

Ways and Means Committee

5:45 p.m., August 8, 2007

Isle of Palms, South Carolina

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, August 8, 2007 at the City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Present were Chairman Taylor, Council members Bettelli, Hanbury, Marino, McMackin, Rice and Mayor Sottile, City Administrator Tucker and City Clerk Copeland. There was a quorum present to conduct business. Excused absences were given to Councilmen Buckhannon and Cronin.

1. Call to order. Councilman Taylor called the meeting to order and stated that members of the press and the public had been duly notified in accordance with state and federal laws.

2. Approval of Previous Meeting's Minutes.

MOTION: Councilwoman McMackin moved for the approval of the minutes of the meeting of June 14, 2007; Councilman Marino seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments. None

4. Financial Statement – Debbie Suggs, City Treasurer

Treasurer Suggs began her report by directing the Committee to the Financial Statement for June 30, 2007 (Exhibit 1), which she emphasized was preliminary and unaudited. She reported that in the General Fund there was a surplus of \$518,693; she noted that the City had additional funds to be attributed to FY2007 in the way of Accommodations Taxes, Local Option Sales Taxes and franchise fees, which had not yet been received. With this surplus in the General Fund for FY2007, the Treasurer proposed that City Council vote to move it to the Capital Projects fund. The departments which ended the year over budget in expenses were the Fire Department and the Judicial Department; the Fire Department experienced a lot of overtime due to turnover, and the Judicial Department incurred additional expenses in establishing the Livability Court and overtime due to staffing issues. Treasurer Suggs stated that the auditors are expected to return in September to do their final work; she anticipates audited numbers in November.

Mayor Sottile asked City Council to consider using a portion of the FY2007 surplus to take the Disaster Recovery Fund to two million dollars (\$2,000,000).

Treasurer Suggs next directed the Committee's attention to a handout entitled "Explanation of Expenses to Budget" (Exhibit 2), which detailed the primary reasons the Capital Projects Fund and the Municipal Accommodations Tax Fund were over budget.

She explained that certain items had been budgeted for or had reserve funds to cover, but the expenditures came during FY2007. Councilwoman Hanbury asked why several departments were over budget in cleaning supplies; Treasurer Suggs stated that, for General Government, for instance, the situation can be attributed to the fact that the Fire Department is sharing space, and it is impossible to determine how much is used by each. A second part to her question was whether or not enough money was being budgeted for these items. The Treasurer replied that, if the items had been over budget at budget preparation time, allowances would have been made.

A Fire Station Worksheet (Exhibit 3) was also distributed by the Treasurer which detailed transactions year-to-date; at June 30, 2007, there were \$1,946,5689 in Fire Station Bond proceeds remaining. The original Fire Station Reserve Account had a balance of \$1,365,424, which is available toward the new Public Safety Building. Administrator Tucker answered Councilwoman Rice that Fire Station #2 is scheduled for completion at the end of September with possession in October.

In the fourth handout was a summary of Hospitality Taxes revenues (Exhibit 4); the City received approximately \$44,000 more than it expected for FY2007.

The final handout was a schedule of projected fund balances for the FY2008 budget year (Exhibit 5); Treasurer Suggs remarked that the amount of \$581,452 in the Unreserved Capital Projects was a concern to her. She stated that this schedule shows the FY2007 surplus being transferred into the Unreserved Capital Projects Fund; the Treasurer commented that her "comfort level" in this account was one million dollars (\$1,000,000). She agreed that a good second option was, as the mayor had suggested, the Disaster Recovery Fund.

Councilwoman McMackin asked Treasurer Suggs to explain what she meant by "comfort level," as well as what reasoning was behind it. The Treasurer explained that FY2007 had been a large expenditure year for Capital Projects, much of which was not budgeted; for FY2008, nearly one million dollars (\$1,000,000) is to be spent between budgeted expenditures and reservation of existing fund balance – this is the reasoning behind the million dollar "comfort zone." Mayor Sottile stated that there will not be a million dollars of expenditures in FY2008 - property purchase, for example - so he feels that a million dollar "comfort level" may be high. Councilwoman McMackin reminded the Committee that there is still the bulkhead and that monitoring results have not been received to know if money will have to be spent there.

Treasurer Suggs pointed to page 2 of this last report for similar financial information on the marina; with budgeted expenditures in FY2008 of \$1,580,000, the Reserved for Bulkhead account ends the year in the "red" by \$366,609.

Councilman Taylor commented on the quality of work done by the City's staff; he also stated that the Council should be proud of the fact that, over the past couple of years, the Council and staff had created a good plan from which to move forward.

Councilwoman Rice commented that the City had \$1.5 million in the investment pool, and Treasurer Suggs noted that the investment pool funds were included in the General Fund balance. The Treasurer informed the Committee that Auditor Larry Finney had commented that the City's General Fund balance was a real positive for the municipality; the fact that the General Fund balance has remained relatively steady over the past five (5) years while the budget has actually increased is a good reflection for the City.

Councilman Marino agreed with Councilwoman Rice that there is money available should the City find itself in an emergency situation, but the City also has a really good bond rating because of the money in the Disaster Recovery Fund.

Councilwoman Hanbury asked if there were not a formula for determining the percentage of what is being spent that should be set aside. The Treasurer responded that in the public sector, the percentage is usually thirty (30) percent. Councilwoman Hanbury also commended the staff for the excellent job they do.

Budgeted Expenditures in Excess of \$10,000:

Administrator Tucker reminded the Committee that the City's Procurement Ordinance requires that contracts exceeding ten thousand dollars (\$10,000) be approved by the Ways and Means Committee and recommended to City Council for approval. In addition, she noted that all of the contracts in the list were budgeted expenditures, except for Hoffman Electric; a driver hit a traffic pole and the City had to contract for its repair. Compensation from the driver's insurance company is anticipated.

MOTION: Councilman Bettelli moved for the recommendation to City Council to approve the contracts in excess of ten thousand dollars listed below:

- | | | |
|-----------------|----------------------------|---|
| 1. \$10,654.26 | General Recreation | MOBI beach path material |
| 2. \$23,105.00 | Hoffman Electric | Repair traffic pole damaged in accident |
| 3. \$55,172.00 | Love Chevrolet | Replaced 3 police cruisers |
| 4. \$18,537.00 | Love Chevrolet | Replaced totaled cruiser |
| 5. \$18,537.00 | Love Chevrolet | Livability Officer cruiser |
| 6. \$10,471.68 | Service Industrial Supply | Stormwater pump for Public Works |
| 7. \$12,000.00 | Southeast Marine & Rescue | Zodiac inflatable boat |
| 8. \$14,025.00 | Vic Bailey Ford | Replace beach services pickup truck |
| 9. \$10,618.05 | Palmetto Microfilm Systems | Canon scanner for Police Department |
| 10. \$12,774.02 | Nafeco, Inc. | Four Survivair air packs |

Councilwoman Rice seconded, and the motion PASSED UNANIMOUSLY.

Councilwoman Rice stated her opinion that the benchmark of ten thousand dollars (\$10,000) should be increased; she added that this action seems unnecessary since all but one were budgeted expenses. She felt that twenty-five thousand dollars (\$25,000) was a more reasonable number. Councilman Taylor stated that he thought this was an issue that required a legal opinion; he agreed that it appeared to be redundant. Administrator Tucker commented that the question had been asked of the City's attorney in the past; the attorney did write the City's procurement ordinance based on state law and laws of other local governments. The Administrator added that it was possible that not all municipalities use as much detail and care in the budgetary process as does the City of Isle of Palms. Councilman Taylor asked that the Administrator ask the City's attorney again; Councilwoman Rice added that to increase the benchmark is reflective of the nature of inflation.

5. Old Business. Discussion of Item not Included in FY2008 Budget.

Administrator Tucker remarked that this was an informational item; she stated that often an error or omission is discovered after the budget has been passed. She explained that the budgeted figure on the Street Sweeping Contract had been based on the old contract amount rather than the new contract. As a result, this line item will be over budget at the end of the year by approximately five thousand dollars (\$5,000).

6. New Business:

A. Scanning Project for Building Department

Administrator Tucker noted that this project was a budgeted expense for the Building Department to scan documents that are to go into storage; the department recommends awarding the contract to Pro Legal Copies. After checking with multiple vendors and comparing to state purchasing figures, Pro Legal Copies, a local vendor, is the best selection in terms of cost; they are also available and demonstrated that they are capable of doing the work.

MOTION: Mayor Sottile moved to award a contract to Pro Legal Copies to scan Building Department documents; Councilman Marino seconded and the motion PASSED UNANIMOUSLY.

Councilman Marino wanted to know what the City departments were doing to go paperless. Councilman Taylor was in complete agreement that this is a worthwhile project to pursue and suggested that the General Government staff take the lead to show the other departments how it could be done.

Before going on to the next agenda item, Councilman Taylor asked Administrator Tucker to give an unofficial time line on the Public Safety Building. He qualified his request stating that he had not given the Administrator advance knowledge of this request; therefore, he knew that her comments would have to be based on her memory and she would be allowed not to know all of the answers.

Administrator Tucker informed the Committee that the City has entered into the preliminary agreement with Cole+Russell; this means that the City has signed a document stating that the City will be signing the Architectural/Engineering Agreement. The City Attorney and Administrator are in the process of reviewing the legal document; this is essentially the same document that the City signed for the Recreation Center project. Being familiar with the document should speed up this process since the Attorney and Administrator know where changes were made before. The architects are working on the design and meeting with the regulatory agencies; the Administrator anticipates having a signed contract within a week. Cole+Russell then has to develop the full design documents. In October, Administrator Tucker believes she will have the first schedule that will have firmer numbers on which to base the amount to borrow; there will be second estimate just after the first of the year, and the current plan is to go out for bids in March, 2008.

B. Discussion of Reimbursement Resolution for Public Safety Complex

Administrator Tucker explained that the City will not close on a bond until there are cost estimates that more closely match to the building and the bids received. In the meantime, the City is incurring expenses related to the project which are expected to be covered by bond proceeds; in order to do that, the City must pass a Reimbursement Resolution. The resolution will be on the agenda for the next council meeting to ensure that the City is fully covered for any expenses between now and the closing on the bond.

Mayor Sottile asked for confirmation that the Council had agreed to go on the fast track on this project; Administrator Tucker agreed. Mayor Sottile commented that, like Councilman Marino, he hoped that ground would be broken this fall on the project. Administrator Tucker noted that the architect must have time to do the design, which they are working on now.

Councilwoman Rice asked if the tents would be moved to the Station #1 site once Fire Station #1 is demolished. Administrator Tucker explained that what is expected to happen is for Fire Station #2 to be occupied; once that occurs, there will no longer be a need for the trailers or the tents at that location and they can be re-located to the Fire Station #1 site.

Councilman Marino asked if the cost of the property the City had purchased would be rolled into the Reimbursement Resolution. Administrator Tucker agreed that it had been put on the schedule that way, but now there are a couple of options available. She added that her vision of the schedule to be provided for City Council was the original schedule along with what the new numbers are and how the Treasurer and Administrator propose that Council assign the revenues and expenditures; the expense of that property would be in there since the City wants to recover that money. The current thought is that one of the best ways to do that is with some of the cash on hand set aside for the fire station, rather than out of bond proceeds.

Councilman Marino did voice his disappointment that, based on the information he had just received, the ground breaking will not take place until late spring 2008.

Administrator Tucker stated that she will attempt to get a better schedule from Cole+Russell.

Mayor Sottile responded to Councilwoman McMackin's question as to the procedure to follow from here on with the Public Safety Building as one that will begin with the Public Safety Committee then move on to City Council. Councilman Marino recalled that, in the construction of the Recreation Center, the designers presented things first to the Recreation Committee then to City Council; they would work on that issue and present again. He stated that this process occurred several times. Councilman Taylor added that one timing factor was how many meetings and how many changes Cole+Russell was asked to make; he added that, when the professionals are allowed to do their job, things usually go smoothly.

Councilwoman Hanbury asked if there were established City standards to be conservative with energy, and, if there were none, she thought some should be set. Administrator Tucker stated that it is unusual for an office to be left in the evening without checking that the thermostat is properly adjusted, and she makes it a point whenever she is in the City Hall to check thermostats and to cut off lights, as do many others. The Administrator added that she believed all departments are mindful of energy conservation whenever and wherever possible.

Councilwoman McMackin stated that it was time to see if the Public Safety Building were going to be built "green."

7. Miscellaneous

The next meeting is scheduled for 5:45 p.m. on Tuesday, September 18, 2007.

8. Adjournment

Ways and Means Committee
August 8, 2007
Page 7 of 7

There being no further business to come before the Committee, Councilman Bettelli moved to adjourn the meeting; Councilman Marino seconded and the meeting was duly adjourned at 6:37 p.m.

Respectfully submitted,

Dee Taylor, Chairman