WAYS & MEANS COMMITTEE MEETING
5:00pm, Wednesday, June 10, 2026
City Hall Council Chambers
1207 Palm Boulevard, Isle of Palms, SC

MINUTES

1. **Call to Order**

Present: Council members Streetman, Miller, Bogosian, Ward, Carroll (via Zoom), Pierce, Miars, Cohen

Absent: Mayor Pounds

Staff Present: Administrator Kerr, Deputy Administrator Kuester, various department heads

2. **Citizens' Comments -- none**

3. **Special Presentations – Zak Bedell, Foth/Olsen, discussion of minimum healthy beach conditions**

Zak Bedell of Foth/Olsen reported that they have all the information they need to complete the alternatives analysis and anticipate having a draft to review with the Beach Preservation Committee and City Council in July.

He shared the presentation about a minimum healthy beach previously given to the Beach Preservation Committee. Mr. Bedell reviewed one of Foth/Olsen's beach monitoring reports from Hilton Head Island to illustrate how Isle of Palms might solidify a recommended minimum beach condition. He explained that the Town of Hilton Head Island adopted a regulatory line in 2006 which is defined as having the same location as the 1999 BCM baseline. No development may be further seaward of this line. He said IOP does need to consider where properties are located across the island when considering a baseline for developing a minimum healthy beach condition but recommended flexibility due to the varying conditions over the island.

He said, "The way we are going to approach this in our report is to look at the range of conditions between some feet seaward of the upland development. That way we have an idea of what the range and scale of these recommendations should be for the different alternatives, that being beach nourishment, a no action alternative, looking at various types of structure and combinations therefore." All their recommendations can be updated as the City develops its definition of a minimum healthy beach.

Mr. Bedell said their final report will make "assumptions about how the beach would be maintained at this point." They will recommend a line "X-feet seaward of development to dune crest," and will look at it as a range to establish a "study" baseline.

As part of their long-term plans, Mr. Bedell pointed out that Hilton Head Island addressed different areas of concern with each renourishment project.

Council Member Bogosian asked for a profile of the Isle of Palms' beach pre- and post-construction.

Administrator Kerr reminded the Committee that Foth/Olsen was engaged to provide an alternatives analysis and not develop a minimum healthy beach recommendation. Rather than try to reconcile the differences between the Beach Preservation Ad Hoc Committee's definition of a minimum healthy beach with the current Beach Preservation Committee's definition, Foth/Olsen will use a study baseline, allowing City Council to revisit the minimum healthy beach condition later.

4. **Short-Term Rental Report**

Administrator Kerr said there have been no interviews for the HR vacancy yet. There are still 2 paramedic vacancies, 1 detective and 1 BSO vacancy, and the vacancy for the Assistant Director of Public Works.

Council Member Bogosian noted that the number of STR licenses seems higher than this time last year. Administrator Kerr pointed out that staff adjusted the application process, making the process faster.

Council Member Miller asked for an STR heat map.

5. **Financial Review**

A. **May Financial Statement**

Director Hamilton reported that the General Fund is performing well above expectations. Total revenues have reached $13.74 million, representing 83% of the annual budget, with a year-end forecast of $17.39 million — approximately $896,000 above budget. Several revenue categories are driving this strong performance. Property taxes are at 98% of budget, with the Local Option Sales Tax running at 119% of the prior year. Building permits are at 126% of budget, running $285,000 ahead of projections due to large renovation projects, though still below last year's unusually high activity. Court revenues are tracking at 127% of the prior year. Parking revenues are currently at 57% of budget but are expected to align as the summer season progresses.

On the expenditure side, most departments are performing at or below the 83% year-to-date benchmark. The Fire Department is running slightly higher at 92% of budget, driven by overtime costs, but is projected to finish on budget. Public Works is the primary area of concern, currently at 101% of budget and forecast to finish $213,000 over budget, primarily due to vehicle maintenance costs related to aging equipment and temporary labor expenses.

Overall, the General Fund is projected to finish the year with revenues nearly $900,000 above budget, expenditures slightly under budget, and a strongly positive year-end net position.

Director Hamilton then presented the broader picture across all City funds. The General Fund net position is forecast at $1.25 million for the year. The Capital Projects Fund is projected at a net position of $1.53 million, approximately $190,000 above budget, though expenditures are running $526,000 over budget as active projects progress.

Accommodations-related funds are performing particularly well. The Municipal Accommodations Fee Fund revenues are at 89% of budget with a year-end forecast of $742,000 above budget, resulting in a projected net position of $1.29 million — $1.04 million above budget. The State Accommodations Tax Fund, while currently at 72% of budget in revenues, is forecast to recover and finish $267,000 above budget, with expenditures projected $628,000 under budget, yielding a net position of $538,000. The Hospitality Tax Fund is forecast to carry a small deficit of $55,000 at year-end, though this is still $246,000 better than budgeted.

The Beach Preservation Fee Fund revenues are strong at 97% of budget and forecast $648,000 above, though expenditures are running at 182% of budget due to emergency project work. The fund is still projected to end with a positive net position of $816,000, though $223,000 below budget. The Marina Enterprise Fund revenues are currently below expectations at 43% of budget, though the projected net position of $615,000 remains slightly above budget, with large project expenditures delayed.

Director Hamilton noted that the City is on track to end the fiscal year with a total net position of $6.04 million across all funds, substantially better than budget, and that revenue performance is strong across most funds, particularly in accommodations-related categories.

B. **FY27 Budget Draft**

Director Hamilton reviewed the changes to the budget since the last meeting: reduction in the millage from 2.77 to 1.8, removal of increases for licenses, permits, and parking, addition of the expense related to hiring the HR Manager, addition of $25,200 for a business license audit, and returning greenspace funds to the Marina. She said renourishment funds and corresponding grant revenues in FY26 have been moved to FY27.

Administrator Kerr said staff is developing a robust communications plan related to the upcoming renourishment project and will share more details at the City Council Meeting.

C. **Review of business license and short-term rental license revenue**

Administrator Kerr said Charleston County will help with the business license audit suggested by the Administration Committee. He will also speak with some auditing firms about costs of the project. The Administration Committee will review those costs and make a recommendation to the Ways & Means Committee.

Council Member Pierce would like to reconcile the difference between short-term rental revenue and accommodations taxes.

6. **Procurement**

A. **Report of purchases between $10,000 and $25,000 and emergencies**

B. **Discussion and consideration of award of bid to John C. Craven Roofing for $23,075 for City Hall roof installation**

Administrator Kerr said this is the same contractor who put the roof on 20 years ago. Numerous leaks in the roof led to the termite damage.

MOTION: Council Member Bogosian made a motion to approve, and Council Member Streetman seconded the motion. The motion passed unanimously.

C. **Discussion and consideration of July 2026 purchase of three SUVs ($138,750) and one truck ($51,047) from Santee Automotive for Police Department ($192,000 budgeted in FY27 for SUVs and $67,000 for truck – Capital, SC ATAX and Muni ATAX)**

Council Member Bogosian noted that the vehicle purchases for the Fire and Police departments are contingent upon the budget passing. Any monies spent will happen in FY27.

MOTION: Council Member Pierce made a motion to approve, and Council Member Miars seconded the motion. The motion passed unanimously.

D. **Discussion and consideration of July 2026 purchase of two trucks ($119,282) and one ATV/Mule ($20,744.36) from Hendrick Chevrolet and John Deere for Fire Department ($150,000 budgeted in FY27 for trucks and $27,000 for ATV – Hospitality, SC ATAX and Muni ATAX)**

MOTION: Council Member Pierce made a motion to approve, and Council Member Miller seconded the motion. The motion passed unanimously.

E. **Discussion and consideration of AI Signal Software – Rhythm, $127,400 initially (excluding installation) and $3,690 annually**

Council Member Bogosian and Administrator Kerr answered several questions from Council Member Ward about how the AI signal software will work at the intersection of Palm Boulevard and the IOP Connector. Administrator Kerr noted that the Town of Mt. Pleasant uses the same software and has offered to help with some level of maintenance and possible integration, but there is no formal agreement yet.

MOTION: Council Member Pierce made a motion to approve, and Council Member Bogosian seconded the motion. The motion passed unanimously.

Administrator Kerr noted that there is only $100,000 in the FY27 budget for this purchase. Director Kerr will increase that amount to $150,00 to include installation costs.

7. **Old Business -- none**

8. **New Business**

A. **Discussion and consideration of City's match for USACE feasibility study to become a federally managed beach - $750,000 (currently unbudgeted)**

Administrator Kerr reviewed the genesis and development of the request for a study related to the Isle of Palms becoming a federally managed beach. He said permanent easements are required from all homeowners. He noted that Pawley's Island and Edisto have been approved to become federally managed beaches but are having trouble securing all the easements. The City's State lobbyists have said that City Council must approve the City's portion of the study for FY27. Council Member Pierce asked if the State will help pay for the study since the beach benefits everyone.

Administrator Kerr said Wild Dunes would be included in the project area if they can create enough parking spaces within the resort to be considered publicly accessible.

Council Member Cohen asked if it was possible to wait until the Foth/Olsen report was finished before Council makes a recommendation. Council members Miars and Bogosian stated they did not think it would be possible to secure 100% of the required easements.

Administrator Kerr said the cost would not be added to FY27 for now. He will discuss a timeline with Foth/Olsen and bring more clarity to the June 24 Council meeting.

B. **Review of IT Costs**

Council Member Pierce said the schedule included in the packet was for information purposes as the Administration Committee works through rising IT costs. He believes more bidding in these areas could lead to reduced costs. He would like Council support on putting IT vendors out for bid.

13. **Adjournment**

Council Member Ward made a motion to adjourn the meeting, and Council Member Miller seconded the motion. The meeting was adjourned at 6:54pm.

Respectfully submitted,

Nicole DeNeane
City Clerk