

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, September 21, 2010

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Tuesday, September 21, 2010 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Duffy, Loftus, Piening, Stone and Thomas, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. There was a quorum present to 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 August 17, 2010 as submitted; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Jim Raih, 3904 Cameron Boulevard, commented that he holds a master's degree in Business Administration; with that in mind, he noted that included in the meeting's agenda was a recommendation to spend two hundred thousand eight hundred fifty dollars (\$200,850) for the renovation of City Hall. He suggested that the City look at ways to consolidate City's expenses, such as moving the Public Works Department into City Hall, in addition to the Building Department, and treating staff more like senior vice presidents who are constantly looking for ways to save the City money, i.e. telephone lines and service, copying costs, etc. Regarding the agenda item for use of the FY10 gain, Mr. Raih suggested that department heads be asked about the budget items that had been cut and which they most needed.

MOTION: Mayor Cronin moved to reorder the AGENDA to discuss the item of business listed under Miscellaneous Business, Discussion of Use of FY10 General Fund Year-end Gain, immediately following the Treasurer's report; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

4. Financial Statement – Treasurer Suggs

A. August Financial Statement

Treasurer Suggs explained that the new column "Transfers" would be added to the report for next month; due to the amount of time spent with the auditors in recent weeks, completion of the financial report took priority. Because August is the second month in the fiscal year, little activity of note has occurred. The Treasurer stated that General Fund revenues were as expected; the City had good collections in both Rental Licenses and Parking Meter revenues. General Fund expenditures overall were at thirteen percent (13%) when the target was sixteen and seven tenths percent (16.7%); certain line items appear to be over budget, but each instance relates to timing issues of bulk purchases made a couple or three times a year and will balance at year's end. Treasurer Suggs added that water and electricity appeared to be high, but she attributes

them to the unusually hot summer and anticipates them to come in line as cooler weather approaches. As indicated on the cover page, interest rates are four tenths of a percent (0.4%) at BB&T and just over forty-five hundredths of a percent (0.4546%) at the South Carolina Local Government Investment Pool. On the date the financial statements were generated, the City had slightly more than two million nine thousand dollars (\$2,009,000) General Fund cash in the bank, and this represents twenty-four percent (24%) of annual General Fund expenses.

B. Tourism Schedules

Treasurer Suggs referred to the bar graph as a good picture of how the City fared in FY10 in tourism related revenue.

State Accommodations Taxes – The City collected nearly nine thousand dollars (\$9,000) more than in FY09 for an increase of one and three tenths percent (1.3%).

Municipal Accommodations Fee – Collections were in excess of five hundred ninety-thousand dollars (\$590,000), an increase of four percent (4%) over FY09. The Treasurer reported that collections for August were one hundred fifty-four thousand six hundred seventy-two dollars (\$154,672), which is the highest amount ever received.

Charleston County Accommodations Tax Pass-through – No change since last month.

Mayor Cronin commented that, assuming that the City's figures mirror activity throughout the County, the County's collections should be approaching historical figures; therefore, the County should reinstitute the distribution of years before the past year's reduction. The Mayor suggested that the Administrator contact the County to find out what the actual collections have been and request more money.

Responding to Councilmember Stone's question, Mayor Cronin stated that this revenue source is a discretionary distribution by Charleston County which was reduced by half ($\frac{1}{2}$) last year in an effort by the County to meet their outstanding obligations. Administrator Tucker added that the County should know that the municipalities within the County are watching the activity and would like to have the funds restored to previous levels – if their funds are restored, funds for the municipalities should be also.

Hospitality Taxes – The City had a decrease of two percent (2%) from FY09.

C. Projects Status

1. Beach Restoration – August expenditures were to Coastal Science and Engineering, consultant Chris Jones and bank charges to BB&T.

Councilmember Stone asked if a timeline of anticipated expenditures for the focused erosion project was available; Administrator Tucker answered that a tentative timeline did exist and that she would forward it to Councilmembers. The Administrator explained that the project was

behind at the moment, because the engineers had asked if public hearings should take place; she and the Mayor concluded more was to be gained to move forward with the project.

2. 52nd to 57th Avenue Drainage Project – Payment to Civil Site Environmental for the third engineering amendment was the only August expenditure.

Treasurer Suggs directed attention to the note at the bottom of the schedule and then to the box to the left indicating sources of funds for the project. She reported that portions of the CTC funds granted to the City are being held by the City and portions of CT funds are being held by Charleston County; the funds the City has received have been invested in CDs and are accumulating interest. The Treasurer reported that she has requested reimbursement from Charleston County for expenditures on the project through July 26, 2010; the City is waiting for a response from the County as to whether they will reimburse the City from Transportation Sales Tax or CTC funds they are holding or whether they will require that on-hand funds be spent first.

In an update on the drainage project, Administrator Tucker informed the Committee that she wanted to have one (1) last meeting with the City Attorney, Wild Dunes Community Association and the city's engineer on the project to review the final design to ensure that all easements had been obtained before the RFP was advertised.

3. City Hall Renovation – No expenditures were made related to this project.

At the previous meeting, the Treasurer had been instructed to back-out funds allocated to the demolition of the Building Department and subsequent rehabilitation of the area for parking. In the schedule before the Committee, those funds were completely eliminated from the project budget when the funds should have been added to the Contingency making that figure in excess of fifty-one thousand dollars (\$51,000). The correction will be made to the schedule for the October meeting.

Councilmember Loftus expressed his opinion that the costs on the City Hall renovations be kept as low as possible in light of the current economic climate; he added that he thought it was important to capture surplus funds from this project to put into the Capital Projects Fund. Mayor Cronin reminded the Committee that no contingency funds are spent without Council approval.

Fund Balance Roll-forward

Treasurer Suggs stated that she had discussed this schedule and her concerns at the August meeting; she re-stated her anxiety over the projected FY11 Unreserved Capital Projects Fund balance of eighty-four thousand two hundred fourteen dollars (\$84,214) despite the fact that requirements from that fund in FY12 would be approximately half a million dollars (\$500,000).

Mayor Cronin noted that, in August, Treasurer Suggs had referred to the preliminary FY10 fund balances; tonight the Committee is looking at preliminary audited FY10 balances. According to the preliminary audited numbers, the City has unreserved balance increase for FY10.

The Treasurer directed attention to the block in the lower left of the schedule where the calculation of the gain is illustrated and computes a gain of three hundred eighty-six thousand four hundred twenty-five dollars (\$386,425). When reviewing this schedule with the auditors, the Treasurer was told to consider that portions of that increase are tied up in inventory and the City's Tree Fund; inventory is made up of fuel and five thousand dollars (\$5,000) in postage. The balances, at June 30th, 2010, would be the Tree Fund of forty-four thousand seven hundred fifty-four dollars (\$44,754) and Fund Balance Reserved for Inventory of Twenty-five thousand two hundred seventy-nine dollars (\$25,279). To be conservative heading into FY11, especially in light of the projected shortfall in property tax revenue, Treasurer Suggs agreed that those funds should be subtracted leaving a gain in the amount of three hundred sixteen three hundred ninety-two dollars (\$316,392).

MOTION: Mayor Cronin moved to transfer the FY10 gain of \$316,392 from the Unreserved General Fund to the Unreserved Capital Projects Fund; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

5. Old Business

6. New Business

A. Recommendation from the Public Works Committee to award a contract for street sweeping to Star Cleaning, USA, Inc. in the amount of \$12,342.00.

MOTION: Mayor Cronin moved to award the contract to Star Cleaning as stated; Councilmember Duffy seconded.

Councilmember Duffy stated that the lowest bidder for the contract was eliminated because they did not have the proper equipment and that the contract would be going to the second lowest bidder, Star Cleaning, also has the contractor for street sweeping for SCDOT. Director Pitts has spoken with the company and is confident that the company will be available for special sweeps when requested.

Councilmember Duffy asked that Council be informed of the areas of the island that are swept and the frequency of the sweeps. Administrator Tucker listed the areas as the Connector, Breach Inlet, 14th Avenue to Ocean, Front Beach to 10th Avenue, 14th and Palm around the 21st Avenue curve and the 41st Avenue curve; Director Pitts said the sweeps routinely occur monthly at night between midnight and 5 a.m.

VOTE: The motion PASSED UNANIMOUSLY.

B. Recommendation to award a contract to Wilson and Associates Developers in the amount of \$200,850 for renovations to City Hall.

MOTION: Mayor Cronin moved to award the City Hall renovations contract to Wilson and Associates Developers in the amount of \$200,850; Councilmember Bettelli seconded.

Director Kerr was asked to review the nuances of the bid with Councilmembers; the City's architect developed plans for the project, and ten (10) bidders responded to the RFP. Bids ranged from approximately two hundred eight thousand to four hundred sixty thousand dollars (\$200,000-460,000), and Wilson and Associates was the lowest bidder and satisfied the City's architect that they are qualified to do the work. Wilson and Associates has been in business locally for twenty-five (25) years; they do both residential and commercial projects and have two (2) projects in-progress at the College of Charleston that are of comparable scale to the renovation of City Hall.

Responding to Councilmember Duffy's question, the bid includes the maintenance alternates of replacing the windows, repairing the flat sections of the roof and replacing the exterior doors.

Director Kerr answered Councilmember Loftus that the renovations should take three to four (3-4) months to complete.

Councilmember Loftus voiced his opinion that the City should be making plans to lease the Building Department as the renovations are taking place.

VOTE: The motion PASSED UNANIMOUSLY.

C. Approval to transfer one (1) retired Bobcat ATV from the Fire Department to the Public Works Department.

Mayor Cronin stated that this vehicle transfer was worked out between the Fire Chief and Director Pitts to allow the City to provide more value to the City than would be gained from selling the ATV for the amount anticipated. Administrator Tucker related that the vehicle was no longer reliable for emergency use, but would meet a need in the Public Works Department where no safety issues would be created by its not starting.

Councilmember Buckhannon asked if the vehicle would become a regular part of the Public Works fleet, and Mayor Cronin assured him that Council would not see the replacement of an ATV for the Public Works Department in a future budget.

VOTE: The motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

Mayor Cronin commented on an email sent by the Administrator indicating that the staff has suggested that the City defer the Christmas Party for this year saving, nine thousand dollars (\$9,000) budgeted for it.

MOTION: Mayor Cronin moved to defer the 2010 Christmas Party; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

8. Executive Session – Proposed negotiations regarding purchase of property

MOTION: Mayor Cronin moved to go into Executive Session at 6:35 p.m. to discuss proposed negotiations regarding a purchase; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.

The Committee returned to regular session at 6:40 p.m.; Mayor Cronin stated that no votes and no action had been taken in Executive Session.

MOTION: Councilmember Duffy moved to authorize Mayor Cronin and Administrator Tucker to continue negotiating on behalf of the City for the purchase of unimproved property on the island using Greenbelt Funds; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

9. ADJOURN

MOTION: Mayor Cronin moved to adjourn the meeting at 6:41 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk