

Ways and Means Committee
5:45 p.m., Tuesday, April 22, 2014

The Ways and Means Committee held its regular meeting at 5:45 p.m., Tuesday, April 22, 2014 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Ferencz, Harrington, Loftus and Ward, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs Assistant to the Administrator Dziuban and City Clerk Copeland; a quorum was present 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 Bettelli moved to approve the minutes of the regular meeting of March 18, 2014 as submitted; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

MOTION: Councilmember Ward moved to go into Executive Session at 5:47 p.m. to receive legal advice related to pending claim regarding 52nd Avenue; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

Council returned to regular session at 6:08 p.m.; the Mayor announced that Council had not taken a vote or action while in Executive Session.

MOTION: Councilmember Ward moved for the City to retain Halversen and Associates, LLC to represent the City in pending claim regarding 52nd Avenue; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. **Citizen's Comments** – None

4. **Financial Statements** – Treasurer Suggs

A. Financial Statement

Treasurer Suggs stated that the financial statement for March 2014 was to be reviewed at this meeting; the City is now three quarters ($\frac{3}{4}$) through FY14. The expenditure target is seventy-five percent (75%); General Fund expenditures overall are at seventy-one percent (71%) of budget, with expenses in the Mayor/Council, General Government and Judicial departments exceeding the target. General Fund revenues, in total, are at seventy-four percent (74%) of budget and eight percent (8%) ahead of FY13.

The Treasurer recounted that she had told the Committee that Property Tax revenues would meet budget, but, when the February final collection was received, it was half ($\frac{1}{2}$) the amount expected. Treasurer Suggs assured Council that she would continue to monitor collections and work with the County's staff to explain the difference. Including the one hundred two thousand dollars (\$102,000) received in March, total property taxes collected are four million ninety-eight thousand dollars (\$4,098,000); March, April, May and June collections are yet to be collected.

Collections continuing to be strong are Local Option Sales Tax and business licenses. The Treasurer reminded the Committee that the due date for business licenses was changed from January 31st to April 30th; collections to-date are two hundred twenty-eight thousand dollars (\$228,000), making total year-to-date collections of six hundred fifty-three thousand dollars (\$653,000).

Cash-on hand is two million six hundred forty-nine dollars (\$2,649,000), which is thirty percent (30%) of General Fund annual expenditures.

B. Tourism Schedules

Municipal Accommodations Taxes for March of approximately fourteen thousand five hundred dollars (\$14,500) were comparable to March 2013; this fund is running nine percent (9%) ahead of FY13.

There were no March collections for State Accommodations Taxes and the Charleston County Accommodations Tax Pass-through.

Hospitality Tax collections of approximately twenty-five thousand five hundred dollars (\$25,500) were greater than FY13; the City did receive a payment from the delinquent taxpayer that still is three (3) months behind. This fund is running ten percent (10%) ahead of FY13.

C. Project Schedules

March saw no new expenses for Phase II drainage.

Final payments to Salmons Dredging of sixty-four thousand one hundred dollars (\$64,100) have been made.

On the Parking Management and Wayfinding Signs, a payment in excess of fourteen thousand dollars (\$14,000) was made toward the parking permit program.

Treasurer Suggs stated that the schedule related to beach restoration is a final one since tasks for the 2008 and 2012 projects have been completed. The City continues to hold six hundred sixty-four thousand dollars (\$664,000) of stakeholder contributions toward these projects that can be used toward a new project planned for the fall of 2014.

5. Old Business – None

MOTION: Councilmember Ferencz moved to re-order the *Agenda* to hold the budget workshop before considering other items of New Business; Councilmember Carroll seconded.

Councilmember Bergwerf voiced her preference to complete other business items and leave the budget workshop at the end.

Councilmember Carroll recognized that a couple of items of New Business were in the FY14 budget and will not affect discussions on the FY15 budget.

Administrator Tucker stated that items A through D were in the FY14 budget, as well as part of item E; she noted that items A and B and items D and E have gone through Committees; therefore, she expected discussions to be minimal.

Councilmembers Ferencz and Carroll withdrew the motion and second, respectively.

6. New Business

A. Award of a contract to L&L Contractors in the amount of \$77,990 to replace the City Hall generator and an additional \$20,900 for a transfer switch, if necessary

MOTION: Councilmember Loftus moved to award the contract to L&L Contractors as stated above; Councilmember Bergwerf seconded.

Administrator Tucker commented that the FY14 budget set for this purchase was one hundred five thousand dollars (\$105,000). The transfer switch will only be replaced if the existing transfer switch does not function. In addition, the Administrator reiterated that the new generator will be located on the opposite side of City Hall, outside Council Chambers at the rear of the building since it has to be elevated and will require more space.

Councilmember Carroll sought confirmation that the door in Council Chambers to the outside will remain functioning; Mayor Cronin replied that the steps will go straight out rather than to the left.

The new generator is to have better sound attenuation than the existing one, and the exhaust will be above the roof line.

VOTE: The motion PASSED UNANIMOUSLY.

B. Award of a contract to Technology Solutions, state contract vendor, in the amount of \$25,586.19 for 7 surveillance cameras and related components

MOTION: Mayor Cronin moved to award a contract to Technology Solutions as stated above; Councilmember Bettelli seconded.

Administrator Tucker stated that the cameras were budgeted in the Hospitality Tax Fund in the amount of twenty-five thousand dollars (\$25,000). This equipment is consistent with cameras the City has had before and consistent with the equipment currently in operation at the Rec Center. The vendor is one that the City has had good experience with in the past and was pleased to learn are now on the state contract.

Councilmember Ward confirmed that the item is over budget by five hundred eighty-six dollars and nineteen cents (\$586.19).

Responding to Councilmember Carroll's query, Chief Buckhannon said that the cameras will be operational by the middle part of June.

Councilmember Buckhannon stated that these cameras will help to monitor the traffic patterns as visitors come onto the island in problematic areas.

VOTE: The motion PASSED UNANIMOUSLY.

C. Consideration of painting a logo or name on the IOP Water and Sewer water tank

The Mayor explained that the Water and Sewer Commission has offered the City the opportunity, if it elects to do so and to pay for it, to paint something on the tank.

Councilmember Bergwerf said that she had seriously considered this by taking a photograph of the water tank and photo-shopping images onto it, and realized that the real questions were: Does the City want to draw attention to the water tower? Or does the City want the tank to blend in with the sky and forget it is there? In voicing her opinion, Councilmember Bergwerf said that she believes it to be an unnecessary expense and one more thing that the City must maintain.

Mayor Cronin indicated that, in his opinion, the painting quote of five thousand dollars (\$5,000) is low and that the City could yearly spend that amount in maintaining it.

It was the consensus of Council to take no action on this issue.

D. Recycling Services for the Beach – Expense Alternatives Related to Launch Date

Administrator Tucker reported that, when discussed at Committee level, the idea of recycling bins on the beach excited those present and was something that the City wanted to do. The difficulties arise in how to fund the activity – the expense to have recycled materials picked up and the cost of the blue barrels and to keep the operation going.

If the City wanted to begin beach recycling this season, it would need to carry the expense from the initiation date to July 1, 2014. Charleston County has stated that, in the Administrator's proposed budget, a provision exists for increasing the amount of Municipal Accommodations Taxes sent to the City from the current twenty percent (20%) to twenty-five percent (25%) to cover the expense for picking up the recycling and for the BSOs. Based on the City's calculations, this increase will be more than enough to cover the BSOs, an amendment to Bill Schupp's contract to pick up the recycled materials, pay for the beach recycling bins and increase the City's revenues. If the City wants to start before July 1, the expense to the City until July 1 would be approximately seventy-two hundred dollars (\$7,200). The risk is if the County Administrator's budget does not pass, the City will have recycling containers on the beach and the expense remains the City's for the balance of the year. Administrator Tucker stated that she has not been given any signals that the County Administrator's budget will not pass because they are not only proposing the increase the Municipal Accommodations Taxes to the Isle of Palms, but to other beach communities in the County. Therefore, the decision before Council is to proceed

with the beach recycling program as quickly as possible or to wait until July 1, being assured that the County's budget passes.

For the balance of FY14, there are sufficient funds in the State Accommodations Tax fund to the cover the costs.

Councilmember Bettelli asked how soon the program would go into effect if staff were given the go-ahead at this meeting. Administrator Tucker replied that the program could begin as soon as the blue barrels were delivered, and she speculated that beach recycling could be in place by Memorial Day. Director Pitts commented that the barrels would be blue plastic with the County's recycling logo on them, and the County will provide the barrels.

Councilmember Harrington asked whether other beach communities were finding the recycled materials to be mixed with other garbage. Since IOP is the testing ground for beach recycling, there was not answer to the question.

Administrator Tucker added that most other beach communities that try recycling have their containers, garbage and recycling, on the road at the access paths, like Kiawah. Staff members made phone calls to other local beach communities to find out how they handle recycling and made comparisons with the City's plan.

Councilmember Ward expressed concern that the plastic bins would be sturdy enough not to be blown down the beach. Director Pitts said that they are just like the yellow barrels on the beach for garbage which withstand the winds.

Responding to Councilmember Buckhannon, the Administrator stated that, assuming the County's budget is passed unchanged, the City needs to budget in FY15 for the increased Municipal Accommodations taxes and the costs of beach recycling.

If the County's budget passes without the provision for increased Municipal Accommodations taxes to beach communities, the total cost for beach recycling through the 2014 beach season is projected to be seventeen thousand two hundred dollars (\$17,200) through September.

MOTION: Councilmember Ward moved to approve \$7,200 from State Accommodations Taxes to cover beach recycling costs until July 1, 2014; Councilmember Bergwerf seconded.

Councilmember Loftus explained that the County expects some level of garbage to be intermingled with recycled materials, and they have the means to handle it. He stressed the need to work closely with the County for a public education plan before this program begins.

VOTE: The motion PASSED UNANIMOUSLY.

E. Consideration of Experimental Project for Increased Lighting at Front Beach

The Administrator commented that this has come out of Committee as a result of concerns and complaints that Front Beach is dark as people come out of the businesses at night. The discussion began with keeping the holiday lights up year-round, but that it was learned that the holiday lights cannot withstand the salt air and humidity year-round. The Committee then expressed how great the lights look in the area of The Boulevard on Coleman in Mount Pleasant; the City cannot translate those lights to Front Beach because the area does not have the same type trees in which to place them. At this point, a member of the Committee suggested "Italian" lighting where a string of lights is draped from one palm to another; examples are at CRAVE and between the buildings at The Villages in Wild Dunes.

Since the City does not know if the application will bring the desired results, staff has recommended an experimental project where one string of lights is strung from three (3) palm trees on a section of Front Beach about a block long. If the effect of the lights is a positive change, the City can plan for a project in FY15.

The sides of the street at Front Beach do not have the electrical infrastructure needed, so the City sought out a quote for the electrical work to go with the cost estimates of the length of wiring and light bulbs. Staff did get an estimate for the electrical work, but the Administrator is dubious of the quote because there are many caveats relative to the pricing; therefore, she does not have confidence in his numbers. For the experimental project, the City will need eight thousand forty dollars (\$8,040), i.e. hardware (the lights) at seven hundred dollars (\$700) and the electrician at five thousand dollars (\$5,000) and installation at one thousand dollars (\$1,000); in addition, staff has added a substantial contingency because of the caveats the electrician has included in his estimate. If the experimental project is approved, the eight thousand forty dollars (\$8,040) will come from the FY14 budget; if the experiment is successful and translated to the FY15 budget, that currently has a placeholder of fifty thousand dollars (\$50,000), the number must be increased to eight-five thousand eight hundred dollars (\$85,800) based on the estimate given. The Administrator remarked that the amount may be influenced by the experimental project.

Councilmember Bettelli asked how large the experimental program would be, and Assistant Dziuban responded that the area would encompass three (3) trees closer to The Windjammer where a breaker box is located.

Councilmember Bergwerf asked whether the final plan would extend from The Windjammer to the end of Sea Cabins, and Assistant Dziuban responded that the plan was to line both sides of the street with lights the length of Front Beach, 10th Avenue to 14th Avenue.

MOTION: Councilmember Ward moved to approve \$8,040 from the line for Front Beach/Public Restrooms in Municipal Accommodations Fees for an experimental lighting project at Front Beach; Councilmember Ferencz seconded.

Councilmember Carroll asked whether the lights on Palm Boulevard belong to SCE&G with the City being billed for the electrical service; Administrator Tucker agreed. He continued by asking whether SCE&G has a program where they could put the lighting in; to which the Councilmember Bettelli responded that, from past experience with SCE&G, he has learned that they have a very narrow scope in what they will do and are not interested in participating if there is deviation from that scope.

Mayor Cronin agreed with Councilmember Bettelli, but noted that the City has not approached SCE&G.

Councilmember Carroll related that he has spoken with several business owners at Front Beach, and the consensus was they are all interested in having more lighting, but the swag lighting may not be the answer for IOP, considering the storms and environment.

Councilmember Ward suggested that the item be referred back to Committee for further research; he then withdrew his motion.

Councilmember Ferencz also withdrew her second to the motion.

Administrator Tucker said that the ambient light provided by SCE&G lighting would be a problem since the City must comply with its ordinance related to turtle lighting.

Mayor Cronin stated that he has heard multiple complaints from people who do not feel safe at Front Beach, which may mean more lighting that is not so decorative.

Councilmember Loftus expressed the opinion that five thousand dollars (\$5,000) to provide power for two strings of light seemed exceedingly high; Assistant Dziuban stated that the cost is reflective of having to bore under the street.

Councilmember Bergwerf thought that there should be some kind of lighting that could be put in the center aisle, where power already exists, that would provide more light and a safer feeling at Front Beach.

F. Budget Workshop for FY15 Operating and Capital Budgets

Mayor Cronin initiated the discussion with a brief review of the schedules generated showing revenue by source and positions within the City that are and that could be funded with tourism funds. The revenue by source worksheet supports that forty-seven percent (47%) of City revenues come from tourism and seventeen percent (17%) of City revenues come from second homes.

The Mayor then referred to the Fund Balance Roll-forward for the FY15 Budget, which the Administrator has referred to as "the menu" at Committee meetings, illustrates that, if the FY15 budget were to be approved in its present form, the deficit in the General Fund would be one million ninety-eight thousand forty-nine dollars (\$1,098,049). Mayor Cronin stated that the Committee would refer to this schedule again to discuss in detail.

Administrator Tucker noted that the budget calendar states that the FY15 Budget will have First Reading at the April Council meeting; therefore, efforts of the discussions to follow will be to balance the budget for the Council meeting.

The new budget dated April 11, 2014 includes another month's actual revenue and expenditures for FY14 and the changes made in all Committee meetings. The Administrator pointed out that the projected deficit for FY15 as the budget is presented is on page 14; she also reiterated that the deficit can be eliminated by generating additional revenues, reducing or deferring expenses and transfer-in from tourism funds.

Administrator Tucker reported that the budget was reduced by two hundred ninety-seven thousand dollars (\$279,000) in deferrals or cuts done at Committee meetings; the impact on the deficit was only sixty-four thousand dollars (\$64,000), with fifty-two thousand dollars (\$52,000) attributed to adjustments to revenues made by staff based on having nine (9) months' actual data. Changes to the budget made by Committees are as follows:

- Recreation Committee – support on transfers-in from tourism funds to make up the gap in the General Fund; the bleachers were removed from the budget; the lobby furniture and folding chairs were deferred, and the cost of resurfacing the tennis courts was reduced.
- Real Property Committee – support for transfers-in from tourism funds to make up the gap, re-surfacing Ocean Boulevard was deferred and the repairs to the Breach Inlet boat ramp were deferred.
- Public Safety Committee – general support for transfers-in to cover personnel expenses from tourism funds; the web-based training for the Fire Department was deferred, the RAD-57 medical monitor was deferred.
- Personnel Committee – additional lighting displays were reduced, the audio/visual upgrade for Council Chambers was deferred, and the fencing at City Hall was deferred.
- Public Works Committee – fencing was deferred.

The Administrator noted that the future shoal management project for the north end of the island, for which the City has approximately six hundred sixty-four thousand dollars (\$664,000), is expected to cost one million two hundred fifty thousand dollars (\$1,250,000). The difference between these numbers must be paid by the stakeholders or a combination of the stakeholders and the City, and the most current draft of the budget does not include an amount from the City if the governing body so chooses. Administrator Tucker reminded the Committee that, for several years, the City has put (\$100,000) into the Beach Maintenance fund; there is money in that fund to make a contribution from the City for the project. The balance in the Beach Maintenance fund is approximately six hundred thousand dollars (\$600,000).

In addition, the Administrator emphasized that “the menu” contains one hundred eighty thousand dollars (\$180,000) to be transferred out to the Capital Projects Fund; this represents an amount staff proposes to budget because the FY14 ending positive net gain is expected to be much lower than it has historically been. With this information added in to the equation, the amount that needs to be captured at this meeting becomes one million two hundred seventy-

eight thousand forty-nine dollars (\$1,278,049). This transfer-out will ensure that the Capital Projects fund balance is liquid enough to sustain future budgeted expenses.

Based on discussions in Committee meetings and the tools generated by staff, Councilmembers have seen statistically how tourism affects the City's operating budget, especially in Public Works, Police and Fire Departments. The Committee members all seemed to agree that the transfers-in from other funds that have been done in the past were reasonable to cover those personnel-related expenses and that the City, perhaps, should do more.

Administrator Tucker then drew attention to the section of "the menu," totaling six hundred twenty thousand dollars (\$620,000) that is the FY15 equivalent of the transfers-in done in FY14. If Council agrees that these actions were conservative based on information presented for consideration for the FY15 budget discussions, the Committee could decide to increase the amount to be transferred-in from other funds to support additional positions in the Fire, Police and Public Works Departments.

Administrator Tucker noted that, if the Committee decided to fund the additional positions as listed on "the menu," the impact on the budget gap would be one million four thousand five hundred sixty dollars (\$1,004,560). The Administrator cautioned that the fund balances will not sustain that level of transfers indefinitely; it is likely that the fund balances would be depleted in three (3) years. The Administrator stressed that, while these transfers-in will solve a big part of the problem in FY15 General Fund budget, the City must do something else in the future to make up similar differences.

Motion: Mayor Cronin moved to adopt the transfers-in as stated for the FY15 budget, totaling \$1,004,560; Councilmember Loftus seconded.

Councilmember Carroll asked if this was a fiscally responsible action, knowing that anything can happen. He expressed the opinion that the City should be very tight with its budget and that this Committee should go through the FY15 budget to determine if other expenses can be cut or deferred.

Administrator Tucker commented that this gap is in the General Fund budget, and the bulk of the expenses in the General Fund are operating expenses, which is primarily people. If cuts are made to the Capital Projects fund or any tourism funds, it does increase their fund balance, but does nothing to narrow the gap. The Administrator conceded that cuts could be made to individual line items in the operating budget, but that action will not produce a million dollars without eliminating people.

The Administrator reiterated that, while the motion on the floor will pretty much solve the problem for the FY15 budget, the City must look to the future and ways to increase revenue if it plans to sustain current staffing levels that the City.

Councilmember Ward summarized that the FY15 budget will not be balanced without the transfers from tourism funds, and the action on the floor will reduce tourism funds balances by three-quarters ($\frac{3}{4}$) of a million dollars.

The Mayor withdrew his motion and Councilmember Loftus withdrew his second.

A line-by-line review of the budget was initiated, and Councilmember Ward directed attention to page 8, Fire Department operating expenses and to line 127, Non-capital Equipment and Tools. Councilmember Ward recommended that the Keizer sled be deferred at a cost of approximately three thousand dollars (\$3,000).

MOTION: Councilmember Bergwerf moved to defer the Keiser sled; Councilmember Ward seconded and PASSED UNANIMOUSLY.

Councilmember Loftus referenced line 135, Employee Training, and asked if the City had made any progress in instituting a policy that, if personnel received training paid by the City, they will be required to refund the City if they terminate their employment with the City within a reasonable amount of time.

Chief Graham stated that a firefighter's attendance at EMT school is not a cost that can be recuperated; the City does recuperate funds expended for taking college courses if an employee leaves upon getting their degree.

Councilmember Loftus asked that the Personnel Committee research this issue and develop an applicable policy.

Councilmember Ferencz asked if that the City generates a new budget based primarily on the prior year's budget, rather than budgeting to actual expenses. She has seen that the City routinely budgets fifteen thousand dollars (\$15,000) for Medical and Lab Supplies, but does not spend close to that amount.

Chief Graham responded that this line covers annual physical examinations for Fire Department personnel, which is a large expense that is not reflected in the year-to-date actual expenses. The Chief added that, if she did not have fifteen thousand dollars (\$15,000), she would likely be over-budget at year end.

Councilmember Loftus referred to the budget for uniforms of twenty-five thousand dollars (\$25,000); he understood that the City had a supply of uniforms that were recycled as employees come and go. Chief Graham stated that the only reusable gear is the bunker gear worn when actually fighting a fire; this line covers shirts, pants, belts, badges, hats, t-shirts, boots, shoes and jackets for career personnel, part-timers and volunteers.

Going back to the beginning of the budget, Councilmember Ward questioned the budget for Group Health Insurance in the Mayor/Council budget; according to the Administrator, that line item is a function of how many Councilmembers are covered under the City's group plan.

Councilmember Buckhannon reflected that there are certain expenses that continue to rise year after year, but are outside the City's control, i.e. workers compensation, group health plan rates, retirement and property and liability insurance; he indicated that he would like to know that dollar amount. With that information in hand, Council and residents would better

understand why the City is looking for new or increased revenues, deferring or eliminating expenses and/or increasing taxes.

Referring to line 54 of General Government, Councilmember Ferencz asked how many employees are being recipients of tuition reimbursement from the City; Treasurer Suggs commented that the number varies, but currently no one is receiving tuition reimbursement.

Councilmember Ward asked when the City has spent ten thousand dollars (\$10,000) in tuition reimbursement.

The Administrator responded that she would need to go through historical records to answer his question; the number of employees participating varies year over year. Administrator Tucker recalled that the amount budgeted has been reduced and that it used to be fifteen thousand dollars (\$15,000).

Treasurer Suggs added that this line also pays for training she receives, as well as other employees.

Councilmember Ward asked for clarification of the description on line 37 that states "hurricane sticker function moved to Police Department."

Administrator Tucker stated that hurricane stickers have been handled by City Hall personnel, and the function has been moved to the Public Safety Building because it operates longer hours than City Hall. The amount included computer programming and the purchase of the stickers; the Treasurer noted that the amount would have been reduced for FY15 because hurricane stickers are replaced every five (5) years.

Administrator Tucker commented that in the FY15 budget, the annual holiday party is being replaced by an appreciation day at a less busy time of year. Holding the Holiday Street Festival and the holiday party so close together in December is very taxing on City staff; the suggestion has been made to hold a different type of event at a different time of year.

The Committee had no issues with the Police Department budget and has already discussed the Fire Department budget.

In the Public Works budget, Councilmember Ferencz remarked that, in researching actual vehicle expense over recent years, she noted that the department has not spent the eighty-five thousand dollars (\$85,000) budgeted.

Councilmember Ward stated that vehicle expense in the Public Works Department can be very small one month and explode the next month; he expressed his opinion that this line item should be left as budgeted.

From the Building Department, Councilmember Ferencz asked whether the City was going to change business license rates and was told that decision has not yet been made.

Since the mailing for the change in business license due date has occurred, he asked why the budget was so high for FY15 (Building Department budget, line 196). Treasurer Suggs explained that the logic used in this line was in case Council decided to change business license rate; in addition, the City sends out a flood letter to property owners annually and there is a question about whether that mailing has occurred.

Treasurer Suggs thought the budget could be reduced to twelve thousand five hundred (\$12,500).

As the discussion moved to the Recreation Department budget, Councilmember Ward asked if the trainer at the Public Safety Building was still drawing good employee participation. Chief Graham responded that it was and now includes members of the Police Department.

Councilmember Carroll asked whether two (2) additional ping pong tables were necessary; Director Page agreed to defer the tables.

Councilmember Ferencz asked whether the City was certain that re-financing the Recreation bond would happen in FY15; Mayor Cronin answered that the City must pay down the principal to one and a half million dollars (\$1,500,000) before re-financing.

Moving to the Capital Projects budgets, Councilmember Ward directed attention to page 16, line item 31 for one hundred seventy-five thousand dollars (\$175,000) for integrated software. Treasurer Suggs stated that this could be deferred since more data needs to be gathered.

Councilmember Buckhannon questioned budgeting thirty thousand dollars (\$30,000) for a disaster relief team; according to the Administrator, this line item was a placeholder should the City decide to assist another beach community after a weather disaster.

Mayor Cronin said that, by an action of Council, money could be authorized from the Disaster Recovery fund for providing assistance to another coastal community.

The consensus of the Committee was to delete this dollar amount from the budget.

Councilmember Bergwerf, referring to line 29 on the same page, asked for clarification on the seventy-five thousand dollars (\$75,000) for undergrounding of utility lines. Administrator Tucker explained that the City regularly budgets this amount in case a project that the City wants to do is identified; the City's funds are matched by SCE&G through the Non-standard Service Clause with SCE&G. In the course of budget discussions, the suggestion has been made to move this amount to a tourism fund since a project at the marina is being considered.

In response to Councilmember Harrington's question, the Mayor said that SCE&G does not have a plan for undergrounding the overhead power lines on the island.

From page 17, Councilmember Loftus asked Director Page if the rehabilitation of the ball fields could be deferred; the Director responded that she was reluctantly willing to spend money from the Recreation Building Fund to get this done in FY15. Although the fields are not hazardous for children, the outfield is unsafe for adults.

Mayor Cronin suggested that the budgeted amount be reduced to fifty thousand dollars (\$50,000) with the balance of fifty thousand dollars (\$50,000) coming from the Recreation Building Fund; the current balance in the Building Fund is ninety-four thousand dollars (\$94,000).

Continuing to Municipal Accommodations Fee expenditures, Councilmember Loftus asked for clarification of the thirty-eight thousand dollars (\$38,000) included in line 104, General Government Professional Service.

The Administrator responded that this was fifty percent (50%) of the wayfinding sign and parking management plan design; this figure is an estimate of the expense on contracts currently under way that will go into FY15.

One-half ($\frac{1}{2}$) of the cost for the fabrication of the wayfinding signs is budgeted in line 106, Capital Outlay, for twenty-five thousand dollars (\$25,000).

Councilmember Ferencz stated that she would like to see what Stantec is planning to do in FY15 before budgeting funds for FY15.

Mayor Cronin noted that, in the roundtable discussions on May 1, Council and the Planning Commission will hear what work they have done, and the work product scope for the coming summer season.

Administrator Tucker recounted that, when the money was approved for Stantec to move forward with the two (2) projects, they presented the tasks would be done and the associated costs for each. On wayfinding signs, the Administrator stated that, on her desk, are the work products initiated in prior years that detail the sign inventory and the initial signs, and the City's commitment to SCDOT to phase in the wayfinding sign initiative for the entire island.

Additional work products, such as the right-of-way inventories, are also available for Council's review if they so choose; they have definitely been working on the tasks for which the City contracted.

Councilmember Ward indicated that he understood Councilmember Ferencz frustration; the City has budgeted two hundred thirty-one thousand dollars (\$231,000) for possible beach access parking solutions and wayfinding signs. He stated that Council and residents are ready to see some action since the City is fast-approaching another summer season.

Following brief discussions, the consensus of Committee was to delay any decision on Front Beach lighting until after the May Public Works Committee meeting since changes can be made to the budget between First and Second Readings.

Referring to line 153, Front Beach Capital Outlay, Councilmember Carroll stated that he had made a site visit to see the condition of the white fencing and, in his opinion, he did not think it needed to be replaced at a cost of forty thousand dollars (\$40,000).

The Administrator explained that staff had also made a site visit to evaluate the condition of the fencing and to measure the number of feet to be replaced. Director Pitts added that there are two (2) broken posts in front of the Ocean Inn that cannot be repaired and that parking stops need to be added at the Ocean Inn to prevent incidents that have occurred in the past. In addition, Administrator Tucker explained that the cost of the fencing has increased and that, if the City chose to use a lower grade material, the fence would not be as sturdy. The estimated cost is based on using the same material.

Councilmember Ward suggested that the fencing remain in the budget until the Real Property Committee can investigate further.

Responding to Councilmember Loftus' inquiry, Director Page stated that the twenty-three thousand five hundred dollars (\$23,500) in line 134, Recreation Department Capital Outlay, provides for the exterior scoreboard to be replaced if it fails and for replacing playground equipment immediately for safety reasons.

Moving to the Hospitality Tax budget, Councilmember Ward questioned the purchase of two (2) years' air packs and cylinder replacements for fifty thousand dollars (\$50,000) on line 185, Fire Department Non-capital Tools and Equipment.

Treasurer Suggs reported that the Fire Department normally replaces fifty percent (50%) of the air packs and cylinders each year; pursuant to that, Councilmember Ward asked if the equipment was no longer functional after two (2) years.

The final question on Hospitality Tax expenditures was from Councilmember Ward who asked whether the City should delay replacing the dune walkover at the Front Beach restrooms until a decision is made about their replacement.

The Administrator responded that this particular walkover will need to be replaced no matter what decisions are made about the public restrooms; it will remain a major beach access path. This path is also designated as an emergency access because personnel are often seen running onto the beach with equipment in both arms; therefore, it needs to be widened, which OCRM has finally approved.

Responding to the discussion on the air packs and cylinders, Chief Graham explained that, historically, the Department has replaced four (4) each year; in FY15, they plan to purchase seven (7). If the purchase of the additional three (3) is delayed until FY16, the equipment will be not match the equipment the Department currently has. Future models will be dramatically changed.

Councilmember Loftus questioned the logic behind budgeting almost seventeen thousand dollars (\$17,000) in line 226, Miscellaneous in the Fire Department 1% fund. Treasurer Suggs commented that this was a plug number to have expenditures match revenues; in addition, this is an agency fund over which Council does not have purview.

Councilmember Ward directed attention to line 179, General Government Capital Outlay, in the amount of forty-two thousand dollars (\$42,000); he noted that, included in the budget, is

another forty-four thousand dollars (\$44,000) and forty-two thousand dollars (\$42,000) in Capital Projects for project of land improvements for 1207, 1301 and 1303 Palm Boulevard. He stated that, after three (3) years, he is still not clear on this project.

Administrator Tucker said that she has asked for a complete re-working of the budget for this project, which should work in tandem with Kelly Messier's presentation of alternatives for the Public Works Committee to consider. The Administrator respectfully requested that the amounts remain in the FY15 budget unchanged awaiting the revised budget and Kelly Messier's plan to adjust the budget accordingly.

Councilmember Buckhannon commented about 1207 Palm still being referenced when he was given the impression that the work at 1207 Palm has been completed. The Administrator agreed and remarked that this would be considered as the budget is revised.

In addition, Administrator Tucker explained that the situation is one where several things are coming together at once. The problem is that, once the City comes into compliance with NPDES requirements, the City will need to make adjustments to the Public Works site to be able to maneuver the equipment on the site; a portion of that work will be eligible for a grant under NPDES, but the City must fund the balance. The City is still owed landscaping from SCE&G for 1301 Palm Boulevard from the completion of the pole project.

State Accommodations Taxes expenditures begin on page 23, and Councilmember Ward referred to line 264 which contains fifteen thousand dollars (\$15,000) for additional holiday light displays. The Councilmember asked whether the business sponsorships paid for the lights purchased in FY14, and the Administrator replied that they did not entirely. Assuming that new displays are purchased in FY15, the City would be looking for additional sponsors.

Director Page explained that the City had copied Charleston County's model with sponsorships that last for two (2) years; approximately eight thousand dollars (\$8,000) was collected in FY14. The Director plans to increase the fees for the next round and expects to collect an additional eight thousand dollars (\$8,000).

Councilmember Bergwerf suggested reducing the budget to five thousand dollars (\$5,000) for FY15, and the Committee agreed.

Another issue was the contribution to the Charleston Visitors Bureau (CVB), which is a percentage of the City's State Accommodations Taxes and is estimated to be four hundred sixty-two thousand dollars (\$462,000) in FY15. Councilmember Ward voiced his understanding that this has been a long-standing policy of the City, but he believes that the Committee should discuss following Folly Beach's move to doing their own advertising.

Councilmember Bergwerf stated that the City has to spend this money according to state law, but no change can be made for FY15 if the City chooses to advertise itself.

Councilmember Loftus asked that a representative of the CVB attend an upcoming Council meeting to review what the CVB does for the City.

Treasurer Suggs stated that she spoke with her counterpart at Folly Beach about doing the advertising for the City. She learned that Folly Beach did setup a 501(c)3 and that their Treasurer has a marketing background, so he was very comfortable taking on those responsibilities with some degree of assistance from staff.

The Mayor added that Folly Beach spends about one hundred thirty thousand dollars (\$130,000); they buy ads at the University of South Carolina and Clemson games and very little else. They have more rental properties than IOP, but they collect only about one-third ($\frac{1}{3}$) of IOP's revenue.

Councilmember Ferencz commented that the CVB makes it clear that they market Charleston and the Charleston area and that, by marketing Charleston, the surrounding area benefits. The CVB will not stop advertising the Isle of Palms if the City withdraws its support from the CVB because, in her opinion, the Isle of Palms is as much an ad for Charleston as Charleston is an ad for the Isle of Palms. She believes that the CVB will continue to market IOP as the City does its own pinpoint marketing; the Councilmember noted that the CVB does not specifically mention the Isle of Palms in any of its marketing. She strongly suggests that the City pursue the possibility of doing its own marketing in FY15.

Mayor Cronin remarked that out-of-town visitors decide to vacation in Charleston then they look for accommodations which bring them to the Isle of Palms; his proof is the increasing revenue the City receives from ATAX funds each year.

The discussion moved to line 299, Contracted Services for Public Restrooms/ Front Beach/ Breach Inlet; Councilmember Ward asked how the public restrooms could be in such bad shape when the City pays up to one hundred twenty-dollars (\$125) per day for an attendant.

Administrator Tucker explained that the attendant is first a presence, secondly responsible for cleaning the toilets and sinks and thirdly keeping the restrooms supplied; they are not building maintenance people.

Responding to Councilmember Bergwerf, the Administrator confirmed that the restrooms are staffed year-round; when the restrooms are closed, which is seldom, the local businesses call City Hall asking for them to be opened.

In the same line, Councilmember Bergwerf asked whether the BSOs were also filling holes on the beach; Administrator Tucker confirmed that they do fill holes along with Bill Schupp. The Administrator noted that Mr. Schupp's services have been used less frequently because the BSOs get the holes filled before Mr. Schupp can get to them.

Councilmember Loftus asked whether the City could discontinue Mr. Schupp's service in that regard, especially since he will now be removing recycling from the beach. The Administrator agreed that the amount could be reduced to two thousand dollars (\$2,000).

Directing her question to Director Page, Councilmember Ferencz asked about line 289, Special Activities; considering all the Rec Department employees regularly do, the Councilmember questioned whether they need both the Music Event and the Cultural Event.

Director Page said that, in FY14, the Music Event was Island Gras and the Cultural Event will be Music in the Park at the Rec Center on May 3rd. Island Gras was an attempt to draw residents and visitors to Front Beach in the off-season based on the ATAX Committees goal of promoting IOP in the off-season.

When the Committee moved to page 26, Beach Restoration Fund, Administrator Tucker repeated that the budget as presented does not include a contribution from the City toward the 2014 shoal management project that is estimated to cost one million two hundred sixty-five thousand dollars (\$1,265,000).

Although erosion problems exist at Breach Inlet, the City only has a permit for the north end of the island. The City's consultants believe that the erosion at Breach Inlet will heal itself.

Funds in the Beach Maintenance Fund can be used any beach area on the island.

Councilmember Loftus asked whether the City was continuing to rotate the Disaster Expo with Sullivan's Island.

Administrator Tucker noted that the Disaster Expo is May 21st at the Public Safety Building. The funds spend from the Disaster Recovery Fund in FY14 were for the winter storms.

Councilmember Ward referred to page 34, the Marina Fund, and asked for clarification on the seventy-five thousand dollars (\$75,000) in line 40 for consulting and design for the marina site. The Administrator responded that this is the budgeted portion of the design costs for future renovations to the marina site.

Councilmember Carroll indicated that he has certain reservations about this expenditure; in looking at other area marinas, he noted that, if a tenant is given a long-term lease, i.e. twenty-five or fifty years (25-50 yrs.), the tenant will frequently do the improvements.

Councilmember Loftus commented that grant funds are available from the state to defray some of the costs of rehabilitating the marina.

The Mayor noted that this can stay where it is since, as an enterprise fund, it does not affect the FY15 budget or Capital Projects. No money will be spent without the consent of this Committee and City Council.

Councilmember Ward asked for an explanation of the City's philosophy on the replacement of equipment at the marina as it relates to the one hundred eighty-six thousand dollars (\$186,000) of equipment to be replaced on page 36, Marina Capital Outlay.

Councilmember Bergwerf stated that the marina is a City asset that must be maintained and improved; everyone knows that "the parking and landscaping desperately need to be improved."

Pursuant to directions from the Real Property Committee, the Administrator reported that staff has examined all of the leases and is making judgments based on the language of the lease

what the City's responsibilities are and are not under those leases, and the City Attorney has been asked to opine on some of the language to determine if there is language in the leases that will withstand any challenges that may come from the tenants. Certain of the leases have lists attached that identify City equipment; some of the leases make it clear that the City is not required to do anything. Much of what comes up on the Capital Plan for the marina belong to the City, and, through capital planning, these items roll forward for replacement.

The Administrator further explained that, when the marina was originally purchased by the City, the governing body was committed to do everything it could to nurture the success of the tenants; some of the tenants who are there today got a lot of things funded via the policy-setting body. Several years ago the governing body's position changed, but some tenants have stated that, if certain items fail, they will not be able to replace them. If the City chooses not to replace them, that segment of the tenants business will cease.

Councilmember Buckhannon voiced the opinion that the City was not enforcing its leases at the marina, but was instead subsidizing private business.

Moving to the Capital and Special Projects Budgets, Councilmember Carroll asked whether the wooden welcome sign was the electronic sign that has been discussed. Administrator Tucker said that this was the sign on the right side as one comes onto the island from the Connector; the electronic sign is in the FY14 budget.

With no additional questions or concerns on the FY15 budget, Mayor Cronin moved back to "the menu" of options.

MOTION: Mayor Cronin moved to approve the repeat of transfers-in from the FY14 budget, totaling \$620,140, for the FY15 General Fund budget and to approve additional transfers-in of \$384,420 to the FY15 General Fund budget for a grand total of \$1,004,560; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

The Mayor then suggested reducing the cost of fuel to four dollars (\$4.00) from four dollars and a quarter (\$4.25); Councilmembers Ward and Ferencz commented that gas is approaching four dollars (\$4.00) per gallon now, making this an unwise move.

MOTION: Mayor Cronin moved to make the one-time accounting correction for the timing of insurance payments of \$150,855; Councilmember Buckhannon seconded and the motion PASSED UNANIMOUSLY.

MOTION: Mayor Cronin moved to reduce part-time firefighters' wages and reducing the 4B tipping fees eliminating \$32,500 in expenditures; Councilmember Loftus seconded and the motion PASSED UNANIMOUSLY.

Looking at the options for increasing revenues, the Mayor recommended increasing the franchise fees for SCE&G from three percent to five percent (3%-5%).

MOTION: Mayor Cronin moved to increase the SCE&G franchise fees to 5%; Councilmember Carroll seconded.

Councilmember Ward noted that this increase would be passed along to their customers, and, in his opinion, it becomes a tax increase.

Councilmember Buckhannon indicated that he would be more comfortable with revenue increases if he knew the dollar amount of uncontrolled costs the City deals with for FY15.

VOTE: The motion PASSED on a vote of 6 to 3 with Councilmembers Buckhannon, Ferencz, and Ward casting the dissenting votes.

MOTION: The Mayor moved to increase the Comcast franchise fee to 5%; Councilmember Bettelli seconded and the motion passed on a vote of 6 to 3 with Councilmembers Ferencz, Loftus and Ward casting the dissenting votes.

MOTION: The Mayor moved to increase the business license for off-island businesses to 200% of on-island licenses; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

By Treasurer Suggs' calculations, the Committee has bridged the gap with a little to spare.

Councilmember Ward indicated that he was opposed to increasing the per hour rate at the parking kiosks, and Councilmember Carroll proposed leaving the kiosks operational twelve (12) months a year.

Administrator Tucker announced that City Council would be presented a balanced FY15 budget for First Reading on April 29th.

MOTION: Councilmember Buckhannon moved to reconsider the motion to increase Comcast franchise fees; Councilmember Ward seconded. Mayor Cronin clarified that an affirmative vote was to increase the rate to five percent (5%). Those in favor of five percent (5%) were Councilmembers Bergwerf, Bettelli, and Harrington, and Mayor Cronin; those opposed were Councilmembers Buckhannon Carroll, Ferencz, Loftus and Ward. The Comcast franchise fee will remain at three percent (3%).

7. Miscellaneous Business

Next Meeting Date: 5:45 p.m., Tuesday, May 20, 2014.

9. Adjournment

MOTION: Councilmember Buckhannon moved to adjourn the meeting at 10:26 p.m.; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted: Marie Copeland, City Clerk