boulevard, parking would continue to be allowed in the right-of-way; the lot will not be turned into a parking lot or a playground, and no City funds will be used in the acquisition.

Future steps are to continue to seek funds to purchase the property. The City plans to submit a Land and Water Conservation Fund application; the letter of intent will be issued in November 2011. The City has a successful track record with the source of funds; in the past, the City received funds to help with the purchase of the Front Beach parking lots. A second source is the South Carolina Conservation Bank, and the deadline for application is January 31, 2012. In addition, the City is seeking donations from the community, and one (1) has been received.

At some point, the City hopes to amass enough funds to enter into negotiations with the owner in hopes that they will accept less than the appraised value for the property.

The Administrator took time to discuss the allowable uses of Greenbelt Funds by coastal communities, other than the acquisition of property for open space, such as improvements to boardwalks, foot bridges, unpaved trails and roadways and unpaved small parking lots. Some residents have questioned the use of Greenbelt Funds to acquire this property rather than improvements to beach access path; Administrator Tucker pointed out that other sources of money are available for access path improvements, such as Community Development Block

Grant Funds used for 21<sup>st</sup> Avenue improvements. In addition, improvements to beach access paths that the City owns would be subject to the same restrictions that will be placed on the 3206 Palm lot.

Councilmember Buckhannon inquired about the funding amounts to be sought from the sources named; the Administrator responded that she did not know how much was available from Conservation Bank because they are subject to donations from multiple sources and the state legislature, as well. The previous application to the Land and Water Conservation Fund was for one hundred thousand dollars (\$100,000). She assured the Committee that she would be applying for the maximum allowed, but Administrator Tucker did not think that the needed eight hundred thousand dollars (\$800,000) would come from these sources.

Councilmember Piening commented about the misinformation that is in the community and asked whether the Administrator's presentation could be put on the City's website or included in the next e-newsletter from the City.

Councilmember Loftus praised the Administrator for the presentation and suggested that it be repeated at the September Council meeting in an effort to counter the rumors circulating about the property. The Mayor agreed to add the presentation to the Council agenda.

**B. Report on Emergency Repairs due to power surge to the HVAC on 3<sup>rd</sup> Floor of the Public Safety Building**

According to the City Administrator, the primary reason for placing this item on the agenda was to alert the Committee about it should a problem arise with insurance reimbursement since it is a covered expense. The Committee was assured that the appropriate documentation had been sent to the insurance carrier with the claim; the repairs have been made for approximately six thousand dollars (\$6,000). No action from the Committee was required.

**C. Discussion for use of FY11 General Fund Year-end Gain**

As Mayor Cronin foreshadowed last month, the bulk of the preliminary work by the auditors has been completed, but the time has come in the audit process where the City needs to decide how the FY11 year-end gain will be classified in order to close the books. The auditors plan to have their work completed and to make their presentation at the October Council meeting.

Treasurer Suggs distributed an updated version of the June 30, 2011 financial statement coversheet that shows a year-end gain in the General Fund of five hundred seventy-one thousand dollars (\$571,000) based on the following calculation

General Fund Revenues	\$7,933,000	
Transfers	+ 463,000	
Expenditures	<u>(7,825,000)</u>	
Gain	\$ 571,000	Preliminary Audited Results

Mayor Cronin reminded the Committee that the City has established the practice of maintaining cash on-hand equal to approximately thirty percent (30%) of annual General Fund expenses

and transferring any balance to the Capital Projects Fund in an unreserved status to maintain a balance of approximately one million dollars (\$1,000,000). With the current budget in FY11, the Capital Projects Fund will exceed one million dollars (\$1,000,000), but will fall short in FY12 as projected. If Council were to transfer the five hundred seventy thousand dollar (\$570,000) gain to the Capital Project Fund, the balance will exceed the one million dollar (\$1,000,000) balance.

Another option for the FY11 gain would be to move all of the funds into the Capital Projects fund and to use portion of it to pay off the debt on the 2009 pumper in the Fire Department; this action would leave a residual balance of approximately one million dollars (\$1,000,000) in the Capital Projects Fund and paying off the truck years in advance of term.

Treasurer Suggs reported that the FY12 debt payment on the pumper was made August 1, and, according to the terms of the lease, payoff is only allowed on the anniversary of the debt. The Treasurer noted that she had proposed the early payoff to BB&T, the leaseholder, and received approval from the lender to pay off the debt if Council so chooses. The City would save approximately thirty-eight thousand dollars (\$38,000) in interest.

Councilmember Stone inquired when this lease was due to be paid off and was told FY19.

Councilmember Stone remembered that certain capital acquisitions were deferred when the FY12 budget was finalized; he, therefore, suggested putting the gain into the Capital Projects Fund with a goal of buying, not leasing, future capital acquisitions. To further this discussion, the Treasurer distributed copies of the 10-Year Capital Plan developed as part of the FY12 budgeting process. Discussion continued about capital purchases scheduled for the City to make in coming years, including a Public Works truck in FY14 and a rescue truck for the Fire Department in FY15.

Mayor Cronin commented that the gain could be held in the Capital Projects Fund with the intention of paying off the pumper on the anniversary date in FY13 depending on how the budget flowed for FY13. On the other hand, if a capital project came up in the spring for which a sinking fund were needed, the funds would be available.

Councilmember Loftus inquired about the interest rate on the pumper; Administrator Tucker reported that the rate is 3.89% with an outstanding balance of two hundred seventy-three thousand dollars (\$273,000).

Treasurer Suggs distributed the City's debt schedule to Committee members. The Treasurer noted that the pumper debt is serviced fifty percent (50%) from Capital Projects, twenty-five percent (25%) from Municipal Accommodations Tax and twenty-five percent (25%) from Municipal Accommodations Tax. The City has the option of paying the pumper off completely with the FY11 gain from the Capital Projects Fund or pay it off from the funds that support the debt.

Mayor Cronin interjected that the specific decision does not have to be made in this meeting, but the gain has to be transferred to close the FY11 books.



Councilmember Duffy asked what the useful life of the pumper would be after being paid off; he stated that paying off early means that one (1) property owner has paid his full share for something they may never use in the future. He noted that he continues to support the fact that the City should reduce debt whenever possible, but contended that a good argument exists for extending payments on real capital assets through the appreciable life so that it is equitable to all of the taxpayers and residents.

**MOTION: Mayor Cronin moved to transfer the FY11 gain of approximately \$570,000 to the Capital Projects Fund as unassigned; Councilmember Duffy seconded and the motion PASSED UNANIMOUSLY.**

**8. Executive Session – not needed**

**9. Adjourn**

**MOTION: Councilmember Bergwerf moved to adjourn the meeting at 7:03 p.m.; Councilmember Duffy seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk