

**WAYS AND MEANS COMMITTEE**  
5:45 p.m., Tuesday, January 20, 2009

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, January 20, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Chairman Taylor, Council members Bettelli, Buckhannon, Cronin, Duffy, Loftus and Piening, Mayor Pro Tem Rice, City Administrator Tucker, City Treasurer Suggs and City Clerk Copeland. There was a quorum present to conduct business.

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

**2. Election of Chair and Vice Chair**

Councilman Cronin nominated Chairman Taylor to serve another term as Chair for the Ways and Means Committee; Councilman Bettelli seconded and the vote was unanimous. Councilman Bettelli nominated Councilman Cronin as Vice Chair; Councilman Loftus seconded and the vote was unanimous.

**3. Approval of Previous Meeting's Minutes**

**MOTION: Mayor Pro Tem Rice moved to approve the minutes of the regular meeting of November 18, 2008 as submitted; Councilman Cronin seconded and the motion PASSED UNANIMOUSLY.**

4. **Citizens' Comments** - None

**5. Financial Statement and Tourism Revenue Report – Treasurer Suggs**

Treasurer Suggs stated that the statement to study this evening presented activity through December 2008, which is half way through the fiscal year. On the revenue side, she commented that the majority of the City's revenue was received in the last months of the fiscal year, so revenue remained a mystery. She did report that there were bright spots, i.e. Property Taxes were beginning to come from Charleston County – the City has received \$1,350,000 in January (that was not reflected in the report). Business licenses revenue was low, but they were not due until February 2, 2009, and Local Option Sales Taxes were in line. Expenditures through December 2009 were forty-three percent (43%) of the General Fund budget, which was good. The Fire Department was over budget in salaries, but one (1) explanation was that the payroll due to be paid January 1, 2009 was actually paid on December 31, 2008; therefore, there were fourteen (14) payrolls in the second quarter and there will be only twelve (12) in the third quarter. She explained that the City currently has five (5) employees who have been activated for the military; by federal law, they are due forty-five (45) days of

pay in each year they are on active duty; the payments begin with the federal fiscal year in October. So beginning in October, the City must pay these active military personnel the forty-five (45) days and pay their replacement as well.

Treasurer Suggs commented that interest rates have gone even lower than they were in November to 0.12% at BB&T and 0.925% at LGIP.

Mayor Pro Tem Rice was pleased to announce that residential licenses were at one hundred one percent (101%) of budget.

Treasurer Suggs directed attention to the schedules she had prepared that make comparisons between collections for 2009 versus previous years. The first page depicted the aggregate of tourism-related revenue, while the following pages addressed individually State Accommodation Tax, Municipal Accommodations Tax and Hospitality Tax.

**Project Status:**

**1. Beach Restoration**

The Treasurer reported that there had been only one (1) major expenditure in the last months of 2008, and it was a payment to Coastal Science and Engineering.

**2. Public Safety Building**

According to the Treasurer, there were two (2) payments to Mashburn in November and December, as well as payments to Cole+Russell for construction management.

**3. Bulkhead Replacement**

There were the first payments to Misener in November, but there was no payment to them in December.

Treasurer Suggs informed the Committee members that she had received a call from the Standard and Poors' analyst that the City's bond rating had been raised to AA; Administrator Tucker added that the best possible rating was AAA, which the City of Charleston received recently.

**6. Old Business – None**

**7. New Business**

**A. Recommendation from Accommodations Tax Advisory Committee to approve \$3,000 to General Government to produce 5,000 maps of the Isle of Palms.**

Treasurer Suggs stated that, when people come into City Hall to get their free T-shirt, they frequently request an island map; this ATAX funding request is an attempt to provide the map. She pointed out that there would be no advertising, but the City seal and website would appear on the cover; the map is two (2) sided with half of the island depicted on each side.

Councilman Cronin asked if the City could ask the Charleston Visitors Bureau to produce an island map. The Treasurer stated that this map would not be considered promotional, and the money that the City sends to CVB was for promotional purposes.

**MOTION: Mayor Pro Tem Rice moved to recommend approval for \$3,000 for General Government to print 5,000 island maps; Councilman Duffy seconded and the motion PASSED UNANIMOUSLY.**

**B. Recommendations from the Real Property Advisory Committee**

1. Award Front Beach Parking Lot lease contract to Schupp Enterprises for \$68,000 for 2009 and \$85,000 for years 2010 through 2012.

Chairman Taylor explained that the City Administrator had been charged by the Real Property Advisory Committee to negotiate further with Mr. Schupp to achieve an agreement that would be amenable to both parties. He then gave a brief history of the various means the City had pursued to manage the parking lots and that currently only the large parking lot would be available for parking.

Administrator Tucker stated that, despite the best efforts of the Treasurer and herself, she did have new information to present at this meeting; she distributed a Parking Lot Analysis for the Committee to review. The Administrator summarized what has happened to date by relating that the number of spaces has been reduced and the City has received one (1) bid although the RFP was advertised in *The Post and Courier* and was posted to the City's website. Based on those facts, the City had the following options:

- To throw out the bid and re-bid in hopes of attracting more bidders that would generate more revenue for the City;
- The City could operate the lots, which was not successful in the past; or
- Negotiate with the one bidder.

She added that, in reality, Mr. Schupp has been operating the parking lots for the past ten (10) years, and he was the one bidder and he was willing to negotiate with the City.

The Administrator explained that the City has accepted that the 2009-year would be a "loss" year, because the lots will not be at full capacity with the availability of parking spaces. She referred to the top of the analysis where there was a calculation of the percentage of spaces permanently lost, which computed to twelve percent (12%). The next section of the analysis indicated the actual revenues for 2005 through 2008 for historic purposes; as the calculation is completed, a reduction of twelve percent (12%) was applied to the four (4) year average revenue. That computation resulted in an anticipated revenue figure of one hundred fifty thousand dollars (\$150,000) per year.

The final negotiation follows on the analysis and is for sixty-eight thousand dollars (\$68,000) for 2009 and eighty-five thousand dollars (\$85,000) plus fifteen percent (15%) of everything over the eighty-five thousand dollars (\$85,000) in years 2010 through 2012. Based on staff estimates of total revenue, the City would receive \$94,750, which is closer to revenue received in the past. Under this scenario, the estimated revenue loss for 2009 would be \$32,050.

In conclusion, Administrator Tucker stated that the question before the Committee was to accept the negotiated amount and award the contract to Schupp Enterprises or to make no decision at this meeting and try to negotiate something different or to re-bid the lease.

Councilman Cronin remarked that, based on the four (4) year average revenue, between thirty-two and thirty-five thousand (32,000-35,000) vehicles have parked in the City's lots, and the City has received four dollars (\$4.00) of every five dollars (\$5.00) collected. That left one dollar (\$1.00), or twenty percent (20%), of the revenue for the contractor to pay taxes, insurance, payroll, etc.

Mayor Pro Tem Rice commented that the City was fortunate to have had Mr. Schupp as a partner, that she was pleased with the negotiations and that the Committee should award the contract to Mr. Schupp.

**MOTION: Mayor Pro Tem Rice moved to recommend that City Council enter into an agreement with Schupp Enterprises for \$68,000 for 2009 and for \$85,000 plus 15% of all revenue in excess of \$85,000 for years 2010 through 2012 and the contract will begin March 1, 2009; Councilman Cronin seconded and the motion PASSED UNANIMOUSLY.**

2. Bulkhead Replacement Change Order #1 to relocate the above ground junction box for \$1,949.64.

Administrator Tucker explained that, if the box were to be left in its present location, it would be in the middle of the sidewalk; Chris Moore of Jon Guerry Taylor stated that there was also the problem that there was not enough cable in the box to go through the bulkhead and the cable required was quite expensive.

**MOTION: Councilman Cronin moved to approve Change Order #1 for \$1,949.64 to relocate the junction box underground with the cost to be paid from the project Contingency Fund; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.**

In the months before the Bulkhead Replacement begin, the Real Property Committee made a site visit to the marina; there were several items discussed in terms of future needs. One of them was the cable and wire that were exposed and needed to be placed underground. When the Real Property Committee began to discuss Change Order #1, Councilman Taylor asked Mr. Moore about the things that had been observed during that visit and requested that Mr. Moore put together a proposal to resolve those problems. The additional proposal that the City has received totals \$15,451.00.

Mayor Pro Tem Rice noted that Item 1 on the proposal required two (2) additional calendar days to be added to the contract. Mr. Moore was not concerned because the contractor has assured him that the project will be completed by the required date.

Chairman Taylor asked that Mr. Moore explain these change orders and their location. Mr. Moore explained that the pictures attached refer only to Item 1, which are the damaged cables that lead down to the docks. These pictures show what was found when the crew started to re-work the electrical; the cables are damaged when they were spliced, there are areas of the cable that have burned through and there are areas where the electrical lines sat in the water and oysters and other marine life have started to grow inside the conduit. Mr. Moore noted that these lines run from the platform down into the docks. Marine Manager Berrigan remarked that the lines behind the store are in poorer condition than those behind the restaurant.

Councilman Taylor asked if Item 2 on this change order covered both areas; Chris Moore stated that it appeared to address only one.

Councilman Cronin asked if Misener would be able to continue working if no decision was made at this meeting. The response to his query was that Misener could continue working.

Councilman Taylor stated that the City needed estimates for both locations and possibly bids from other contractors. Chris Moore explained that Misener was the primary contractor; therefore, they were responsible for hiring sub-contractors.

Councilman Cronin referred to the fact that the information in Item 1 stated that there were safety and code violations involved, so the City needed to act before Marina Manager Berrigan re-energized the lines to the docks.

Mayor Pro Tem Rice stated that, when the parameters for the RFP for the bulkhead replacement were being finalized, there was pricing for the electrical work that needed to be done, but City Council removed it from the RFP because of the cost. She continued that City Council knew that the electrical at the marina was sub-standard, and she was not surprised that this issue was being raised.

Chris Moore was charged to provide accurate cost estimates to City Hall by noon on Friday, January 23 and to provide visual aids indicating the locations of the problems.

Councilman Cronin explained that Item 2 on the change order was to relocate the water and electrical lines that presently run along the outside of the bulkhead behind the restaurant and feed power to the docks. He added that, if this work were not to be done, the water and electrical lines would end up sealed between the new bulkhead and the existing bulkhead. He questioned that everything was included in the change order because there were questions raised in Committee about impact fees from the utility companies and the placement of meters.

Mr. Moore stated that the plan was to tap into an irrigation meter near the staging area with a three-quarter ( $\frac{3}{4}$ ) inch water meter and install a new line down to the docks along the Intracoastal Waterway. Since there was no need for a new meter, there would not be an impact fee from the Isle of Palms Water and Sewer Commission. The electrical will be a new installation on the upland side that will make the lines easily accessible for repairs; this will require a new meter, and the transfer fee should not exceed two hundred fifty dollar (\$250).

Mayor Pro Tem Rice asked that Mr. Moore get a letter from the Isle of Palms Water and Sewer confirming that there would be no impact fee charged for tapping into the meter.

Marina Manager Berrigan asked the proposal include the cost of replacing the fuel lines as well.

Administrator Tucker reported the project contingency fund would have a balance of approximately \$217,500 after subtracting Change Order #1 that was approved earlier.

Assuming that Mr. Moore provides the necessary information by noon on Friday for inclusion in meeting packets, this change order will be considered at the City Council meeting on Wednesday, January 28, 2009.

**C. Recommendations from the Public Safety Committee:**

1. Approve Change Order #6 for the Public Safety Building totaling \$5,915.61 that includes the following:
  - a. Furnish and install mesh wire partition for evidence storage for \$5,156.00 and
  - b. Additional data/telephone and power receptacles in Dispatch area for \$759.61.

Administrator Tucker stated, that after further research, she and Chief Buckhannon do not recommend approval for the mesh wire for the evidence cache, but will go back after the project is completed to build this evidence waiting area for approximately eighteen hundred to two thousand dollars (\$1,800-\$2,000). The second part of the change order for the receptacles is recommended for approval.

**MOTION: Councilman Loftus moved to approve the additional data/telephone and power receptacles in the Dispatch area for \$759.61; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.**

2. Discussion of moving budget line items for alarm system and door hardware

This request required no additional money, but it reduced the expense for "Communication and Surveillance" and "Furniture, Equipment and Hardware" while increasing the expenses to "Mashburn Construction Contract." The purpose of the item was to announce forthcoming change orders that remove responsibility for the alarm system and door hardware from the City and place it on Mashburn Construction.

**D. Recommendation from the Public Works Committee to approve \$3,200 from the Short-term Drainage Contingency Fund to clean the piped ditch to the corner of 14<sup>th</sup> Avenue and Ocean Boulevard.**

Administrator Tucker explained that Eadies Construction would clean the piped, underground ditch that runs from the large Front Beach Parking Lot to 14<sup>th</sup> Avenue and Ocean Boulevard. Until this is done, the large lot will continue to flood when there are heavy rains on the island.

**MOTION:** Councilman Cronin moved to approve \$3,200 for Eadies Construction to clean the underground piped ditch from the large parking lot on Front Beach to 14<sup>th</sup> Avenue and Ocean Boulevard; Mayor Pro Tem Rice seconded and the motion PASSED UNANIMOUSLY.

**8. Miscellaneous**

**A. Budget Calendar for 2009** – Councilman Taylor stressed the urgency of completing and approving the budget for FY 2009-2010 by the end of June; he also stated that the budget calendar was not an absolute, but a guide.

**B. Next Meeting Date** – 5:45 p.m., Tuesday, February 17, 2009

Administrator Tucker commented that the City would soon be actively involved in the Beach Restoration Project because of requirements under the permit. Since the endeavor requires intense attention and the fact that these activities come at budget preparation time, the decision was made to put the Beach Restoration Project under the umbrella of the Real Property Committee – assuming that no one has a problem with the decision. This action means that there is a committee to work through issues before they are presented to Ways and Means.

Councilman Bettelli asked if Council members could be provided with a list of these requirements; the Administrator said that she would provide such a list.

Councilman Taylor reported to the Committee that a “pay for performance” system was discussed at the Personnel Committee meeting and that they were planning to have the program in place by October 1, 2009 thereby giving the department managers time to familiarize themselves with it and to properly inform the members of their departments.

Mayor Pro Tem Rice announced that next week the City will have owned the marina for ten (10) years and that the marina tenants wanted to have a celebration to mark the anniversary. She expressed her opinion that the City should support this celebration and that possible ATAX funds could be used to defray some of the costs. She stated that she would provide details as they were made available.

**9. Executive Session** – not necessary

**10. Adjourn**

**MOTION:** Councilman Cronin moved to adjourn the meeting at 7:15 p.m.; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.