

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, May 19, 2015

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Tuesday, May 19, 2015 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Carroll, Ferencz, Loftus and Ward, Mayor Cronin, Administrator Tucker, Assistant Administrator Dziuban and City Clerk Copeland; a quorum was present to conduct business. The absence of Councilmember Harrington was excused.

1. Mayor Cronin called the meeting to order and acknowledged that the press and public were 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 April 21, 2015 as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** – None

4. **Financial Statements** – Treasurer Suggs

A. April Financial Statement

Commenting that the City has concluded ten (10) months of the fiscal year, Treasurer Suggs stated that the target for revenue and expenses was eighty-three percent (83%) of the General Fund budget; revenues were at eighty-two percent (82%) and overall expenditures were at eighty-three percent (83%) of the fiscal budget. Overall revenues for the City were at seventy-seven percent (77%) of budget. In General Fund revenues, the Treasurer expressed confidence that Property Tax revenue would be very close to budget and reported that Business Licenses, Rental Licenses and Building Permit revenues have exceeded budget. Big contributors to Other Licenses revenues were utilities fees and insurance license fees, which typically come in near or after the year-end.

Mayor Cronin interjected that staff had queried SCE&G about the franchise fees the City would receive and was told that the check would be approximately six hundred ninety-three thousand dollars (\$693,000) – a number that exceeds the budget by three hundred thousand dollars (\$300,000). In the course of the discussion, the City learned that SCE&G pays franchise fees one (1) year in advance; therefore, the money received in June will represent their estimated 2016 fees. The Mayor reminded the Committee that the two percent (2%) increase to the SCE&G franchise fee actually will go into effect January 1, 2016.

Treasurer Suggs continued that General Fund cash on-hand was ahead of last year and represented thirty percent (30%) of the annual General Fund budget.

Items that affected General Fund expenditures were that twenty-two (22) of the City's twenty-six (26) pay periods have been paid through April, representing eighty-five percent (85%) of salaries and, because the City took advantage of the one-time adjustment in FY15, the City has paid premiums in full for liability and workers compensation insurances. Another insurance item that

came into play was that the check for credits the City will receive from SCMIT/SCMIRF will be sent at the end of the year rather than at the beginning of the year as they have done in the past.

Referring to the large increase in Building Permit revenue, Councilmember Buckhannon related a recent conversation with a local contractor who had told him that the Isle of Palms was the best place to build now because the fees were the lowest and it was the easiest to work with between Sullivan's Island, the City of Charleston and Mount Pleasant.

B. Tourism Funds

Municipal Accommodations Taxes year-to-date showed a significant increase over FY14 but a minimal increase over FY13; the Treasurer opined that FY14 was the aberrant year. Collections to-date have increased five percent (5%) over FY14.

The third quarter's State Accommodations Taxes also were higher than FY14 and are trending for a three percent (3%) increase over the same period in FY14.

The first of two (2) installments of the Charleston County Accommodations Tax Pass-through were received in the amount of two hundred sixty-four thousand dollars (\$264,000), which was a large increase over FY14. The primary reason for the increase is that the County now pays twenty-five percent (25%) rather than twenty percent (20%). In the lower box on the right side of the page, the Treasurer has shown the estimated increase for FY16 against the costs that will be paid from it.

Hospitality Tax collections year-to-date have increased by eleven percent (11%) over FY14.

Beach Preservation Fees collected for April were forty-nine thousand dollars (\$49,000).

C. Project Schedules

Since the shoal management project has been completed, the City has been processing the final invoices; staff indicated that the schedule would remain active through the end of the year.

For parking management and wayfinding signs, the City received one (1) invoice from Stantec for the change orders for the parking software vendor, the revenue and expense budget for parking Option C and the design plans and SCDOT encroachment permits applications for parking.

5. Old Business

A. Discussion of FY16 Budget

Administrator Tucker stated that the latest version of the budget contains the changes necessary for the initial costs associated with the implementation of Parking Concept C and the reduction in expense for the website redesign.

The Administrator reported that staff had taken total budget projected for the implementation of Concept C and divided them between FY16 and FY17, and the majority of start-up expenses fall into the FY16 budget; the revenues were treated in the same way. Since the City will only have a brief period of time in FY16 when enforcement will be happening, the increase to Court Revenue is modest.

The budget changes are as follows:

General Fund Revenue

Court-generated Revenue	\$8k included for residential parking citations
Transfer-in Muni ATAX	\$16,744 included for 4 additional BSOs

Councilmember Ferencz questioned that the revenue for Court was budgeted lower than in the FY15.

Looking back on the number of citations issued, the Administrator explained that the number tickets issued varies year to year based on the degree of compliance with parking regulations and the complement of BSOs. Staff tried to hone in on the tickets written in the areas where enforcement will be directed in the future; staff also opined that a more accurate amount could be estimated once the program has been operating for a year.

The Administrator assured Councilmember Loftus that the ticket revenue was based on the new fine of fifty dollars (\$50), and staff had intentionally been conservative. She also reminded the Committee that the goal was to achieve compliance; if the City were to achieve one hundred percent (100%) compliance, there would be no Court revenue.

Expenditures – Police Department

Overtime wages	\$6,739 added for the distribution of residential decals
Vehicle fuel & oil	increased for additional BSOs' pickup and LSVs

Parking Meter Department

Part-time wages	added \$14,560 for 4 additional BSOs
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The result of the changes noted above is a reduction to the General Fund Transfer-out to Capital Projects at year's end to five hundred fifteen thousand four hundred forty-two dollars (\$515,442).

Municipal ATAX Fund Revenue

With more information available, the County Accommodations Taxes have been increased by eighteen thousand dollars (\$18,000).

The Transfer-out to the General Fund for BSOs increased by the sixteen thousand seven hundred dollars (\$16,744) for the four (4) additional BSOs hired for enforcement of the parking plan.

Referring to the ten-year (10 yr.) Capital Plan, Councilmember Carroll reported that Director Page has investigated costs for a pool which ranged from seven to ten million dollars (\$7,000,000 to \$10,000,000), he recommended that a pool should be taken off the Plan.

Councilmember Ferencz asked whether the City could continue reserving funds for capital acquisitions at the same level as in the past with expenses increasing every year.

The Mayor commented that the intention was to cover the City's needs for future, major capital items; when the program was initiated, the City had paid off its capital leases providing the funds for Council to set aside to pay cash for those future purchases. The initial years were "tough" with the second year being the hardest for the City.

Administrator Tucker explained that staff looks at the reserve schedule every year. For instance, for the FY16 fiscal year, the amount set aside for radio replacements was reduced because staff learned that the replacement was going to be delayed a year.

B. Status of Concept C

The Administrator informed the Committee that a request had been sent to SCDOT asking them to provide the City with a written response that would give some indication that the City was not going to embark on something different from what was originally approved without their concurrence. In an earlier meeting with SCDOT, the City was given an unofficial nod of approval. The City Administrator has sought a legal opinion to ensure that the Committee was made aware of strengths and weaknesses to Concept C if it was to be challenged.

Since the City will now need a different signing plan, Stantec is putting together a proposal for the new signing plan and to get the encroachment permits for Concept C.

The next step will be getting SCDOT approval and getting the sign plan and encroachment permits approved.

The Administrator added that some Councilmembers have received emails from residents asking for increased golf cart parking, and the City has done some outreach to consider more golf cart parking in the areas designated as available beach parking. To provide more golf cart parking would make it easier for residents to park near the beach. The Public Safety Committee is investigating other availability near the beach.

Councilmember Buckhannon thought that the City should consider golf cart parking on Ocean Boulevard where the City has four (4) sixty (60) foot easements for beach accesses.

Recalling the May Public Safety Committee meeting, Councilmember Bergwerf related that Chief Buckhannon had expressed concern that any type of parking on the ocean-side of Ocean would lead to vehicular parking as well.

Councilmember Buckhannon was confident that parking anything but golf carts could be managed with the proper signage and proper enforcement.

Councilmember Loftus suggested more golf cart parking at 42nd Avenue.

Councilmember Carroll stated that he had received several complaints from residents about Waterway Boulevard and 41st Avenue.

The twenty foot (20 ft.) limit was intended to keep tractor-trailer trucks from going into the neighborhoods according to the Mayor. He indicated that he was unsure about whether a truck with a boat trailer would qualify under the description.

Councilmember Carroll then asked whether, under Option C, this area would be considered residential, and the Administrator said that it would be residential, i.e. parking for residents only.

6. New Business

A. Recommendation from the Real Property Committee to modify the permit for beach renourishment

Administrator Tucker reported from the Real Property Committee that, after receiving information from CSE consultant Steven Traynum, a motion was unanimously passed to go forward with the request for modification to the existing shoal management permit to allow the City to begin the project anticipated in the fall earlier than originally planned – during turtle-nesting season. The Committee liked the idea of having more flexibility to start earlier if necessary.

The Administrator reported that the City has received concerns and pressures from those residents who live at Beach Wood East and Dunecrest who continue to be plagued with the need to take erosion mitigation measures. Since they continued to have the need for those measures even after the most recent shoal management project, they appealed for the City to do another project sooner than planned.

Continuing, the Administrator said that, if the City had to proceed with a project during turtle-nesting season, the City would have to have turtle monitors so that nests laid in the project area could be relocated and that if a turtle were to come ashore, the contractor would have to stop working. Another complication is that the project may interrupt the beach for a larger area during the season. She reminded the Committee that, when the City did the off-shore dredging project, it was during peak season, but it did not close down large stretches of the beach; the closures affected only the areas where the sand was coming onto the beach.

In the Administrator's opinion, the most negative problem associated with modifying the permit to start prior to November 1 is that it would open the permit to public comment by the agencies, like Fish and Wildlife and DNR – the controlling agencies. The City would run the risk of losing something that is currently on the permit; one example is that the existing permit allows harvesting in the 53rd Avenue area of the beach where there is a lot of sand. If the permit goes out for public comment, some people might get a provision added to the permit not allowing harvesting in that area. Another possible occurrence would be pressure to do certain scientific studies, which would be an additional expense for the City. She summarized that in seeking to modify the City's existing permit could mean that, possibly, nothing would happen and the City would have the flexibility to

start earlier. However, a risk associated with seeking a modification is that the City might lose something that it already has, or a permit condition might be attached or the City would have the added expense of scientific studies.

Mayor Cronin recalled that the existing permit had a ceiling of five hundred thousand cubic yards (500,000 cu. yd.) of sand total; at this time, the City has one hundred eighty-thousand cubic yards (180,000 cu yd.) remaining to be spread over two (2) events. The Mayor opined that the volume should be modified at the same time, possibly, an additional two hundred thousand cubic yards (200,000 cu yds.)

Councilmember Ferencz inquired about what new date as the City asking for with the modification; the Administrator indicated a start in September after Labor Day.

Responding to Councilmember Carroll, Councilmember Bergwerf said that the nesting season typically ends, at the latest, at the end of August and hatching could go through October.

The Administrator also cautioned the Committee that another possible scenario would be for the City to get the permit modifications with no issues being raised, but the City could not raise the eight hundred thousand dollars (\$800,000) needed to do the project from the stakeholders.

Councilmember Buckhannon stated that, if the permit modification was denied, the City could still go forward with the planned project, but start November 1.

The Mayor reiterated that the City should ask for additional sand at the same time.

Councilmember Carroll asked whether the shoal had attached to the beach yet, but was told by the Mayor that the shoal is huge, yet not attached.

MOTION: Mayor Cronin moved to authorize Coastal Science Engineering to seek approval from the State and federal agencies to augment the City's permit to allow for an additional volume of sand and for a more flexible time period to get started on the next project as early as September 2015; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

B. Recommendation from the Public Works Committee to award an extension of the ditch maintenance contract with Eadies

The Administrator remarked that staff had been smart when the last Eadies' contract was written because it included a five (5) year renewal clause; she stated that the City had been very satisfied with their services and that they were holding their prices for an additional contract period.

MOTION: Councilmember Loftus moved to renew the contract with Eadies for an additional 5 years with the same pricing; Councilmember Bettelli seconded.

Mayor Cronin noted that for all of the years the Eadies has been working on the island, he has never had a complaint about them or their work.

Councilmember Ferencz asked whether Eadies could do the work on the island that Charleston County might not do.

Administrator Tucker reported that Charleston County did send its vacuum truck to work on the Lauden ditch on Monday; although they were not able to do much because there is so much that needs to be done with the ditches that has nothing to do with the outfall problem. she added that she was glad to see them.

The Administrator related a conversation with Director Pitts that, if there are areas in Year 1 that are in pretty good shape, Eadies could be moved to Lauden that needs so much; she added that Eadies was very flexible and that they are capable of doing certain things that the County has done for the City.

VOTE: The motion PASSED UNANIMOUSLY.

C. Recommendation from the Public Works Committee to award a contract to Thomas and Hutton in the amount of \$25,000 for Engineering Design for the NPDES project

From the materials supplied in meeting packets, the Committee read that the three (3) companies that submitted proposals for the engineering design for the project were all capable of doing the work and that Stantec was recommended simply on basis of submitting the lowest bid. The Administrator commented that Thomas and Hutton do bring many advantages to the table both in what was included in the proposal, as was pointed out by the Committee members, and that they are the civil engineering firm for the IOP Water and Sewer Commission. Part of the NPDES projects might interface with the sewer system, so there are advantages in that regard. In addition, Thomas and Hutton has a great deal of experience with NPDES work with a fuller complement of staff devoted to this type of work; therefore, the Committee's recommendation was to award the contract to Thomas and Hutton despite their being the highest bidder.

MOTION: Councilmember Ward moved to award the contract for the NPDES design and engineering to Thomas and Hutton in the amount of \$25,000; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

D. Discussion of NPDES as it relates to drainage expense

The Administrator recalled that, before 2007, the federal government passed legislation that went to the states that would impact all entities who had drainage infrastructure which became known as the National Pollution Discharge Elimination System (NPDES). The overall goal of NPDES is to improve and control the condition of stormwater runoff so that it reduces pollutants in the natural waterways. When the program was first established, many local governments, like the Isle of Palms, argued that they would not be an MS4, which designates the City as having to be in compliance with NPDES requirements because the majority of the drainage infra-structure was located on SCDOT rights-of-way. The determination was made that IOP would be designated MS4 and would have to meet all of the requirements of the NPDES program which has six (6) components; two (2) of the components are compliance with the regulations and public education to ensure that the public understands why they should have good habits related to pouring things

down drains and doing natural types of things that would improve stormwater runoff. The combined six (6) components were complex, and, for the City to meet them would likely mean that the City had to hire staff to accomplish them. Many local governments in Charleston County were dealing with the same issues, including Charleston County. At that time, Charleston County indicated that they would be willing to assist by taking over the NPDES requirements for the local governments and act as the entity doing all of the work. Charleston County and the City entered into the intergovernmental agreement and passed ordinances related to stormwater protection; Charleston County passed ordinances that closely mirrored them and the County staffed up to handle NPDES.

A fee was put in place and collected from all IOP property owners, commercial and residential, by Charleston County to be used to administer the program; primarily they are using the money for compliance, public education and to do smaller drainage improvements projects or corrections over time. The Administrator explained that this was how the program was explained to the City.

Since that time, the City has had two or three (2-3) occasions where Charleston County personnel came in to give presentations or gave determinations on where the City stood with the fees being collected. They have handled all of the interfacing with whichever agencies monitor the program on the state and federal levels. Administrator Tucker knew that the program had been monitored because she has been supplied the reports on how they had fared with the monitorings.

One (1) thing the City was told was that, when it needed assistance with drainage initiatives, it should call on Charleston County, and some of the smaller expenses associated to responding to spot drainage problems could be explained to the County via email and the City would be reimbursed from NPDES funds. Two (2) projects the Administrator remembered were at 21st Avenue when the drainage went under the SCDOT-owned road which was reimbursed fifty-five hundred dollars (\$5,500), and the second was near the Rec Center on the City-owned portion of 28th Avenue with a portion of the work done on Hartnett that is an SCDOT road. Most recently the City responded to an emergency repair in the SCDOT right-of-way on Palm Boulevard between 42nd and 43rd Avenues; when the City sent the request for reimbursement of sixty-two thousand dollars (\$62,000), the County responded that they did not think the expense was eligible for reimbursement under NPDES regulations.

Another service the County has provided for the City has been sending County crews to the island to assist with drainage issues. The County today is saying that drainage systems on SCDOT right-of-way now are the responsibility of SCDOT as an MS4. The City has argued that it did not need to be designated an MS4 because the County and SCDOT were both MS4 and should cover the majority of problems that might occur.

When the request was submitted, the County suggested that the request should be withdrawn because, if they paid it, they would document their records that they indicated to the City that they did not think it was eligible. Administrator Tucker stated that she did not know what that would mean for the City; would the City be required to repay the money at some time in the future if auditors agreed that the reimbursement had not qualified? Would the City be cited for doing work that was not eligible? Would the City be required to refund the money with a penalty attached?

A major difference between this reimbursement and others in the past is the amount; other than that, the actions of the County appear to be totally inconsistent with what has happened in the past.

The Administrator recalled that shortly after the agreement with the County was signed, they hired an engineering group to inventory the drainage infrastructure for all of the local governments for whom they had agreements. After the inventory was done, the County produced a set of drawings of all of the drainage systems they had agreed to maintain, and the ditches that the City was asking assistance with are all included in that inventory, as is the Lauden ditch. Everything suggests that the County should have no issues with reimbursing the expenses submitted and that they should be energetic in wanting to assist the City when called upon, in the Administrator's opinion.

Staff is now going back to read everything again and asking whether the City should have ever been an MS4 in the beginning and whether residents should be paying the annual fee. If the City is not happy with the way the County is interpreting these regulations, should the City re-visit whether to manage the NPDES program itself? If that were done, the City would be collecting the fee and would be in control of complying with the six (6) program components.

Staff wants to meet with Mount Pleasant which manages their own program, to find out how difficult it has been.

Councilmember Ward asked whether this change in position by the County would affect the reimbursement the City was anticipating for the compliance work to be done at the Public Works site.

Administrator Tucker replied that it was concerning, but it should qualify because the language discusses improvements on public facilities to bring them into compliance.

Councilmember Ward remarked that there was a chance the reimbursement for that project was in jeopardy.

Responding to Councilmember Ferencz, Assistant Dziuban stated that the City has approximately three hundred thirty thousand dollars (\$330,000) in NPDES funds being held by Charleston County.

If the City were to decide to manage its own program, the agreement states that the City must give twelve (12) months' notice to cancel it.

Mayor Cronin clarified that the County had not indicated that they would refuse to reimburse the City for the money requested.

The Mayor concluded that this matter is a work-in-progress that is exacerbated by a lack of clarity.

7. Miscellaneous Business

Administrator Tucker announced that the golf cart legislation was going to the State House of Representatives on Wednesday, May 20, 2015. She noted that an amendment has been proposed to the bill asking that bikes be allowed on those trails as well; she said that she hopes the amendment would happen because, if amended, the bill would be required to go to the Senate before it passes. She commented that the City had made sure that they had SCDOT support before pushing for the bill, but she did not know what SCDOT would say about adding bicycles to the golf cart paths.

Next Meeting Date:

Ways and Means Committee: 5:30 p.m., Tuesday, June 23, 2015
City Council: 6:30 p.m., Tuesday, June 23, 2015

8. Executive Session – Not necessary

9. Adjourn

MOTION: Councilmember Ward moved to adjourn the meeting at 7:23 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk