

WAYS AND MEANS COMMITTEE

February 19, 2008

Isle of Palms, South Carolina

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, February 19, 2008 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Council members Bettelli, Buckhannon, Cronin, Duffy, Loftus, Piening, Rice and Mayor Sottile, Administrator Tucker, Assistant to the Administrator Dziuban and City Clerk Copeland. Chairman Taylor was excused due to illness; Mayor Sottile and Administrator Tucker would be leaving the meeting in the first half hour to attend the meeting of Charleston County Council on behalf of the City. There was a quorum present to conduct business.

1. **Call to Order.** Vice-Chairman Cronin 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 Previous Meeting's Minutes**

MOTION: Councilman Bettelli moved to approve the minutes of the January 15, 2008 meeting as submitted; Mayor Sottile seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments - None**

4. **Financial Statement – Debbie Suggs, City Treasurer**

Tonight's review is of the January 2008 financial data. Treasurer Suggs began her report by noting that the revenues in the General Fund are at 40% for the year; in January, property tax collections were \$1.4 million, but typically February and March are the biggest collection months for property taxes. Based on the January collections, the Treasurer reported that she had opened a Local Government Investment Pool account in the amount of \$750,000 at a rate of interest of 4.35% for the payment of debt service; she anticipates this being an annual process, making the funds available when debt payments come due. Treasurer Suggs referred the Committee to page 16 of the report to revenues from Business Licenses. She explained that business license payments were due January 31, 2008, and January receipts were only \$285,000 and February to-date are approximately \$130,000. Treasurer Suggs related that she had spoken with the Business License department and had been told that many contractors had not purchased licenses as their work had slowed noticeably with the current economic conditions. The point to this discussion was to alert the Committee that there is a possibility that the FY 2007-2008 Budget may not be met. The Treasurer responded to Councilman Cronin's question that, in January 2007, Business License revenues were ahead of budget.

On the subject of expenditures, Treasurer Suggs reported that the Fire and Police Departments were slightly over budget in salaries. The Fire Department incurs overtime whenever there are leaves of absence, vacancies or active military duty because they must be staffed at all times. The Police Department overtime is attributed to CALEA and the rash of burglaries the City has experienced in the past forty-five (45) days; Chief Buckhannon reminded the Treasurer that City Council had authorized an additional ten thousand dollars (\$10,000) in salaries for CALEA preparation.

Administrator Tucker responded to Councilman Cronin that the City typically ends the year "right on target," and she expects FY 2007-2008 to be a typical year.

The Fire Station 2 Worksheet was the next schedule discussed; Treasurer Suggs directed attention to the third page that describes January and February activity relative to up-fitting Fire Station 2 and the design work for the Public Safety Building. She noted that, later in the agenda, there is an additional item for Fire Station 2 to come out of these funds. She noted that, while there is always the possibility that invoices could be received, she does not anticipate more. The Treasurer stated that the City will have approximately \$320,000 of unused bond proceeds including accumulated interest; that amount will pay the entire bond payment for FY 2008-2009, plus one (1) interest payment in FY 2009-2010.

5. Old Business

A. Update on Bond Schedule for Beach Renourishment

Treasurer Suggs then introduced a new schedule to the Committee relative to the \$9.9 million Beach Renourishment Project to which the City has committed (1) an initial budgeted sum of two hundred thousand dollars (\$200,000) and (2) a cash outlay of \$1.7 million for the project to be funded with a Revenue Bond and not to exceed two million dollars (\$2,000,000) with interest. She explained that the City is on the brink of exceeding the initial two hundred thousand dollars (\$200,000) limit for permitting expenses before the next Ways and Means meeting; therefore, the staff is looking to this Committee for authorization for an additional two hundred thousand dollars (\$200,000) to allow the Administrator to continue to process invoices relative to the permitting process.

Councilman Cronin recounted that the City Administrator and the Treasurer will meet with the bond attorneys on Monday of next week to establish the protocol for going forward with the bond. Administrator Tucker stated that she hoped to have a reimbursement resolution on the up-coming City Council agenda that will allow the City to reimburse any expenses from bond proceeds. The gap referred to here comes from the two hundred thousand dollars (\$200,000) previously authorized and the amount related project expenses could total by the time the City actually passes the bond ordinance and enters into the bond. The Administrator added that the City fully expects the Wild Dunes referendum will pass and that the City will enter into the bond, but in the interim, she has no authorized spending. The results of the referendum will be known next week as the votes are due February 28.

Councilman Duffy asked if there was any possibility that payments to Chris Jones had been for projects other than the beach renourishment; the Treasurer assured him that not only does Mr. Jones submit his invoices by project, but also that she has been especially careful to code his invoices to the proper account.

Councilwoman Rice asked if the passage of the Wild Dunes referendum would mean that the entire \$9.9 million was available for the project. Councilman Cronin responded that the only gap will be the one million dollars requested from the State because they will not be responsive until after April 2008; however, he is of the belief that, between the Wild Dunes Community Association and the other stakeholders, any gap will be bridged. Councilwoman Rice reflected

that the motion that she understood she had voted for was to do nothing until the entire \$9.9 million was accounted for and in place, and she asked if the City would get any of its four hundred thousand dollars (\$400,000) back should the Wild Dunes referendum fail. Councilwoman Rice was concerned that City appears to be the only party that was responsible at this point and that the other stakeholders appear to be waiting for the City to act.

Administrator Tucker expressed her understanding of her directive from Council as one of getting this project on the fast track and that to pause to ask the other stakeholders for funds at this time would only slow the process. The City has not been issued a permit as of yet, and potential invoicing would likely be from Coastal Science and Engineering for studies and for responding to the agencies involved in the permit process.

Councilman Duffy commented to the Treasurer that the schedule she has presented does not reflect the City's financial commitment, and he was trying to validate that. He stated his understanding of the motion committing the City to \$1.7 million with expenses not to exceed two million dollars (\$2,000,000). Treasurer Suggs agreed that the City's portion should be reflected, and she stated that the number would be two hundred thousand dollars (\$200,000) from the FY 2007-2008 budget plus the \$1.7 million for a total of \$1.9 million, not including the interest from the Revenue Bond. Council members Duffy and Rice disagreed with the Treasurer and stated that the \$1.7 million was to include the two hundred thousand dollars (\$200,000), which had been budgeted. Assistant Dziuban commented that she understood that the total commitment was \$1.9 million that was made up of the \$1.7 million plus the two hundred thousand dollars (\$200,000) for FY 2007-2008. Councilman Cronin and Treasurer Suggs agreed to research the minutes and confirm the City's involvement.

MOTION: Councilman Bettelli moved to approve up to \$200,000 in additional funds to continue the permitting process; Councilman Buckhannon seconded.

Councilman Bettelli remarked that the process does not need to be stopped now; to do so would put the entire north end of the island in jeopardy. Assistant Dziuban remarked that, with the passage of the reimbursement resolution, the entire sum would be reimbursed to the City from the bond proceeds.

Call for the question: The motion PASSED ON A VOTE OF SIX (6) TO ONE (1), with Councilman Duffy casting the dissenting vote.

B. Motion to make future bond payments from un-used bond proceeds for Fire Station 2

MOTION: Councilman Bettelli moved to make future bond payments on Fire Station 2 from un-used bond proceeds; Councilwoman Rice seconded.

Councilman Loftus commented that he would prefer if the payment were to reduce the bond debt and possibly payoff the bond sooner. Treasurer Suggs explained that previous bond documents do not allow prepayment, but she assured the Council that she would double check this particular bond.

Call for the Question: The motion PASSED UNANIMOUSLY.

6. New Business

A. Recommendations from the Public Safety Committee

- 1. Approval of \$2,856 for an audio-visual system for Fire Station 2 to be paid from un-used bond proceeds.**

MOTION: Councilman Buckhannon moved to approve \$2,856 to purchase an audio-visual system for Fire Station 2 with un-used bond proceeds; Councilman Bettelli seconded.

Councilman Buckhannon noted that this purchase completes the outfitting of the Training Room in Fire Station 2. Councilman Cronin recalled that the original plan had been to use the portable one from Fire Station 1, but, with the changes in technology, it was decided to purchase a new one.

Call for the Question: The motion PASSED UNANIMOUSLY.

- 2. Approval of \$4,800 for additional drainage design work for the Public Safety Building.**

Councilman Cronin explained that this was work over and above the scope of Cole+Russell's work; it is to remove the stormwater from the building site through the Post Office site and through the outfall at the end of 11th Avenue rather than the outfall behind the "Red and White."

MOTION: Councilwoman Rice moved to approve the \$4,800 for additional drainage design work for the Public Safety Building; Councilman Bettelli seconded.

Councilman Loftus inquired as to why this had not been a part of the original scope of the project. Assistant Dziuban commented that she had asked the Administrator the same question and been told that contractors focus on the work site; the need for this work was only identified when Administrator Tucker requested that the contractors examine the City's existing infrastructure and found it to be unable to carry the additional flow from the Public Safety Building. Building Director Kerr informed the Committee that the RFP had only specified the construction site with the assumption that there was a catch basin on one side of the site.

Call for the Question: The motion PASSED UNANIMOUSLY.

- 3. Approval of up to \$4,000 for fencing at Fire Station 1 to separate paid-for parking from the construction area.**

Councilman Cronin noted that this expense had not been in original scope of the project; Councilman Bettelli explained that the fencing would be chain link. Clerk Copeland

remembered that Chief Graham had stated in the Public Safety Committee meeting that she had a quote for \$3,700.00.

MOTION: Councilman Buckhannon moved to approve up to \$4,000 for chain link fencing to separate the paid-for parking from the construction site for the Public Safety Building; Councilman Bettelli seconded.

Councilman Buckhannon stated that the City had intended to use the fencing that was in place, but it was destroyed in the demolition process; he also commented that the supplier had agreed to buy back the fence, at a reduced price, when construction was completed.

Councilman Loftus asked if the fencing could be used at another City location, and the answer was "Yes."

Call for the Question: The motion PASSED UNANIMOUSLY.

B. Recommendations from Real Property Advisory Committee

- 1. Approval of construction of new bulkhead and dredging operation to occur concurrently at the Isle of Palms Marina for an estimated \$2.9 million with \$1.7 million identifiable in the FY 08 budget, leaving a funding gap of \$1.2 million**

Councilman Cronin stated that there is no question that the bulkhead is continuing to deteriorate and that there are a number of weak spots. The City's dredging permit has been extended through June 2010, and the dredging cost is less than \$370,000. Based on limitations imposed by OCRM, dredging can only occur between November and March, and a spoil site has not been secured or permitted for the project.

Councilwoman Rice expressed her opinion that, if the work is not done, the City is "like the levees of New Orleans." She recounted that the City has been told for years that the bulkhead needs to be replaced, and every year the price increases significantly. She also stated that the City, as landlord, has a responsibility to maintain its property. But she did agree that it is a very difficult and complicated situation for Council with the major projects the City is involved with for the coming fiscal year.

Councilman Cronin suggested that there be no vote on the bulkhead replacement at this meeting, but rather for Council to take the next month to study the information with its underlying issues and to personally visit the marina. He reminded the Council members that the Administrator and the Treasurer would be meeting with the bond attorneys next week who can advise the City on the best course of action, so there will be additional information provided before Council must make a decision.

Councilman Buckhannon anticipated having the results of recent bulkhead monitoring before Council makes a decision. Councilman Bettelli recalled that the engineers had recommended

that a temporary bulkhead stabilization structure could be used to reinforce the weaknesses if total replacement were not possible. Councilman Cronin noted that the cost the proposed temporary structure was to be approximately half a million dollars.

2. Approval of up to \$5,000 for materials to replace dock planking, with proper documentation presented for payment

Councilman Cronin informed the Committee that this request has come from Marina Manager Brian Berrigan who will provide the labor to do the work.

MOTION: Councilwoman Rice moved to approve up to \$5,000 to replace dock planking, with proper documentation presented for payment; Councilman Duffy seconded and the motion PASSED UNANIMOUSLY.

3. Approval of up to \$5,000 for a parking study to maximize utilization of marina parking space.

Councilman Cronin recounted that a parking study had been discussed by City Council in the past, but not approved, since the work could be redundant, or possibly useless, when the Marina Master Plan was done. He commented that the actual cost was unknown, but that there was a need for organized parking at the marina site and that the current situation presented problems for both the leaseholders and patrons of the marina.

Councilman Loftus suggested the possibility of approaching the Citadel or Clemson about the use of an engineering student for a summer internship to do the study.

Councilman Bettelli pointed out that the diverse difference between the parking needs of the leaseholders, i.e. one parking vehicles and the other parking boat trailers, precludes satisfying both.

Councilwoman Rice described the confusion that exists in the parking area at the marina due primarily to the volume of signage that is there. She felt that the payoff of the study would be to eliminate the confusion one feels when entering or leaving the marina.

Councilman Cronin suggested that nothing could be done before the 2008 tourist season begins and was supportive of a cooperative effort with a college or university.

MOTION: Councilwoman Rice moved to approve up to \$5,000 for a parking study of the marina parking space; there was no second. The motion DIED FOR LACK OF A SECOND.

C. Recommendations from the Public Works Committee

Award the contract for replacement of 21st Avenue Beach Access to the lowest bidder Henley's Construction Co., Inc., Cheraw, South Carolina in the amount of \$86,900.

MOTION: Councilman Loftus moved to award the contract for replacement of the 21st Avenue Beach Access to lowest bidder Henley's Construction Co., Inc. in the amount of \$86,900; Councilman Bettelli seconded.

Councilman Loftus asked the difference between the two (2) bids submitted by each company; Assistant Dziuban informed him that the lower bid was for treated pine and the alternate was for IPE hardwood for decking and handrail caps.

Councilman Cronin informed the Committee that one hundred thousand dollars (\$100,000) had been budgeted for the project with twenty thousand dollars (\$20,000) of that coming as a CDBG grant – a federal government grant that is administered by Charleston County.

Answering Councilwoman Rice's question, Building Director Kerr stated that the path was to be completed in forty-five (45) days with a completion date specified as April 4, 2008.

Call for the Question: The motion PASSED UNANIMOUSLY.

D. Recommendations from the Recreation Committee

- 1. Approval of \$3,000 to seal corrugated steel openings around gymnasium.**

MOTION: Councilwoman Rice moved to approve \$3,000 to seal the corrugated steel openings around the gymnasium; Councilman Duffy seconded.

Recreation Director Page explained that the outside walls of the gym were of corrugated steel and were open at the top; squirrels have discovered those openings and have taken up residence in the walls of the gym. The company that will do the work will humanely remove the squirrels before sealing the ends and will guarantee their work for three (3) years.

Councilman Buckhannon added that the funds will come from the Recreation Department's maintenance account.

Call for the Question: The motion PASSED UNANIMOUSLY.

- 2. Re-affirm a reserve fund of \$120,000 from FY 2007-2008 Budget that has been created for the reconfiguration of the ball fields and new lighting that will be carried forward to the FY 2008-2009 Budget.**

MOTION: Councilman Buckhannon moved to re-affirm a reserve fund of \$120,000 from FY 2007-2008 Budget that has been created for the reconfiguration of the ball fields and new lighting that will be carried forward to the FY 2008-2009 Budget; Councilwoman Rice seconded.

Councilman Loftus asked if this was the total amount in the fund, and Councilman Cronin answered in the affirmative stating that there had been no prior monies set aside for this effort.

Call for the Question: The motion PASSED UNANIMOUSLY.

3. **Award the contract for the replacement of the gym ceiling to the lowest bidder CCI of Summerville in the amount of \$68,500.**

MOTION: Councilman Buckhannon moved to award the contract for the replacement of the gym ceiling to the lowest bidder CCI of Summerville in the amount of \$68,500; Councilwoman Rice seconded.

Councilwoman Rice related that this was the second bid opening on this project because the first set of bids had far exceeded the amount budgeted. This second bid had been more successful in that more companies had supplied bids, but the project was still going to exceed the amount budged by approximately thirteen thousand dollars (\$13,000).

Director Page confirmed that the gym ceiling replacement was not a budgeted item, but that twenty thousand dollars (\$20,000) had been given from ATAX and the balance was to come from the Recreation Department Building Fund that has a balance of approximately seventy-seven thousand dollars (\$77,000).

Call for the Question: The motion PASSED UNANIMOUSLY.

D. Recommendation from Accommodations Tax Advisory Committee

Approval of \$7,500 for the Isle of Palms Connector Run and Walk for the Child scheduled for October 4, 2008.

MOTION: Councilman Bettelli moved to approve \$7,500 for the Isle of Palms Connector Run and Walk for the Child scheduled for October 4, 2008; Councilwoman Rice seconded.

Councilman Duffy noted that this event is on the list of approved annual events for the City of Isle of Palms and that it is held in cooperation with Mount Pleasant and the Exchange Club.

Call for the Question: The motion PASSED UNANIMOUSLY.

E. Review of Capital Budgets

By way of introduction, Councilman Cronin stated that the Ways and Means Committee was not expected to vote on the Capital Budgets at this meeting; rather, the budgets were going back to the individual committees to prioritize them.

[Since the individual budgets were discussed in detail in the various committees, only the highlights of the budget discussions are included here. Please refer to individual committee minutes for complete discussions.]

General Government : Treasurer Suggs informed the Committee that the addition of \$1.7 million needs to be made to this budget to account for the beach renourishment commitment.

Police Department: The vehicle purchases were changed per the Committee's request to be one (1) patrol car and two (2) 4WD vehicles.

Fire Department: Fire Captain Tetor explained that the *stair chair* was used to transport persons who were unconscious, disabled, elderly, or overweight. The number of *thermal imaging cameras* was reduced from four (4) to two (2). Councilman Buckhannon described the plastic *jet (ski) dock* that is proposed for Breach Inlet; he also related that a location has not been procured. Councilman Bettelli added that there is also some doubt as to whether the jet skis can get over the sand bars in the inlet. Councilman Bettelli explained that the *portable deck guns* are apparatuses that can be removed from the truck, placed between a burning building and the one (1) next door to give a continuous spray on the structure that is not burning without being manned, thus freeing the firefighters to do their jobs.

Public Works: Treasurer Suggs explained that the *Drainage Contingency* of \$50,000 is put in place each year to handle drainage issues as they arise throughout the year; any remaining funds are carried forward to the next budget year. The replacement of the privacy fence along 13th Avenue was moved forward to FY 2009-2010. Councilman Cronin explained that the SCE&G non-standard service fund could be used anywhere that power is taken from overhead to underground. The Treasurer commented that there are Charleston Transportation Committee grants in the current reserve for *54th-57th Avenue drainage*; the grants were paid to the City to use in relation to the projects underway in relation to Wild Dunes to alleviate some of the drainage issues between 54th & 57th Avenues. Councilman Buckhannon suggested using a portion of any new grant funds for the upcoming drainage improvements at 11th Avenue. Councilman Bettelli noted that Eadie's had done a study in the past on the island's ditches; the City is now in the 4th of five (5) years of maintenance that follows the recommendations stated in the study. The first year the work concentrated on the outfalls; now in year four (4) the work is taking place in the neighborhoods.

Recreation: Following discussions in the Recreation Committee, the replacement of the basketball scoreboard in the gymnasium was moved forward to the FY 2010 budget. Treasurer Suggs noted that due to the relatively small dollars involved in "Non-capital Expenditures/Special Projects," she was going to move them to the FY 2008-2009 Operating Budget.

Front Beach Parking Lots: The *irrigation system for the parking lots* is a re-budget from the current year forward.

Isle of Palms Marina: Treasurer Suggs stated that the City has received more refined estimates from Jon Guerry Taylor on the bulkhead and dredging project; the new figures are as follows:

Marina bulkhead replacement only, no electrical	2,526,033
Dredging in tandem with bulkhead replacement	<u>277,058</u>
TOTAL	2,803,091

The *fuel dock upgrade* is a re-budget item; investigation is ongoing as the need to do this.

Bonded Debt Service – Principal and Interest: Of primary interest on this schedule was the fact that the principal and interest payments on the bond for Fire Station 2 will be paid from un-used bond proceeds.

Councilman Cronin repeated Treasurer Suggs' comments that these budgets will go back to the committees and department heads to prioritize.

Councilman Loftus asked that, when these schedules come back to the Committee, they contain five (5) years of budget history that would give the new members of Council a better understanding of the trends. Treasurer Suggs said she could make that information available. After more discussion, the Treasurer was asked to provide the same information on all budget schedules.

7. Miscellaneous

Councilman Bettelli complimented Director Page on the success of the Low Country Blues Bash as he referred to the financial and participation information that was provided on the event. There were approximately six hundred (600) people who attended, and the event had generated a profit of nearly two thousand four hundred dollars (\$2,400).

8. Adjourn

MOTION: With no further business to come before the Committee, Councilman Bettelli moved to adjourn at 7:20 p.m.; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland, City Clerk