

WAYS AND MEANS COMMITTEE
5:45 p.m., Tuesday, November 18, 2008

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Tuesday, November 18, 2008 in Council Chambers of City Hall located at 1207 Palm Boulevard, Isle of Palms, South Carolina. Present for the meeting were Council members Bettelli, Buckhannon, Cronin, Duffy, Loftus and Piening, Chairman Taylor, Mayor Pro Tem Rice, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. There was a quorum to conduct business.

1. Chairman Taylor called the meeting to order and acknowledged that the press and the public had been duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of the Minutes of the Previous Meeting

MOTION: Councilman Cronin moved to approve the minutes of the regular meeting of October 21, 2008 as submitted; Councilman Bettelli seconded and the motion PASSES UNANIMOUSLY.

3. Citizens' Comments

Jim Raih, 3904 Cameron Boulevard, offered a preliminary site plan for the marina; he stated that he hoped it would be "a springboard towards a master plan." In addition, he thanked City Council for appointing him to the Real Property Advisory Committee and the Planning Commission prior to that; he explained that he had resigned from the Real Property Advisory Committee. He remarked that there is a lot going on at the marina and that the City should "look at the structure to come up with not only a master plan from an enhancement standpoint, but also a master plan for the whole site." In addition, Mr. Raih expressed his opinion that the City needed professional land planners to devise the master plan.

4. Financial Statement – Treasurer Suggs

Treasurer Suggs noted that, being one-third (1/3) of the way through the fiscal year, the target was thirty-three percent (33%) on expenditures, and total General Fund expenditures were at twenty-seven percent (27%) through October – all departments were at thirty-three percent (33%) or less. She reported that revenues were at the level expected for this time of year despite the financial statement indicating only five percent (5%) for the General Fund. The Treasurer reminded the Committee that revenues in the General Fund were impacted by the transfer out of five hundred eighty-nine thousand dollars (\$589,000) to the Capital Projects Fund; the funds were used to pay down the amount borrowed for the Public Safety Building.

Treasurer Suggs commented on reports in the news media about the State's cutback in funding for Aid to Subdivisions; the City has received one quarterly payment in the amount of \$37,752.79 representing 26.97% of the budgeted amount. Since the quarterly payments are typically the same amount, the Treasurer is expecting to receive three (3) more payments of the same amount.

An area of interest on the expenditure side was fuel expense; again all departments were at or below the thirty-three percent (33%) target.

Revenues from State and Municipal Accommodations Taxes looked good so far; Hospitality Tax was also good. They were not as strong as last year, but close.

On a less positive note, Treasurer Suggs reported that BB&T had two (2) interest rate reductions in October; the rate at the end of the month was only one-half of one percent (0.5%). The Local Government Investment Pool was slightly better at 1.8%. She assured the Committee that efforts were ongoing to find other investment options to maximize the City's funds; the funds would be invested in two hundred fifty thousand dollars (\$250,000) increments to insured they were covered by the FDIC.

Treasurer Suggs directed attention to the new schedules that depict the five (5) year trends State and Municipal Accommodations Taxes and Hospitality Taxes both numerically and graphically. She noted that the City has not yet seen a down turn in these revenues through October 2008.

Project Status

1. Beach Restoration

The only substantive expenses for October were payments to Coastal Science and Engineering totaling \$17,415.00; the balance remaining in the fund is \$887,893. In response to Councilman Loftus' question, Treasurer Suggs said that there were three (3) years of post-project monitoring to be paid from this balance.

2. Public Safety Building

The Treasurer stated that a section for change orders had been added to the report to aid in tracking the total cost of construction and to monitor the contingency fund for the project. The most substantial expense in October was Mashburn's 4th application for payment in the amount of \$576,557. Mayor Pro Tem Rice asked how many applications for payment would come from Mashburn; Treasurer Suggs answered that she anticipates receiving one (1) application each month.

3. Bulkhead Replacement

Treasurer Suggs reported that the City has made no payments to Misener at the time this report was processed. In the box on the schedule is a summary of the funds on hand and the balance to be borrowed after the first of the year.

5. Old Business - None

6. New Business

A. Recommendations from Committees

Recommendations from the Public Safety Committee

1. Change Order #5 in the amount of \$13,259.49 to include the following:
 - Reinstall 2 water taps for \$1,459.70
 - Changes in 30 inch drain and watermain for \$9,008.45
 - Additional 12 inches pavement removal across Palm Boulevard for \$728.00
 - Add exterior shower and supply piping for \$2,063.64

Administrator Tucker reviewed the change order with the Committee and stated that the biggest portion of this change order is for underground and off site work related to drainage. The approval of the change order was recommended by the Public Safety Committee.

MOTION: Councilman Bettelli moved to approve Change Order #5; Councilman Duffy seconded and the motion PASSED UNANIMOUSLY.

2. Replacement of 1991 Engine for Fire Department

The Administrator recalled that, on the Fire Department 5 year Capital Plan, the 1991 engine was scheduled to replace the 1991 Spartan pumper in FY 2009-2010. In the budget preparations for FY 2008-2009, Chief Graham asked that the purchase be moved up due to maintenance problems with the unit, but Council decided to stay with the 5 year plan; therefore, the engine is to be replace in the coming fiscal year.

At a recent meeting attended by Chief Graham, there was a presentation by engine manufacturers of the changes that will be on all 2009 models and the accompanying price increases. Chief Graham distributed a handout the pictured the equipment assigned to each station, pictures of the 2003 engine and the 1991 engine, a detail listing of the coming changes with their costs and an illustration of one of the changes.

Chief Graham stated that her goal tonight was to present the Committee with an opportunity for substantial savings; if the City were to place an order for the replacement engine for the 1991 before midnight, December 31, 2008, the savings would amount to eighteen thousand dollars (\$18,000). She learned at the conference that there are price increases that would go into effect of January 1, 2009 and July 2009.

Chief Graham reported to the Committee that she had studied the NFPA approved changes for all 2009 model engines and found that none of the changes (1) improve the way the firefighters fight fires, (2) improve the safety of the firefighters, (3) improve public safety or (4) make the firefighters and equipment arrive at a site more safely. The proof of her statement is seen in the illustration of how the rear of the engines will look that come off the production line in 2009. The goal is to replace Engine 2, the 1991 Spartan, with one similar to Engine 1, the 2003 model; the 2008 model is similar to the 2003 and will make transitioning between the two (2) pieces of apparatus easy for the firefighters.

Chairman Taylor summarized the option before the Committee as placing an order for a replacement to the 1991 engine that will require the City to spend no money in this fiscal year and save the City eighteen thousand dollars (\$18,000) on equipment the City is going to purchase in the next fiscal year. The approximate cost of the engine to be acquired is three hundred sixty thousand dollars (\$360,000). Based on the limited number of manufacturers, the bidding process can likely be compressed into a few weeks.

Councilman Cronin asked about the lead-time on the new truck; Chief Graham replied that the delivery date would be specified in the contract and be after July 1, 2009 and that the cost would not increase in that period if the contract were signed before midnight on December 31, 2008.

Councilman Bettelli recalled that the maintenance costs have been quite high on the 1991 pumper; Chief Graham confirmed and stated that the Department is anticipating a significant increase in the next year.

Councilman Taylor explained that the equipment replacement schedules take into account not only the life expectancy of the equipment, but also the optimum return to the City when the equipment is retired and sold. The optimum return is the reason that the City's equipment is maintained at such high standards. Chief Graham commented that she has leads on three (3) potential buyers for the 1991 pumper.

Councilman Cronin asked the Chief to reaffirm that she would not need one of these add-ons in a couple of years. She replied that the one option they did want was a

couple of extra grab rails and the department will include these in to the specifications to be bid.

Administrator Tucker related an additional concern that a calendar year 2009 model engine with all of the new NFPA requirements could be subject to "first year out" model problems because these features have not been tested as a unit.

Councilman Buckhannon expressed that he had a concern over the uncertainty of the FY 2009-2010 budget; therefore, he wanted to know if the City would be able to back out of the deal if it was determined, early in the budget process, that the funds simply were not available. Chief Graham stated that she would find out from the prospective vendors.

Mayor Pro Tem Rice voiced her opinion that the Committee should stay with the 5-year plan; it has worked well for the City. She expressed the view that the 1991 pumper had reached a point of retirement and to put more money into maintenance was fiscally irresponsible. The Mayor Pro Tem also expressed her confidence in the decisions Chief Graham had made regarding her decisions on the changes required in 2009 and could not see a "down side" to placing the order before 2009 and saving eighteen thousand dollars (\$18,000).

Committee members were provided with the maintenance records on the 1991 pumper in 2007 and to-date in 2008.

MOTION: Councilman Bettelli moved to replace the 1991 Spartan fire engine to realize the savings of placing the order for a new engine by midnight on December 31, 2008, the order will include the ability for the City to withdraw the order in the first quarter of 2009 and delivery will be made in FY 2010; Councilman Buckhannon seconded, and the motion PASSED UNANIMOUSLY.

B. Recommendations from the Real Property Advisory Committee – None

C. Consideration of Award of Contracts in Excess of \$10,000

Purchase of the following three (3) budgeted vehicles for the Police Department:

- 1) 2 Dodge Durangos from Butler Chrysler-Plymouth in Beaufort, \$21,659.00/each, includes addition of 4 wheel drive and sales taxes; state contract pricing
- 2) 1 Chevrolet Impala from Love Chevrolet in Columbia, \$19,173.00, includes sales taxes; state contract pricing

Chairman Taylor reminded the Committee that the City code requires that contract awards to vendors in excess of ten thousand dollars (\$10,000) must be approved despite the fact that the purchase has been budgeted. Based on his research and the Department's experiences with these models, Chief Buckhannon has recommended the vehicles indicated above from the dealers noted.

MOTION: Councilman Buckhannon moved to purchase two (2) Dodge Durangos from Butler Chrysler-Plymouth in Beaufort at state pricing and one (1) Chevrolet Impala from Love Chevrolet in Columbia at state pricing; Councilman Bettelli seconded.

Councilman Loftus asked for information on the vehicles being replaced; Chief Buckhannon replied that the City had gone from a five (5) year replacement schedule to a six (6) year replacement cycle and the vehicles being replaced have from 110,000 to 150,000 miles on them.

Councilman Loftus stated that he was aware that the City was on a six (6) year replacement cycle, but he had read where many communities were delaying purchases. He asked if there was a possibility that these purchases could be delayed a year. Chief Buckhannon replied that he "highly" recommended that the purchase not be delayed because the City has already pushed the purchases forward a year. The Chief continued that most of these communities that are postponing vehicle purchases were on a four (4) or five (5) year replacement cycle. Chief Buckhannon also reported that the 4-wheel drive vehicles were driven on the beach; therefore, the Police Department has been experiencing problems with the under carriage.

Chairman Taylor stated that the tradeoffs in City would have in delaying the vehicle purchases were increased maintenance expenses and having even more vehicles to purchase in the next fiscal year. Additionally, Administrator Tucker remarked that, when the vehicles were requiring frequent maintenance, the vehicle and the officer are not patrolling. Such downtime can lead to overtime for another officer and an area of the island would not be regularly policed.

Councilman Cronin inquired if the state contract was current or had been set several months ago; Chief Buckhannon assured him that the pricing had been established November 1, 2008 and that the pricing was firm.

Mayor Pro Tem Rice asked if the Durangos that the City currently owned would be sold and if the new vehicles were properly outfitted for the Police Department when purchased. The Chief explained that the vehicles would be sold at auction and that there was some equipment to add to the new purchases, such as the light bars, radio

equipment, etc. Chairman Taylor stated that the vehicles were referred to as police package vehicles.

Councilman Loftus related that reading he had done in "Consumer Reports" stated that the Dodge Durango "has a much higher incidence of repairs/maintenance;" he, therefore, questioned why this vehicle was chosen over other 4-wheel vehicles. Chief Buckhannon stated that he was aware of the "Consumer Reports" article, but the City has had a good history with this vehicle and had only the usual and expected problems with them.

Call for the Question: The motion to award contracts to purchase police vehicles PASSED UNANIMOUSLY.

7. Miscellaneous

Chairman Taylor announced that there would not be a Ways and Means Committee meeting in December; the next meeting would be at 5:45 p.m., Tuesday, January 20, 2009.

8. Adjourn

MOTION: Councilman Cronin moved to adjourn the meeting at 6:43 p.m.; Mayor Pro Tem Rice seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk