

Ways and Means Committee
5:45 p.m., Tuesday, June 21, 2011

The regular meeting of Ways and Means Committee was held at 5:45 p.m. on Tuesday, June 21, 2011 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Duffy, Piening, Stone and Thomas, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs and Assistant to the Administrator Dziuban. Councilmember Loftus' absence was excused and a quorum was 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 Stone moved to approve the minutes of the regular meeting of May 10, 2011 as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Will Millman, 408 Ocean Boulevard, stated that he and his wife have been residents of the island since 1984. He expressed disagreement with the City's plan to provide parking for day-trippers on Ocean Boulevard at the expense of the property owners." He commented that Ocean Boulevard has a sixty-foot (60 ft.) right-of-way; the street area currently is approximately twenty (20) feet wide, and the balance has been sodded, irrigated and maintained by the property owners for more than twenty (20) years. After Director Kerr related that the fact that Ocean Boulevard falls under the jurisdiction of SCDOT, Mr. Millman indicated that he contacted them for a definition of right-of-way; he received the following as a result of his request:

Right-of-way – a privilege to pass over the land of another in some particular path, usually an easement over land of another, a strip of land used in this way for railroad or highway purposes, for pipelines or pole lines and for private or public passage.

Mr. Millman noted that the definition does not allow for a parking lot. He added that the properties along Ocean Boulevard are zoned SR-1, single family residential, and that a parking lot is a commercial venture, not permitted. Mr. Millman termed the parking at the sixty-foot (60 ft.) intersections at each avenue "more ridiculous than parking along Ocean Boulevard;" he expressed his opinion that day-trippers should be parking in the City parking lots and the County Park at Front Beach. In conclusion, he stated that "accommodating more day visitors at the expense of full-time residents should not be what this committee is trying to do; we have elected you to maintain our quality of life, not to take it away."

MOTION: At the Mayor's request, Councilmember Duffy moved to re-order the agenda to discuss item 6A, the Eadie's Change Order, at this time; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

6. New Business

A. Consideration of Change Order #4 for Eadie's Construction in an amount not to exceed \$9,000 to relocate utility lines for the Drainage Project

Dave Stevens of Civil Site Environmental was called to the podium to review this change order request; he indicated that this request is for three (3) power crossings that must be lowered to get the piping through and some adjustments to driveways because Eadie's must dig further back to lower the pipes. The crossings are located at 54th, 55th and 56th Avenues; SCE&G wants the power lines one (1) foot under the City's pipes for safety reasons.

MOTION: Councilmember Duffy moved to approve Change Order #4 not to exceed \$9,000 to Eadie's Construction to relocate utility lines; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

4. Financial Statement – Treasurer Suggs

A. May Financial Statement

The statement for discussion tonight was through May 31, 2011, or eleven months of the FY11 fiscal year. Treasurer Suggs stated that General Fund revenues are at eighty-four percent (84%) of the FY11 budget and at ninety-nine percent (99%) of where the City was in FY10; the total budgeted for Property Taxes has been collected to date, and the City has three (3) more months of Local Option Sales Taxes to collect.

Mayor Cronin commented that population is a factor in the calculation of Local Option Sales Taxes; he asked when the 2010 census figures would be factored into the equation. Treasurer Suggs stated that she thought the payment related to July revenues would be affected by the new census numbers.

Discussing revenue categories that are below budget, the Treasurer noted that the SCE&G franchise fee, which is typically six (6) figures and should be collected at the end of June, and insurance licenses are two (2) key components of Other Licenses Revenue, which is currently at ten percent (10%) of budget. One (1) more quarter remains to be collected from the state, and parking revenues are always good in June.

The eleven (11) month target for expenditures would be ninety-two percent (92%), and expenditures are being well-controlled at eighty-one percent (81%) of budget.

The General Fund Cash balance is at thirty percent (30%) of General Fund annual expenses; cash continues to be invested between BB&T and the South Carolina Local Government Investment Pool (SCGLIP).

In conclusion, Treasurer Suggs reported that City will be closing two (2) accounts with the LGIP; she explained that closing means that the remaining balances will be rolled into the General Capital Projects account with LGIP. The accounts being closed are the Fire Stations Rehabilitation Reserve Fund and the Public Safety Building Construction.

B. Tourism Schedules

State Accommodations Taxes – This revenue source continues to track ahead of FY10 with a nine and one half percent (9.5%) increase.

Municipal Accommodation Fees – The most recent collection for the month of May exceeded sixty-three thousand dollars (\$63,000); FY11 collections are nineteen percent (19%) higher than FY10.

Hospitality Taxes – May 2011 collections were only slightly ahead of May 2010, but, year-to-date, collections are nine percent (9%) higher than FY10.

C. Projects Status

Beach Restoration – Expenditures for May were for post-project monitoring on the 2008 project site and permitting for the remedial restoration plan from Coastal Science and Engineering; in addition, the City incurred an expense from Petersen Grading for grading escarpments on the beach.

53rd to 57th Avenue Drainage Project – Treasurer Suggs noted that Change Order #4, passed earlier in the meeting, is included on the schedule. The Treasurer reported that the City requested a second reimbursement in the amount of five hundred thousand dollars (\$500,000) from Charleston County and had received a call that the funds remaining from the County are less than the request; funds currently being held by Charleston County are two hundred eighty-six thousand eight hundred ninety-four dollars (\$286,894) in Transportation Sales Tax funds and one hundred thousand dollars (\$100,000) in CTC grants.

City Hall Renovation – Expenditures were for phone line work, the setup of phones in the Building Department, and exterior repairs and signage.

5. Old Business

6. New Business

B. Discussion of Resolution Related to GASB 54

Administrator Tucker indicated that her review would be very general, but that she would be happy to answer any specific questions Councilmembers might have. According to the Administrator, GASB 54 requires the City to take the money on-hand and categorize it differently, i.e. non-spendable, restricted, committed, assigned and unassigned; these categories are defined in the handout provided in meeting packets. The most significant category is committed; page 2 of the handout illustrates how the City anticipates its money to be classified once the City passes the GASB 54 resolution. The Administrator described the non-spendable, assigned and unassigned as basically sources of money for which uses have been identified, but which are governed less strictly than an action of “committed.” The exception to that would be restricted funds for specific purposes or the state ATAX funds that are governed by state laws. Below the bold line on page 2 are the remaining City funds and the illustration of how they will be classed upon the passage of the resolution.

Administrator Tucker pointed out that GASB 54 does not change the amount of money the City has; the only change in terms of actions of Council that will be taken, is that the resolution takes a snapshot in time for the “committed” funds stating that this amount of sources of funds as

committed. In reviewing the City's sources of money and determining the appropriate categorization, staff has been inclined to class the Disaster Recovery Fund and the reserve for the reconfiguration of the Recreation ball fields as committed funds – the money would not be used for another purpose. Assuming that Council agrees with the recommendations of staff, action will be taken to solidify that determination; to affect a change to this categorization will require another resolution of Council. Other sources of funds, not restricted by an outside agency, can be moved from one category to another. Administrator Tucker commented that GASB 54 generally mirrors the City's current practices.

One change resulting from GASB 54 will be the appearance of the FY11 audit based on the designation of City funds and the treatment of these funds.

Tonight, staff is asking the Committee to pass a resolution that designates the specific amounts shown in the Disaster Recovery Fund and the Recreation ball field reserve fund as committed funds. In addition, the resolution asks that, as of June 30th of each year, the City would have a target of having thirty percent (30%) of funds on-hand as a percentage of normal annual expenditures. This target has been an un-written goal for staff in the past, but now that goal will be in formal document.

Administrator Tucker repeated that the adoption of this resolution does not represent a change in City policy, but rather a means of complying with the terms of GASB 54.

MOTION: Councilmember Stone moved to approve the GASB 54 resolution for the purposes of discussion; Councilmember Bettelli seconded.

Councilmember Stone questioned that GASB 54 was a government mandate; he was told that GASB 54 comes from the Government Accounting Standards Board that carries the weight of federal law. He then asked for clarification that the purpose was a change in terminology – he questioned that, for instance, the Disaster Recovery Fund was restricted with definitions regarding its use. The Mayor and Administrator Tucker responded that restrictions on the use were understood.

Mayor Cronin explained that GASB 54 is way for auditors, universally, to have one (1) application across all governmental agencies on how money is defined. If the money is committed, action must be taken by the highest level body, City Council, to assign money to or to remove money from the committed designation.

The schedule being discussed represents the categorizing of funds at year-end of June 30, 2010 – the beginning of the current fiscal year, and the basis for future auditing.

In clarifying the difference between restricted funds and committed funds, Treasurer Suggs stated that restricted funds have externally enforceable limitations, for example, State Accommodations Taxes. She continued that assigned funds have a lesser commitment than committed funds.

In a follow-up question, Councilmember Stone asked how the Operating Account/General Fund would be categorized. Treasurer Suggs referred him to the schedule that has the General Fund designated at unassigned funds, i.e. not categorized in any other way.

Councilmember Buckhannon opined that the City would have more committed funds; he voiced the opinion that the lack of additional committed funds indicated to him the degree to which the City “taps into” its tourism funds.

Mayor Cronin expressed his opinion that the schedule of categories presented by staff was a fair representation of the City’s balances at June 30, 2010.

Councilmember Duffy asked whether the County’s funds for the drainage project should be considered restricted funds as funds with externally enforceable limitations. Treasurer Suggs responded that the City was in possession of County funds for the drainage project at June 30, 2010, but, because the funds were represented on the June 30, 2010 balance sheet as “Deferred Liability,” the funds would not be categorized as restricted.

VOTE: The resolution was UNANIMOUSLY ADOPTED.

7. Miscellaneous Business

Notification of Unbudgeted Replacement of City Computer

Administrator Tucker explained that the computer assigned to the Assistant to the Administrator has “died,” and a replacement is being acquired through state contract at a cost of twelve to fifteen hundred dollars (\$1,200 to \$1,500).

Next Meeting Date: 5:45 p.m., Tuesday, July 19, 2011

8. Executive Session – not necessary

9. Adjourn

MOTION: Councilmember Stone moved to adjourn the meeting at 6:35 p.m.; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk