



Special City Council Committee Meeting

1:00pm, Wednesday, March 11, 2026

City Hall

Council Chambers

1207 Palm Boulevard, Isle of Palms, SC

MINUTES

1. Call to Order

Present: Council members Streetman, Pierce, Carroll, Ward, Bogosian, Miars, Miller, Cohen, and Mayor Pounds

Staff present: Administrator Kerr, Deputy Administrator Kuester, Director Hamilton, various department heads

2. Purpose – Discussion of FY27 Budget

A. Review Revenue and Expenditure Assumptions

Administrator Kerr reviewed the budget assumptions included in the proposed FY27 budget:

Revenue assumptions:

- tourism revenue (municipal, State, and beach) – 2% increase based on trailing 12 months
- hospitality tax – 1.5% increase based on trailing 12 months
- business license, residential rental licenses, building permits, and parking – 1% increase based on trailing 12 months
- insurance licenses and public utilities – 3% increase based on trailing 12 months
- other revenues – 0.5% - 2% increase based on trailing 12 months

Operating expense assumptions:

- increase of 1%-3% of trailing 12 months
- electric and gas – 13% increase based on trailing 12 months

Personnel expense assumptions:

- includes recommendations from Evergreen Study
- includes three new positions – (2) Police Officers, (1) Resilience Officer
- includes 2.8% COLA and 3% merit increase.

B. Review of Key Budget Initiatives

Major initiative expenses included in the proposed budget:

- Beach renourishment - \$15,400,000
- Drainage Projects - \$3,925,000 (Palm Blvd. between 38th and 41st avenues)
- Fire Ladder Truck - \$2,500,000

- Fire Rescue Boat - \$300,000 (only upon receipt of a grant)
- Public Works Loader - \$454,000
- AI traffic signal - \$100,000
- Dune walkovers - \$265,000 (State funding requested)
- Bulkhead recoating - \$450,000
- Marina Dredging - \$700,000 (State funding secured)
- Marina restaurant parking lot - \$500,000 (could be paid from overage)

Administrator Kerr confirmed that the \$800,000 remaining from the Marina Dredging grant can be used for beach dredging or the marina bulkhead recoating. At the moment, it appears as part of beach funding.

Administrator Kerr said staff will need direction from City Council on the use of the parking lot overages to pay for the restaurant parking lot.

C. Review of Revenue Growth and Reduction Options

Staff offered areas of possible revenue growth:

- City-Controlled Options– 15% increase to parking, license, and permit fees; \$200 user fee per dwelling; millage adjustment, new paid beach parking
- State-Controlled Options – pursue change to real estate transfer laws; pursue change to ATAX laws, pursue change to Municipal Improvement District Act; pursue change to allow municipal sales tax percent

City controlled cost reduction options include: pursuit of sand retention methods, support USACE beach and shoal projects, delay drainage projects, and freeze on adding positions.

Director Hamilton said a 1 mil increase results in \$338,000 additional revenue. The proposed \$200 user fee would be added onto the already existing \$150 user fee.

Council Member Bogosian asked the advantage of a user fee over a mil increase. Administrator Kerr answered, “The thought would be does a valuable house, is it philosophically correct for a valuable property owner to pay more to use the beach than somebody with a less valuable house? Are they impacting the beach at the same level, and if so, there would be a rationale for having it be a flat fee. If you felt like it's just a philosophical question as to how you establish that amount, but that would be the basis.”

Administrator Kerr and Mayor Pounds noted those expenses and State-controlled growth options that the City’s lobbyists are pursuing on the City’s behalf. Council Member Pierce would like estimated annual financial impacts for the State-controlled revenue options, where possible.

Council Member Bogosian would like the projected \$400,000 in annual savings taken off the cost of the future renourishment project.

Mayor Pounds suggested an increase in the franchise fees for the next draft of the budget.

D. Revenue and expense review by Department and by Fund

Mayor Pounds noted that this proposed budget has the City paying cash for the beach renourishment project, taking on debt for the fire truck, leaving \$40 million in fund balances at the end of the year.

Council Member Bogosian said he sees “a lot of problems” with the budget, noting that since 2022, expenses have been increasing faster than revenues. He said this pattern is unsustainable.

Council Member Pierce requested a return to last year’s formatting showing expenses as part of revenues, adding that expenses are growing at “two-and-a-half times our revenues.” He would also like an accurate headcount of staff.

Council Member Pierce said, “I would challenge Douglas yourself and the teams to see if you can right the ship for us going forward.”

Director Hamilton replied, “This budget is based on what we currently have. Of course, we do not have revenue to sustain increases in in personnel, increases in large CapEx projects, increases in a beach renourishment every eight years. So we are working with what we have. If Council directs staff on where these additional revenues are coming from, then of course we will build them into the budget. But if we do not have additional revenues to report or even estimate, yeah we can increase our percentages, but that is only going to give us but so much money. That is only going to get us but so far. The City has always been very conservative in budgeting revenues, sometimes not even budgeting a percentage over, sometimes going under, and with that, we have increased, this budget shows that we are increasing. We are still being conservative, but we are increasing. No one has the answers of where the City will land or how we would even get to where we need to be. We can only project based on history, which we feel like we are trying to do a pretty adequate job in determining that the percentages will increase, but expenses are rising. And yes, as you both have pointed out, they are rising. They are increasing way above what our revenue, what we are currently taking in in revenue. So, we need to make some decisions. We can go through this line by line and see what the City can cut, see what the City can add, or see what you think is the best approach. But we have to start somewhere.”

Council Member Ward said it is the job of City Council to direct staff on changes to the budget.

Mayor Pounds said he would prefer a millage increase to cover the increased employee expense. Council Member Miller said expenses need to be tightened up.

Director Hamilton noted that the largest expense are in Capital Projects. She pointed out that department heads cut where they could and have kept their proposed FY27 expenses at a flat rate or with a small increase.

Discussion ensued about the possibility of delaying the drainage project along Palm Boulevard. It was decided that the project will be spread out over time at a cadence staff thinks can be matched with grant funding.

Chief Cornett spoke to the need for two additional officers: “First thing, we are tasked with supporting and ensuring safety for not only our residents, but the thousands of people that come across every day across the Isle of Palms Connector, across the Hunley Bridge through Sullivan's Island. We have seen that population or the population in the Charleston area significantly increase just in the seven years that I have been here, and we have not added a law enforcement officer position in twenty years, is the last time we added a police officer. As a matter of fact, we have to budget to hire an off-duty deputy. And that in itself says that we do not have enough people if we have to budget to add something for that. The other part of this is we want the highly trained officers that we have. To do that, they have to go to training. And because they have so many people that come to the island, and so many events that take place on the island, we have to tax them by working those different duties and those different days. What happens is they wind up working so much, they are not getting to enjoy their time off. Oftentimes when

they are off, they are being called back in. And so we are overworking our employees and not giving them the ability to be able to go seek that advanced training that we need them to have so that we have the best. That helps with retention too. By adding these two, we give the ability for them to take their time off, to enjoy their time off. That is needed because I need them because we have to be able to make a decision in a split second that takes away somebody's rights, their life. And, if we are not rested and we are not prepared to do that mentally because we have worked too much, then we put ourselves in a risky situation. So, this helps us to mitigate some of that risk by ensuring they have downtime, ensuring they are getting that advanced training, and that in itself will help with retention and keeping the officers longer. Right now, we lose some because they work quite frequently. And during the summer, our guys work pretty much every weekend. They work, you have seen it on Fourth of July. I come in at seven in the morning. I do not go home until one o'clock in the morning. And I am not the only one. There are several of us that are coming in and working all day long to make those things happen. And that is just one day out of a long weekend, and that is something we do every weekend during the summer. So we are really working our folks really hard. This will give us a chance to give them that rest and give them that time to train.”

Council members supported the addition of two more police officers and pausing on hiring a Resilience Officer.

Council briefly discussed whether or not to take on debt for the fire truck. Mayor Pounds reminded Council that their lobbyists are seeking funding for the truck on both State and Federal levels. Council Member Bogosian expressed a preference to finance the purchase of the truck but would like to see the trade-in value added into the budget. Mayor Pounds agreed with a millage increase for the truck, adding they will know before the start of FY27 whether or not a grant will be given.

Discussion ensued as to how to address the Evergreen recommendations in the budget. Council discussed the cumulative impact of multiple payroll increases on the FY27 budget, totaling an estimated \$1.5 million to \$1.7 million. This includes the Evergreen compensation study adjustments (initially modeled at the 60th percentile), a planned January COLA, and associated fringe benefits. Mayor Pounds noted that the 60th percentile figure is a placeholder and will be refined by the Administration Committee. They also debated whether to include potential incentives in this initial calculation.

Administrator Kerr and Director Hamilton will work backwards from the total projected personnel cost increase to calculate the necessary millage rate increase to cover it. This will be presented in the next budget draft.

Monies for the sand retention methods and the marina parking lot will be left as they are for the next draft of the budget.

Council members Pierce and Bogosian provided suggestions to avoid showing a negative balance in the Beach Preservation Fund.

Council Member Pierce requested that the next draft of the budget include showing fund balances before transfers, showing personnel expenses as a percentage of the General Fund expenses, showing growth rates of revenues and expenses, and a schedule showing “department by spend source and fund use.”

3. Adjournment

The next Budget Workshop will be held on Wednesday, April 1, 2026 at 1pm.

Council Member Ward made a motion to adjourn the meeting, and Council Member Miller seconded the motion. The meeting was adjourned at 3:12pm.

Respectfully submitted,

Nicole DeNeane
City Clerk