

WAYS AND MEANS COMMITTEE

5:45 p.m., Tuesday, May 20, 2008

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Wednesday, May 20, 2008 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Present for the meeting were Chairman Taylor, Mayor Sottile, Committee members Bettelli, Buckhannon, Duffy, Loftus, Piening and Rice, as well as City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland; Councilman Cronin's absence was excused. 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 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 regular meeting and budget workshop of April 15, 2008; Councilman Buckhannon seconded.

Councilman Loftus asked to amend the minutes to include the total of the contract awarded to Schupp Enterprises in Item D on Page 12.

Call for the Question: The motion PASSED UNANIMOUSLY to approve the amended minutes.

Chairman Taylor asked to re-arrange the Agenda to place Item 5, the discussion of the budget, after Item 6 because he anticipated the budget discussion to be an extended one. There were no objections from the members of the Committee

3. Citizens' Comments

William Schlitt, Producing Director of The Company Company, related that he had appeared before the ATAX Committee earlier in the month and been approved for two (2) productions of *You're a Good Man, Charlie Brown*; the play will be presented in Wild Dunes on June 28 and 29. He informed the Committee that the group had been in business for ten (10) years and operated without a home theatre.

4. Financial Statement – Treasurer Suggs

Treasurer Suggs reported that, as of April 30, 2008, the City had collected 80% of budgeted revenue and spent 71% of budgeted expenses. She reported again that she expected Property Tax revenue to be less than budgeted, but that did not relate to a shortfall in total at year end for the General Fund.

She directed the Committee to page 9 of the April Financial Statement where the Beach Renourishment Fund was detailed. Of the seven million dollars (\$7,000,000) in the account, Treasurer Suggs planned to transfer the bulk of the funds to the Local Government Investment Pool to maximize interest. She did emphasize that these funds were not commingled with any other City funds.

The Treasurer explained that there was the negative balance in the Hospitality Tax Fund because there had been a budgeted transfer out of three hundred thousand dollars (\$300,000); two hundred thousand dollars (\$200,000) went to the Beach Renourishment fund and one hundred thousand (\$100,000) to the Public Safety Building.

As Treasurer Suggs had stated earlier, the expenditures were at 71% of budget, but the total did not include a six hundred thousand dollar (\$600,000) debt service payment on the Public Safety Bond. Despite the fact that the bond has not been issued, the City budget anticipated there would be a payment due in this fiscal year. If that payment were included, the expenditures would stand at 79% of budget, which would be more in line with this point in the fiscal year.

Since there were no questions on the April Financial Statement, Treasurer Suggs moved on to the Beach Restoration Revised Cost Estimates worksheet; she explained that a new column had been added due to the additional requirements imposed by the Corps of Engineers of photographing every sandbag opened, daily testing of sediment quality and periodic benthic monitoring of the surf zone. She reminded the Committee that the original schedule had anticipated a contingency in the construction expense, but that contingency has been used to cover the additional Corps obligations. The Treasurer also reported that this large sum of money was accruing interest that would be added to a contingency for the project.

The final schedule was for the Public Safety Building, and Treasurer Suggs indicated that certain expenses had been reclassified from the General Fund to this account related to the City Attorney's review of various construction contract documents. In addition, columns had been added to this worksheet relative to the Reimbursement Resolution passed by City Council in August of 2007 and the costs that would be eligible for reimbursement to the City upon the issuance of the bond.

6. New Business

D. Award Contract for Special Inspections of Public Safety Building

Administrator Tucker asked to begin with this item. She explained that the special inspections were a requirement of commercial buildings in the new building code; they

had been required of Fire Station 2 as well. The City had to procure the services of a business the specializes in this kind of work to perform inspections over and above those done by the architect and the City's building official. Due to the level of expense, the City had to issue an RFP; there were bid summary sheets in meeting packets for the members to review. The Administrator explained that, when the staff reviewed the bids, the bid from S & ME was not consistent with what had been required in the bid process and they had actually omitted elements of the bid; therefore, the staff recommended that the low bid by S & ME not be considered, but that the contract be awarded to the next low bidder Coastal Engineering and Testing.

MOTION: Mayor Sottile moved to award the contract for Special Inspections on the Public Safety Building to Coastal Engineering and Testing in the amount of \$44,732.00; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

A. Purchases in excess of \$10,000:

\$65,970	Conway Chrysler Dodge Jeep	3 Dodge Durangos
\$10,603	Charleston Light and Siren	outfitting 3 Dodge Durangos
\$10,617	DELL	Gen'l Gov't server & software
\$74,745	Motorola	radios for Public Safety

MOTION: Councilman Bettelli moved to approve the purchase of the items listed above that were in excess of \$10,000; Councilman Buckhannon seconded.

Administrator Tucker explained, for the new members of Council, that these items had been purchased already and this action was an exercise to come into compliance with the City's procurement code. She emphasized the point that each item listed above had been detailed in the FY 2007-2008 budget, therefore, had been approved in that process; the staff treated them as an assignment to get the task done. The procurement code clearly states that contracts in excess of ten thousand dollars (\$10,000) will be awarded by City Council, so the staff has taken and completed the assignment and brought it back to Council to be brought into compliance with the code. Councilman Taylor added that City Council had selected the ten thousand dollar (\$10,000) threshold.

Councilwoman Rice repeated her request that the threshold be increased to twenty-five thousand dollars (\$25,000).

Councilman Duffy asked if the budget was considered to be the executive authorization to proceed with a purchase; he thought that these items should come before Council before the purchase was made because he believed that to be the intent of the procurement code. He commented that, despite the item being in the budget, the

circumstances that the City might find itself at any given time would not have been taken into consideration. Councilman Taylor stated that the City could both increase the dollar threshold and change the procedure to approve these items before purchase.

Councilman Loftus expressed agreement with Councilman Duffy noting that, if City Council objected to any of the items, it was too late to do anything about it because the purchase had already been made. Council members Rice and Bettelli reiterated that fact that every purchase had been discussed in depth in the budget preparation process last year just as they have been this year.

Councilman Duffy noted that the budget was a guide, but the ordinance required approval of items in excess of ten thousand dollars (\$10,000); therefore, he believed that the City Council should evaluate the purchase again before the issuance of a purchase order.

Mayor Sottile recounted that Councilwoman Rice has requested on several occasions that the contract ceiling be increased from ten thousand dollars (\$10,000), but the City Attorney has recommended that the limit remain there. The Mayor suggested that the Council should discuss the matter with the attorney to learn his reasoning before taking any action.

Call for the Question: The motion to approve purchases in excess of \$10,000 PASSED UNANIMOUSLY.

B. Recommendation from Accommodations Tax Advisory Committee for Approval of Financial Support to The Company Company for a Production of *You're a Good Man, Charlie Brown*.

Administrator Tucker reported that the Accommodation Tax Advisory Committee had approved \$8,400 to support the production that was described earlier by Mr. Schlitt.

MOTION: Mayor Sottile moved to approve \$8,400 for the production of *You're a Good Man, Charlie Brown*; Councilwoman Rice seconded.

Council members Buckhannon, Bettelli and Loftus questioned that there were funds available for ATAX to support this project, but Treasurer Suggs assured them that their funds were "very sufficient."

Call for the Question: The motion PASSED on a vote of 6 to 2 with Councilmen Bettelli and Loftus casting the dissenting votes.

C. Recommendation from Real Property Advisory Committee for up to \$3,000 for Materials to Enlarge the Deck at the Marina Market

Real Property Chairwoman Rice related that this request was for an expansion of the deck of Marina Market on the marina side so that there would be a location from which Barrier Island Eco Tours could operate its business. Committee member Jim Raih commented that the City was being asked to finance one-quarter ($\frac{1}{4}$) of the cost. Mayor Sottile interjected that he hoped the financing was approved because the work had been done; he explained that the deck was being enlarged toward the bulkhead.

Councilman Taylor was concerned that the work to replace the bulkhead would begin soon and this deck was being expanded in that direction, as well as the fact that work started before the City had agreed to participate in the cost.

Councilman Bettelli commented that the City held leases with the entities at the marina that state they are responsible for improvements they do.

Clerk Copeland interrupted to add that the purpose behind the project was to provide a location from which Barrier Island Eco Tours could function; it was reported to the Committee that this was the only entity that operated out of the marina that did not have a permanent location. Their space would be elevated to provide space for Barrier Island Eco Tours to store its equipment and provisions for its excursions.

MOTION: Councilman Buckhannon moved to defer the decision on the request of up to \$3,000 to enlarge the deck at Marina Market until the City Council meeting and to obtain drawings to have a clear understanding of the intent; Councilman Bettelli seconded and the motion PASSED on a vote of 6 to 2 with Mayor Sottile and Councilwoman Rice voting against it.

E. Recommendation for Award of Loan Agreement to BB&T for Financing \$1.7 million for the Restoration, Renourishment, Control and Repair of the Beach at a rate of 3.16% for a Term of six (6) years with Prepayment at any Time, in Whole or in Part, Without a Penalty

Administrator Tucker received proposals from financing institutions for the financing of \$1.7 million bond issue; respondents were Bank of America, BB&T, RBC and Sun Trust. Other than a low interest rate, the City was interested in paying back the debt as rapidly as possible, so prepayment without a penalty was a determining factor in the recommendation for award. BB&T quoted the City an interest rate of 3.16% with the opportunity to pay it off at any time, in whole or in part, without a penalty; the bank that offered the lowest rate did not offer the ability to prepay without a penalty. The Staff, therefore, recommended awarding the financing to BB&T.

MOTION: Councilwoman Rice moved to award the loan agreement to BB&T for financing \$1.7 million for the restoration, renourishment, control and repair of the beach at a rate of 3.16% for a term of six (6) years with prepayment at any time, in whole or in part, without a penalty; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

F. Consideration of Amendment to the Engineering Services Agreement with CSE to Perform the Requirements of Operations, Monitoring and Contingency Plan.

The Administrator explained that, when the Corps of Engineers issued the permit for the Beach Restoration Project, they required that the City develop an Operations, Monitoring and Contingency Plan that they then had to approve. The Plan included additional engineering and additional monitoring at a much more intense level than was originally contemplated, and the work must be paid for in the amount of \$114,270. Before the Committee tonight was an amendment to the Coastal Science and Engineering contract to include the additional work.

Administrator Tucker referred the Committee back to the Beach Restoration Project financial worksheet. She informed them that, based on the status of the project today where the City has had to use a good portion of the Contingency originally established, she thought it would be appropriate for her to draft a letter to the parties that have put money into the project. In that letter the Administrator would explain to them the City's status and notify them that, if the City were to receive another financial demand on the project, in all likelihood the City would turn to them for additional financing.

MOTION: Mayor Sottile moved to approve the amendment to the Engineering Services Agreement with CSE in the amount of \$114,270 and to send letters to the parties involved in the project who were contributing financially; Councilman Buckhannon seconded and the motion PASSED UNANIMOUSLY.

G. Award of Contract to REMSA for Nighttime Beach Monitoring in the Amount of \$27,422.20

Initially Administrator Tucker reported to the Committee that each day on the Beach Restoration Project had been a learning experience, for example, learning that businesses existed that provided the nighttime monitoring services for this type of project. She explained that the members of the Turtle Team would monitor the beach in the daytime. Those persons charged with walking the beach all night to stop the dredging work in an area where a turtle came to nest would be employed by one of

these companies, and the staff was recommending that the contract be awarded to REMSA in the amount of \$27,422.20.

MOTION: Councilwoman Rice moved to award the contract to REMSA for nighttime beach monitoring in the amount of \$27,422.20; Councilman Loftus seconded.

Councilman Taylor asked, if the twelve (12) hours per day of beach monitoring, was a specific twelve (12) hour window of time. The Administrator responded that the City would not have police security in the morning when the Turtle Team was on the beach, so the Police would begin later in the morning and stay longer in the evening. Answering Councilwoman Rice, Administrator Tucker reported that there would be two (2) persons monitoring the beach at night.

Call for the Question: The motion PASSED UNANIMOUSLY.

5. Old Business – FY 2008-2009 Budget

Chairman Taylor explained to the Committee that the staff had provided three (3) pieces of information in addition to the new “yellow” budget; they were (1) responses to the questions that arose at the April Budget Workshop, (2) another version of Budget Highlights reflecting decisions made in the April Workshop or at the Committee level and (3) an analysis of key General Fund revenue items. He began the discussion with fuel prices; he commented that he had instructed the Treasurer to increase fuel costs to \$4.00 per gallon for unleaded and \$4.50 for diesel. Public Works Director informed the Committee that the City paid no taxes on its fuel and that he purchased in ten thousand (10,000) gallon increments to get an additional discount for volume purchases. Chairman Taylor was seeking input from the Committee on the cost figures that they thought would be most realistic on which to base the budget.

Councilman Duffy stated that he would be more comfortable with \$4.50 per gallon for unleaded and \$5.00 for diesel fuel; Councilman Loftus concurred. After brief discussion, the Committee agreed that these were more realistic cost estimates, but they wanted to know the impact on the budget. Treasurer Suggs calculated the impact to the budget with the increase of \$.50 per gallon for both unleaded and diesel fuel to be \$32,144.

The Committee was directed to the General Fund Revenue Analysis schedule; Chairman Taylor explained that he had asked Treasurer Suggs to review these specific revenue accounts for the past twelve (12) months then to determine if the projected revenue reflected in the “yellow” budget should be changed. The results of that analysis was shown on this schedule and indicated that, to follow the City’s conservative path,

revenues should be reduced by \$282,339. The 2009 year-end result of such a reduction in revenues would be a reduction in the amount of the transfer to Capital Projects in June 2009 that was shown on page 14 of the “yellow” budget; it would not create a deficit budget for FY 2008-2009.

MOTION: Councilman Loftus moved to implement the reductions to General Fund revenues as discussed and the increase in the cost of fuel of \$.50 per gallon into the FY 2008-2009 budget; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

Chairman Taylor explained that he wanted any and all budget changes made at this meeting so that the budget could receive final approval at City Council on Tuesday, May 27. He then started through the “yellow” budget page by page.

MOTION: On page 2, Councilman Loftus moved that the notes beside Mayor and Council salaries be eliminated, Councilman Duffy seconded and the motion passed unanimously.

Considering the revenue reductions and the increase to fuel costs, the General Fund transfer to Capital Projects as shown on page 14 has been reduced to \$72,612.

Councilman Loftus questioned the \$84,000 on page 25, line 320, Accommodations Tax Fund Expenditures. Treasurer Suggs explained that debt service on the Beach Restoration Bond would be paid from Municipal Tax Fees; in order to do that, certain eligible expenditures had to be moved to State Accommodations Taxes. The offsetting reduction to Municipal Accommodations was shown on page 21, line 169.

After reviewing the budget, Chairman Taylor commented that the next phase of the 54th – 57th Avenue Drainage Project was dependent upon Wild Dunes proceeding with Phase 2 of The Villages, and he was under the impression that Phase 2 had been postponed to some unknown date in the future. With that knowledge, he proposed that the \$80,000 in the budget for a reserve for the 54th – 57th Avenue Drainage Project be earmarked instead as Undesignated Funds that could be used as needed in the coming year. In response to Councilman Loftus’ question, Administrator Tucker reported that the City did not have an up-to-date estimate of the cost to complete that project, but she felt sure it would be one (1) million dollars.

Councilwoman Rice stated that she would like to see Destination Wild Dunes come before City Council again with the status of its plans.

MOTION: Mayor Sottile moved to change the \$80,000 reserve for the 54th – 57th Avenue Drainage to Undesignated Funds; Councilman Buckhannon seconded.

Councilman Loftus remarked to the importance of this drainage project to the island and stated that he would not be able to support this motion.

Call for the Question: The motion PASSED with a vote of 7 to 1; Councilman Loftus voted against it.

Councilman Bettelli asked if the extension of the Intracoastal Waterway Docks would increase revenues at the marina; Councilwoman Rice responded that the Real Property Advisory Committee did not know if the permit would allow for the extension. On the other hand, the extensions would provide more docking space when the work began on the bulkhead replacement. Administrator Tucker stated that she had intervened on the work being done by Chris Moore to ensure that he was proceeding as the Committee had directed, but she would contact him to get the work back underway.

7. Miscellaneous

8. Executive Session

MOTION: Councilman Bettelli moved to go into Executive Session to discuss personnel matters at 7:20 p.m.; Councilwoman Rice seconded and the motion PASSED UNANIMOUSLY.

The Committee returned to regular session at 7:55 p.m. and Chairman Taylor announced that no votes had been taken during the Executive Session. The Ways and Means Committee had discussed the recommendations that the Personnel Committee would make to City Council regarding salaries; these recommendations have been included in the “yellow” budget.

MOTION: Councilman Bettelli moved to recommend the budget as amended tonight for second reading at the City Council meeting May 27, 2008; Councilwoman Rice seconded and the motion PASSED UNANIMOUSLY.

Chairman Taylor reminded the Committee of the Public Hearing on the Budget that would take place before City Council at 6:30 p.m., Tuesday, May 27.

9. Adjourn

MOTION: Councilman Buckhannon moved to adjourn at 7:57 p.m.;
Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk

