

WAYS and MEANS COMMITTEE
5:45 p.m., Tuesday, October 20, 2015

The regular meeting of the Ways and Means Committee was called to order at 5:45 p.m., Tuesday, October 20, 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 Fragoso, Treasurer Suggs and Clerk Copeland; a quorum was present to conduct business. Councilmember Harrington's absence 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 September 22, 2015 as submitted; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments – None**

4. **Financial Statements – Treasurer Suggs**

A. Financial Statement

The Treasurer announced that, through September, the City has completed one quarter (¼) of FY16 so the targets for revenue and expense are twenty-five percent (25%); in the opinion of the Treasurer, revenue and expenditures are where one would expect. Treasurer reported that the City has received Local Option Sales Taxes in the amount of seventy-three thousand dollars (\$73,000) in October which is comparable to the seventy-nine thousand dollars (\$79,000) received in FY15. Total cash on-hand is one million dollars (\$1,000,000) more than in FY15 and can be attributed to the tourism funds that include Municipal and State Accommodations Taxes and Hospitality Tax. General Fund expenditures for all departments are at twenty-two percent (22%) of the FY16 budget.

B. Tourism Schedules

The City has not received funds from State Accommodations Tax or Charleston County Accommodations Tax. For September in Municipal Accommodation Tax, the City received one hundred forty-nine thousand seven hundred eighty-two dollars (\$149,782) and, for the first two (2) months of the year, the City's collections were six percent (6%) ahead of FY15. Hospitality Tax collections were approximately seventy thousand seven hundred dollars (\$70,700) for September, nine thousand dollars (\$9,000) less than in FY15.

Councilmember Bettelli asked the Treasurer if anyone was in arrears on paying their Hospitality taxes, and Treasurer Suggs responded that there was one (1) late payment, but it was not indicative of starting a trend.

Like Municipal Accommodations Taxes, the Beach Preservation Fee increased by one hundred forty-nine thousand seven hundred eighty-two dollars (\$149,782) for the month of September.

Treasurer Suggs directed the Committee's attention to the additional financial schedule included in meeting packets that was created in response Councilmembers' inquiries; Councilmember Bettelli wanted to know how the City had used year-end positive net results in prior years, and Councilmember Carroll voiced interest in knowing the amount of the net positive results in recent years (a copy of the schedule is attached to the historical record of the meeting).

Administrator Tucker reminded the Committee that the only source of funding for the Capital Projects Fund is the prior year's positive net result.

Although the City had a very good year, a substantial piece of the net positive results was the one-time windfall of three hundred thousand dollars (\$300,000) of the receipt of the SCE&G franchise fee earlier than expected.

The Treasurer then explained that Council has, over the past four (4) years, kept a small portion in the General Fund, contributed to the Disaster Recovery Fund, and put the balance in the Capital Projects Fund. In the next section, the spending from the Capital Projects Fund was detailed, and the Treasurer pointed out that Capital Projects spending in any year was not made from that year's positive net result but from cumulative positive net results of prior years. The final section of the schedule estimated minimum normal and recurring uses of Capital Projects Funds for upcoming years.

Councilmember Ferencz asked whether a reservation of fund balance for the replacement of the docks at the marina was included in the normal and recurring uses of Capital Projects Funds.

The Treasurer said that the City did not have a savings intended to be used to replace the docks at the marina, and that money, normally spent at the marina, comes from the Marina Fund or tourism funds.

Since the minimum estimate of annual and recurring Capital Projects Fund spending for the next four years (4 yrs.) is seven hundred fifty-one thousand dollars (\$751,000), the positive net results generated each year are needed by the City in order to have the money available to do what is necessary each year.

Treasurer Suggs changed the focus of discussion to the Charleston County property tax bills that residents received reflecting the millage. She encouraged Councilmembers to respond to residents, who are questioning the millage, to encourage them to pull off the IOP number, then to back off the municipal sales credit because it is only IOP and divide that net by twelve (12) to determine their monthly expense and whether they feel they are getting good value from their tax dollars.

Mayor Cronin pointed out that the tax bills were not printed correctly; the total dollar is correct, but the bill does not show the County operating number. The Mayor commented that the overall appraised value of the County went up, and they increased the millage as well by seven (7) mills.

5. Old Business

Status Update related to historic flooding

Administrator Tucker reported that, on Thursday of last week, she attended an applicant briefing at Charleston County along with the other local governments in the Charleston County area, FEMA was represented along with the State Emergency Management Division. They gave a presentation that contained a lot of similar information the City has been through before in the aftermath of Hugo, Gaston and Floyd; therefore, the City had some familiarity with it. The City also submitted that day the official form from the City of Isle of Palms requesting assistance. Between that meeting and today, staff has been refining estimates for expenses and refining the documentation to accompany the reimbursement request; earlier today, staff completed its photographic documentation that will accompany the estimates.

The City had been told that the City could get a site visit from FEMA today, but Mr. Townsend, with FEMA, contacted her by phone, and they went over the list submitted to them and talked through what they thought would and would not be allowable for reimbursement. Their main focus at this time is not the global event, but it is getting cash in the hands of the applicants related to expenses associated with the emergency event, i.e. overtime expenses, hours of equipment operation, etc. They are making payments based on quick calculations and will true up eventually. At the same time, FEMA representatives are trying to get the numbers to get a declaration on the other categories on the forms. The Administrator informed the Committee that the reimbursement was seventy-five/twenty-five (75/25); the City will not recover a portion the expenses, but she assured the Committee that the numbers would not be large for the City.

Once FEMA has the other categories' declaration, staff will be compiling the data to get recovery for some of those things – all the way to some of the issues with the beach and issues related to drainage.

Councilmember Ward questioned the two hundred-fifty thousand cubic yards (250,000 cu. ft.) of sand referred to on the forms.

Administrator Tucker stated that the amount of sand was a guess on staff's part based on the most recent project that had moved that quantity of sand which staff assumed had been washed away. The Administrator added that she thought the loss of sand would actually be quite low; however, she relayed that Mr. Townsend stated that the Corps of Engineers would be meeting with the City's coastal engineer and that has not yet happened. The Administrator explained that on the beach where there is escarpment or erosion, the drip-off is quite severe, then the beach goes flat, then the landscape builds up again until there is a severe gully – not a tidal pool, but a change in the topography – and then the sand builds up high again before getting to the ocean. One thing that would help would be scraping to re-level the beach without the addition of sand, and she has advocated for that type of assistance.

The Administrator said that she had been told that some very official-looking vehicles on the island today that said FEMA and State EMD on them, but representatives from those two (2) agencies did not contact the City during that visit.

Mayor Cronin noted that any private individuals who suffered losses, insured or not, can also file for reimbursement with FEMA; he encouraged Committee members to inform anyone they knew who might fall into that category.

Councilmember Carroll indicated that the vacation rental business he is associated with had many cancellations and many who had checked in left the island; therefore, he questioned that FEMA would reimburse for loss of business during the storm event.

The Mayor stated that he had never heard of any business interruption covered by FEMA.

Administrator Tucker added that anywhere the City had insurance coverage, the City is filing for it, for instance, the damage to the ladder trucks, leaks in some of the buildings, etc., but the deductibles are expenses that can be claimed for reimbursement.

Councilmember Ferencz asked whether any docks at the marina had been damaged in the storm, and the Administrator replied that there was damage to the electrical at the TidalWave dock.

MOTION: Councilmember Ward moved to reorder the Agenda to discuss item E, Discussion of NPDES improvements Option C; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.

6. New Business

E. Discussion of NPDES improvements Option C

The Administrator recalled that the City learned it had a stormwater violation that needed to be fixed; Charleston County said that the portion of the resolution attributable to NPDES regulations could be reimbursed from the City's NPDES fund collected and maintained by the County. Staff then worked to find the best way to solve the problem, and staff developed cost estimates by calling around to various vendors; the City budgeted for the project in the FY16 budget based on its estimates. As the project got close, concerns were raised that the City might be moving forward without appropriate expertise, so staff generated a request for engineering services that was awarded to Thomas and Hutton. The documents to be discussed are the work product of the initial effort; Thomas and Hutton's drawings are laid on top of a prior work done by a landscape architect.

Administrator Tucker explained that the financial schedule included in this packet, totaling one hundred fifty thousand dollars (\$150,000), needs to be added as an expense component to any of the four (4) options Thomas and Hutton is offering. This money covers the buildings, the new gate and other general expenses.

The Public Works Committee selected Option C, not the most elaborate choice but also not too labor intensive. As seen on the drawing of Option C, there would be a new entrance into the Public Works location; after entering the site, the trucks would be driven through the structure where it would be washed down with a hand wand. The runoff would be captured and some

would be recycled and some would drain into the IOP Water and Sewer Commission's sewer line.

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The existing wash down area, also shown on the drawing, would be eliminated; the white goods and storage areas remain.

The expense for the wash-down facility is four hundred forty-eight thousand five hundred dollars (\$448,500) and the project cost would add the one hundred fifty thousand dollars (\$150,000) discussed earlier, making the project cost at five hundred ninety-eight thousand five hundred dollars (\$598,500). The amount budgeted for the project is three hundred four thousand thirty dollars (\$304,030), leaving a funding gap of two hundred ninety four thousand four hundred seventy dollars (\$294,470).

The Administrator reminded the Committee that one hundred ninety thousand dollars (\$190,000) of the three hundred four thousand (\$304,000) is revenue the City hoped to get from Charleston County NPDES as reimbursement for the stormwater corrections included in the project.

Director Kerr contacted Charleston County to learn how much money was in the City's NPDES fund and was told that the current balance is a bit more than three hundred thousand dollars (\$300,000). Assuming that the figure is correct and that the City was already counting on one hundred ninety thousand dollars (\$190,000), there remains one hundred ten thousand dollars (\$110,000) that might be available to the City for this project, but there is still a funding gap.

Director Kerr was also told by Charleston County that other local governments have gone into the "red" on their funds and then paid it back through the annual stormwater fee collections. The Director explained that the City would have to fund the project initially and get the reimbursement at another time in the future.

Councilmember Ward asked where the money would come from, and he was told that originally the money had been allocated with one-third ($\frac{1}{3}$) from Municipal Accommodations Tax and two-thirds ($\frac{2}{3}$) from Capital Projects. Treasurer Suggs said the additional dollar amounts could be split the same way or more could be allocated to the Municipal Accommodations Tax.

Mayor Cronin indicated that he would suggest a fifty-fifty (50-50) split between Municipal ATAX and Capital Projects.

Councilmember Bergwerf asked whether this project was planned for this budget year or the FY17 budget year, and the Mayor indicated that it was a matter of how quickly a contractor could execute.

In responding to Councilmember Bergwerf, Administrator Tucker noted that the engineer told the Public Works Committee that contractor prices were "white hot" now.

Councilmember Loftus commented that the project should be done in the off-season before the Public Works Department starts twice a week garbage pickups.

If possible, the Administrator indicated that the best scenario would be to complete the work in this budget cycle.

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The Mayor questioned that the City could get the work done in the next four to five (4-5) months; he was skeptical that the engineering could be complete, a bid package prepared and the contract awarded for the work to be complete by May.

Mayor Cronin asked that Thomas and Hutton provide a timeline so the question could be answered about the timing of the project. He clarified his recommendation about fifty-fifty (50-50) funding to include the entire project costs, not just the gap.

For the simple fact that contractors are getting top dollars at this time, Councilmember Loftus thought it made better fiscal sense to delay the project to the fall of 2016.

Councilmember Carroll suggested that the City sell one (1) of the lots behind the Public Works site to fund the NPDES project.

A. Recommendation from the Recreation Department to award a contract to Carolina Fence Company in the amount of \$14,000 to replace tennis court fencing (FY16 budget, page 44, Recreation Capital and Special Projects, \$15,000)

MOTION: Mayor Cronin moved to award a contract to Carolina Fence Company as detailed above; Councilmember Carroll seconded.

Councilmember Loftus opined that the fence replacement at the tennis courts was not a need at this time and that the replacement could be delayed a year or two (2).

Director Page reported that all of the poles at the bottom were rusted in two (2) and that the fencing was curling at the bottom; she said that a child could be injured.

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

B. Recommendation from the Personnel Committee to consider the payment of an Employee Bonus in the amount of \$500 for FY15 full-time and regular part-time (30 hrs/week x 52 weeks) employees.

MOTION: The Mayor moved to approve an employee bonus as detailed above; Councilmember Bergwerf seconded.

Councilmember Loftus asked to tweak his original motion to increase the bonus to six hundred thirty dollars (\$630) because his goal was for employees to get five hundred dollars (\$500) to use for a weekend away, Christmas gifts, etc. He reiterated that the City experienced one (1) of the best fiscal years in some time, and he thought employees who worked hard to achieve such success should get a share. He noted that he does not want the bonus to be a hit to the FY16

budget; he preferred to use a portion of the positive net result to cover it, and he acknowledged that the City may not have this type of opportunity again.

Councilmember Ferencz asked where the money would come from to pay the bonuses, and Treasurer Suggs said that the money would be reflected in the Salaries and Wages line for each

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Department. Councilmember Ferencz then stated that the bonus would create an over-budget line item for the Departments.

The Treasurer explained that a line could be shown in the Revenues section of the budget for a transfer-in to the General Fund from the Capital Projects fund to offset the additional payroll expense.

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

MOTION: Councilmember Loftus moved to approve an employee bonus totaling \$63,000 for FY15 full-time and regular part-time (30 hrs/week x 52 weeks) employees to come from the Capital Projects Fund; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

C. Recommendation from the Public Safety Committee to award a contract to Spirit Communications in the amount of \$44,000 annually, state contract pricing, for new telephone and internet services (existing contract expires in the spring)

MOTION: Mayor Cronin moved to award a contract to Spirit Communications in the amount of \$44,000 annually, state contract pricing, for new telephone and internet services; Councilmember Bettelli seconded.

Administrator Tucker reported that Windstream, the City's current provider, does not function satisfactorily to meet the needs of City Hall.

Chief Buckhannon explained that currently the City has T1 lines in place, which is one and a half (1.5) megabytes, and, through that same pipeline (T1 line), the City gets its internet and phone access. He directed attention to the two (2) drawings in meeting packets; the top one depicts the City's current network infrastructure and the other would be the infrastructure using the Spirit service. Both the Public Safety Building and City Hall are on a bonded T, meaning two (2) T1 lines tied together; they also operate the phone system, so that, when there is internet usage and data usage going on, (databases are very intensive on a network system) all of the band width is being devoured by all of the activity in place.

The pipe on the Spirit drawing is a fifty (50) megabyte pipe, instead of a two and a half (2.5) megabyte pipe, shared by the City resources which will substantially increase the amount available for uploading and downloading speeds – no more fighting for internet space versus phone usage versus database systems. It would be fully functional at all times.

The Chief stated that he had also looked at other systems, but Spirit Communications pricing has already been negotiated to be the best price available. The only other vendor he could draw upon would be Comcast, but the biggest complication for the City is the interconnectivity of

all the buildings is the shared-line that begins to denigrate with the number of people using the City's resources simultaneously.

Currently the City is paying Windstream thirty four to thirty five hundred dollars (\$3,400-3,500) per month; Spirit services have been quoted at thirty-seven hundred eleven dollars (\$3,711) per

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month. If the City were to decide to go with Spirit, the transition would take a minimum of ninety (90) days, so the earliest the change could occur would be February 2016. The City Hall contract expires in May and the other Department's service expires in April 2016. Although the Chief will try to negotiate an early out with Windstream, but, if that was not successful, the City would only have the increased expense for a few months.

Responding to Councilmember Loftus' question about other users of Spirit, Chief Buckhannon responded that the State uses Spirit and has been satisfied with the service.

VOTE: The motion PASSED UNANIMOUSLY.

D. Recommendation from the Public Safety Committee to award a sole source contract to T2 Systems in the amount of \$18,828.66 for four (4) handheld ticket writers for the Parking Management System (FY16 budget, page 40, Police Capital and Special Projects, \$20,000)

MOTION: Mayor Cronin moved to award a sole source contract to T2 Systems for four (4) handheld ticket writers in the amount of \$18,828.66 for the Parking Management System; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Next Meeting Date: 5:45 p.m., Tuesday, November 17, 2015 in Council Chambers.

8. Executive Session – not needed

9. Adjourn

MOTION: Councilmember Ward moved to adjourn the meeting at 7:14 p.m. Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk