

WAYS and MEANS COMMITTEE

5:45 p.m., Tuesday, April 20, 2010

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, April 20, 2010 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bergwerf, Bettelli, Buckhannon, Duffy, Loftus, Piening, Stone and Thomas, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. There was a quorum present to conduct business.

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

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Loftus moved to approve the minutes of the regular meeting of March 16, 2010 as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments - None

Mayor Cronin reminded the Committee members that, as part of the Employee Wellness program, Volleyball at the Windjammer would take up where it left off in 2009 at 5:00 p.m. on Thursday, April 22, 2010; Councilmembers Loftus, Piening and Thomas commented that they would not be available to participate.

4. Financial Statement – City Treasurer Suggs

Treasurer Suggs noted that the statement for this meeting was through March 2010, which is seventy-five percent (75%) through the fiscal year, and, overall, the City departments, in total, are at seventy-one percent (71%) of the annual budget for General Fund expenditures. General Government is at eighty percent (80%) due to the annual payment of debt service; without these payments, General Government would be at seventy-three percent (73%) of budgeted General Fund expenditures. At the end of the year, General Government is expected to be on target. As of March 31, General Fund revenues are at sixty-nine percent (69%) of budget; in April, the City received the final Property Taxes from Charleston County in the amount of four hundred eighty thousand dollars (\$480,000) which puts the City "on track" for revenues. The cash available in the General Fund is at thirty percent (30%) of General Fund expenses with a balance in excess of two million six hundred thousand dollars (\$2,600,000).

Treasurer Suggs reported that she has studied the City's financial position at the present time to the budget and considered what she anticipates in the next three (3) months, along with what occurred financially in the last three (3) months of 2009, to forecast the City's financial position at year-end. She anticipates the following for revenue for the City:

- Property Taxes – 60% over budget compared to the same time last year; therefore, the property tax revenue budget should be met and/or exceeded;
- Local Option Sales Taxes – likely to be less than budgeted;
- Business License Revenue – likely to be less than budgeted;

- Telecommunications License Fee – already \$9,000 over budget;
- Public Utilities – from discussions with SCE&G, budget exceeded by approximately \$34,000;
- Building Permits – slightly over budget;
- Residential Rental Licenses – approximately \$40,000 over budget;
- Court Revenues – slightly over budget;
- State Shared Funds – less than budgeted;
- Parking Lot Revenue – exceed budgeted amount; and
- Parking Meter Revenue – with increase in meter fee to \$1/hr, anticipated to exceed budget by \$40,000.

Based on these preliminary calculations, the Treasurer predicted that, at the end of the fiscal year, revenues for the City would exceed budget by one hundred to one hundred twenty thousand dollars (\$100,000 – 120,000).

On the expenditure side, Treasurer Suggs made the following predictions:

- Savings occurred in both the Police and Public Works departments due to employee vacancies;
- Workers Comp premiums were less than budgeted due to credits received for positive experience and participation; savings of \$58,000; and
- Through February, fuel savings of \$22,000, may not continue through the balance of the year.

The predicted total savings in expenditures is one hundred seventy-nine thousand dollars (\$179,000). Combining the additional revenues and the reduced spending, at year-end, Treasurer Suggs, conservatively, calculated a surplus of two hundred thousand dollars (\$200,000) in the General Fund, but the surplus could be as high as three hundred thousand dollars (\$300,000).

In the Capital Projects fund, there is approximately one million dollars (\$1,000,000) in expenditures that will not occur in this fiscal year, such as the renovations to City Hall, and the contingency fund for the Public Safety Building has an unspent balance in excess of four hundred thousand dollars (\$400,000). The budget also anticipated the construction costs of the 54th – 57th Avenue Drainage project that will not happen in this fiscal year saving approximately four hundred sixty thousand dollars (\$460,000).

Municipal Accommodations tax revenue was budgeted at a fifteen percent (15%) decline from FY09, which has not materialized; the Treasurer foresees approximately seventy thousand dollars (\$70,000) more in revenue than budgeted.

Hospitality Tax revenue could have a surplus of forty-four thousand dollars (\$44,000); the transfer-out of fifty thousand dollars (\$50,000) associated with dredging will most likely not be spent in this fiscal year. Expenses in excess of revenue, related to debt service payments, were budgeted that will result in a net surplus of fifty-five thousand dollars (\$55,000).

For State Accommodations Taxes, Treasurer Suggs restated that approximately seventy thousand dollars (\$70,000) in revenue is anticipated in excess of budget combined with fifty thousand dollars (\$50,000) not spent toward dredging results in one hundred twenty thousand dollars (\$120,000) in savings.

Councilmember Bettelli questioned Treasurer Suggs about State Shared Funds – Alcohol revenue; she responded that the restaurants on the island tend to purchase liquor licenses annually; therefore, the revenue is, typically, received at one time.

Councilmember Duffy noted that all departments are at ninety percent (90%) of budget on the Water and Sewer line item; Administrator Tucker stated she and the Treasurer would research the issue.

Tourism-related Revenues

Treasurer Suggs advised the Committee that she had added an additional schedule and bar to the graph to depict County Accommodations Taxes that had previously been included with Municipal Accommodations Fees. The Treasurer noted that the City has no control over the amount of money that is generated; the County makes the determination about whether it will share the funds and to what degree it will share the funds. Historically, the City received twenty percent (20%) of the taxes the County collected from Isle of Palms accommodations, but, when the economy affected the County, the County cut the percentage it would share with the City, and the City budgeted accordingly.

In State Accommodations Taxes, the City has not received a payment since the last meeting of this Committee, but, for the two (2) quarters received, revenue is down two and a half percent (2.5%) from FY09.

Municipal Accommodations Fees, received monthly, are actually up one percent (1%) from FY09.

In County Accommodations Tax, the budget was ninety-seven thousand four hundred dollars (\$97,400), and, although significantly down from FY09, receipts year-to-date are at sixty-six percent (66%) of budget.

Hospitality Taxes revenue is down nine percent (9%) from FY09.

Project Schedules

The largest expenditure for the Public Safety Building was to Mobile Communications for a dispatch antenna system upgrade that was installed in July 2009; she had no explanation for the delay in billing. In response to Councilmember Buckhannon's question, Treasurer Suggs stated that she did not know of any other expenditure for the building, but Administrator Tucker noted that the retainage for Mashburn was still unpaid.

For Beach Restoration, payments were made to Chris Jones, Attorney Halversen and to the Wild Dunes Community Association for fencing at Mariner's Walk.

5. Old Business - None

6. New Business

A. Renovation of City Hall

- 1. Consideration of Amendment to Liollo Architectural Contract**
- 2. Recommendation for Award of Contract to 4SE for Structural Engineering**

Administrator Tucker recounted that several items appear in the FY11 budget that were to be included as alternates in the bid package; these items include the window and door replacement and the sagging of the floor over Council Chambers. The Administrator stated that the architectural firm, Liollo, had been asked by the staff to provide estimates to the City for the change in their contract to include these design elements. For the structural component of the project, Liollo would outsource that task to 4SE, which has provided its proposal for the structural work to be done for the Committee's consideration.

Administrator Tucker added that the Committee's actions would allow staff to move forward with execution of these aspects of the project in this budget year.

Director Kerr explained some of the reasoning behind the staff's recommendation to include these in the Liollo contract as follows:

- Cost benefit in having the contractors on site capable of doing the work during the renovation process;
- Burden taken off staff by having Liollo prepare the specifications for these items to be included in the original bid package, rather than bidding later and separately;
- Benefit of having Liollo overseeing and monitoring the work;
- By having all of the work in one package, the potential for "pointing fingers" would be less should problems arise in the future.

Director Kerr explained that each of these items would be included in the bid as alternates allowing the City to receive competitive bids on each and to decide what it could afford to include in the construction. The items to be considered are as follows:

- Mold remediation - \$5,261
In Director Kerr's opinion, the intricacies of the proposed work by Liollo account for the increased cost of this aspect of the project. In discussions with the Administrator, Director Kerr and she agree that a shortfall in the proposal is that it would be in only one side of the building leaving the other side to fall victim of the mold issues that exist in the structure; therefore, staff is of the opinion that this is less critical to the entire project.
- Replacement of existing windows - \$1,981
Director Kerr pointed out that water penetration issues exist presently; staff believes this to be an important part of the total project.
- Replacement of existing main entry doors - \$1,048
Director Kerr recalled that this is in the budget under consideration.

- Repair leaks in flat roof areas - \$2,063

The Director noted that this is a factor in the water penetration issues in the building.

- Add structural support – 4SE proposal

The Director commented that the staff had met with these engineers on several occasions to review the structural problems with the second floor office space occupied by General Government. 4SE has reviewed the plans for City Hall and found no obvious explanation for the problem; therefore, they are asking the City to agree to evaluations that would cost three thousand dollars (\$3,000). The evaluation would entail removing a sizable portion of the ceiling in Council Chambers in an effort to determine what is railing above it and why it is failing. 4SE is hopeful that “the fix” will be a retrofit to the floor joists, sandwiching them with new members meaning no change to the room and leveling the floor above with some kind of compound; staff has been told that this would be a fairly expensive design. If the problem were to require columns in Council Chambers to support the floor above, the design would be much more complicated requiring concrete pilings underneath the building requiring the computation of settling rates and other things to be analyzed. In the worst case of design, staff has been informed of sixty-five hundred dollars (\$6,500) in structural design and up to three thousand dollars (\$3,000) in geo-technical work.

Councilmember Loftus asked whether the structural issue was one of safety or aesthetics; Director Kerr responded that the answer to that question would be determined in the assessment. In the course of conversations with 4SE, the Director has learned that they do not know if something has failed in the floor system or if the floor was temporarily overloaded with heavy items. The Director explained that a certain degree of deflection is anticipated in buildings, but what has occurred in City Hall exceeds that expectation.

Councilmember Duffy was concerned that the mold issues in the building could be resolved without the level of work proposed by Liollo. Director Kerr responded that the mold is caused by water intrusion from a gable vent, a leaking roof, leaking windows and leaking air conditioning unit; therefore, he is confident that the repair of the flat roof areas and the HVAC and the replacement of the windows would return the building to the state it was in when originally built.

Mayor Cronin expressed his opinion that the determination must be made as to the safety of the floor above Council Chambers; he wanted to get the assessment before deciding on a course of action.

Responding to Councilmember Buckhannon’s concerns, Director Kerr reported that the problem is the parallans and leveling the floor, the design “fix” is cheap, but should the problem resolution require the installation of columns down the middle of Council Chambers, the work would involve having masonry pumped through the room into the foundation and geo-technical work prior to that.

Director Kerr explained that Liollo has been waiting for the answers to these issues to complete the bid package.

Discussion continued on the door replacement and the safety factors involved.

MOTION: Councilmember Duffy moved to follow staff's recommendation for approving the design for replacing the windows at \$1,981, replacing 3 sets of exterior doors at \$1,048 and the mold remediation at \$2,063, totaling \$5,092; Councilmember Bergwerf seconded.

Before the vote on the motion, discussion centered on the need to replace the windows. Director Kerr noted that the bottoms of the windows were rotting away, and water was coming into the building from the top of the windows; he added that the windows could not be repaired.

Councilmember Duffy commented that the windows were from the original construction in 1992.

VOTE: The motion PASSED on a vote of 8 to 1; Councilmember Loftus cast the negative vote.

MOTION: Councilmember Duffy moved to award a contract to 4SE for assessment of the structural problem related to the sagging second floor in City Hall; Councilmember Bettelli seconded and the motion PASSED on a vote of 8 to 1 with Councilmember Buckhannon casting the "nay" vote.

B. Recommendation from the Public Works Committee

Administrator Tucker recounted that residents had come before City Council seeking help with the flooding issues on 53rd Avenue and Sparrow Drive; the Public Works Committee had responded to their pleas and these actions are the result.

- 1. Award a contract to Civil Site Environmental in the amount of \$44,540 to revise drainage 52nd-57th Avenues and Palm Boulevard; Design and Permitting only.**

Assistant Dziuban explained that this was the Committee's attempt to expand the scope of the 54th-57th Avenue project, but efforts are continuing on the original project. The engineer on the project was asked to determine if project expansion was a possibility, and he concluded that, depending on enlarging the outfall or constructing a second outfall, the project could be expanded to include the drainage basin that includes 53rd Avenue. The project add-on would be paid from the City's drainage contingency fund.

Mayor Cronin clarified that the drainage contingency fund is the fund for the 54th – 57th Avenue drainage project. The Mayor was clear on the fact that he was against spending City funds until there was a definitive answer as to where this water would go; he noted that such a determination was dependent upon coordination of efforts between the City and the Wild Dunes Community Association. Mayor Cronin expressed his concern that the existing Wild Dunes outfall would handle the volume of water that this expansion would involve.

Administrator Tucker informed the Committee that 53rd Avenue area is the place where the surrounding six (6) acres drains; therefore, the expanded scope has a significant impact on the whole project due to the volume of water resulting in significantly more design work to determine if the project can accomplish the sought-after goals. The purpose for the expanded scope is a

response to the residents of 53rd Avenue who want to be included in the project due to the severity of the flooding on their street.

After discussion that centered on the availability of an outfall, the Committee agreed to defer a decision of this issue until the City Council meeting. In the meantime, Mr. Stevens will be asked to provide a more detailed estimate of the engineering cost for the expansion of the project scope.

2. Authorization to spend up to \$25,000 from the Drainage Contingency Fund to clean the collection boxes at 41st Avenue and Sparrow Drive.

Assistant Dziuban introduced this subject as another possible solution to flooding issues on this area of the island; with the silting and the vegetation removed from these ditches, the excess water could more effectively drain from this area. The work is expected to cost considerably less than the twenty-five thousand dollars (\$25,000) stated, and more accurate estimates are expected to be available for the City Council meeting of April 27.

Councilmember Loftus asked if this work was a part of the Eadie's maintenance program; Director Pitts stated this would be additional work.

MOTION: Councilmember Bettelli moved to approve up to \$25,000 for the Drainage Contingency Fund to clean the collection boxes at 41st Avenue and Sparrow Drive; Councilmember Duffy seconded and the motion PASSED UNANIMOUSLY.

C. Recommendation from the Public Safety Committee to Award a Contract to Lifeguard Medical Solutions in the amount of \$2,837.50 for one (1) AED with wall-mounted storage box, replacement batteries and replacement pads for youth and adults.

Assistant Dziuban explained that these devices are located in all other City facilities and that it was an oversight that one (1) had not been placed in the Public Safety Building. The purchase would be paid from the Public Safety Building contingency fund.

MOTION: Councilmember Bettelli moved to award a contract to Lifeguard Medical Solution in the amount of \$2,837.50 for one (1) AED with wall-mounted storage box, replacement batteries and replacement pads for youth and adults; Councilmember Loftus seconded.

Councilmember Piening asked whether these devices were not already in the possession of the Fire Department; Councilmember Bettelli explained that the Fire Department did have such devices, but that they were part of the equipment on the trucks that were not always in the Public Safety Building. Chief Graham added that these units are different from the devices on the trucks because this unit is designed to be used by an untrained individual.

VOTE: The motion PASSED on a vote of 8 to 1; Councilmember Piening voted against the motion.

D. Recommendation from the Accommodations Tax Advisory Committee to approve the purchase of anti-exposure suits in an amount not to exceed \$7,000 for the Fire Department.

Assistant Dziuban noted that Chief Graham had brought an anti-exposure suit to the Public Safety Committee meeting for the members to see first hand; this is the protective gear that Fire Department personnel wear for water rescue in cold weather to protect against hypothermia. Chief Graham had stated that more and more people are participating in water sports all year round, so the suits are getting more use than in the past; therefore, the number of water rescues has increased for the colder months. The goal is to have suits in each size – small, medium, large, extra large and extra extra large – at both stations.

Councilmember Buckhannon asked why this item was not a part of the Fire Department budget; Chief Graham responded that the bulk of the off-season calls were for the rescue of non-residents; therefore, she thought ATAX funding was appropriate. Treasurer Suggs indicated that future replacements would be added to the budget assuming this request was approved.

Answering Councilmember Stone's question, Chief Graham stated that the seven thousand dollars (\$7,000) would purchase ten (10) suits, as well as ten (10) long sleeve life jackets, wet suit gloves and booties; the expected life of the suits is five to ten (5-10) years.

In addition, the Chief indicated that, with the change in the weather, the suits would not be ordered until the fall.

MOTION: Councilmember Bettelli moved to approve the recommendation from the ATAX Committee to purchase anti-exposure suits in an amount not to exceed \$7,000; Councilmember Bergwerf seconded.

Councilmember Piening asked whether there was truly a need for extra extra large suits; Chief Graham assured him that the need existed.

VOTE: The motion PASSED UNANIMOUSLY.

E. Recommendations from the Real Property Committee

- 1. Approval of Amendment 1 to the Coastal Science and Engineering contract in the amount of \$53,540 for additional monitoring and surveys of the beach.**

Assistant Dziuban reminded the Committee of the Special Meeting on February 3 of this year when Tim Kana and Steven Trayham of Coastal Science and Engineering and Chris Jones reported on the erosion issues on the northern end of the island and the possible solutions. Based on the permit requirements, the City originally had planned for two (2) monitorings in the first year and one (1) monitoring each year for the second and third years. At the Special Meeting, City Council agreed that more frequent monitorings would allow the City to be proactive in addressing potential problems on the beach; therefore, Coastal Science and Engineering was asked to provide the City with the cost for one (1) additional monitoring in both

the second and third years of the permit. These monitorings will be for the entire beach, but the billings will designate fees for "in-project area" and "outside project area;" the cost of the monitoring outside of the project area will be borne by the City at a cost of seventeen thousand two hundred seventy-one dollars (\$17,271). The cost for monitoring the project area would be paid from the Beach Restoration Fund at a cost of thirty-six thousand two hundred sixty-nine dollars (\$36,269).

MOTION: Councilmember Loftus moved to approve Amendment 1 to the Coastal Science and Engineering contract in the amount of \$53,540 for additional monitorings and surveys; Councilmember Piening seconded.

Mayor Cronin added that these monitorings and surveys would be excellent insurance for the City should the island experience a major storm, because they will be proof to FEMA of the condition of the beach prior to any storm event.

VOTE: The motion PASSED UNANIMOUSLY.

- 2. Approval of Amendment 2 to the Coastal Science and Engineering contract in the amount of \$58,860 for planning and permit application for remedial nourishment of erosion hot spots contingent upon the approval of the stakeholders.**

Assistant Dziuban stated that this amendment is the result of Council's decision at the February Special Meeting for addressing the erosion areas. The due date for the executed agreements was set for April 23, which is before the April Council meeting; if all of the agreements have not been received, Council would be asked to give approval contingent upon the stakeholders' approval.

MOTION: Councilmember Loftus moved to approve Amendment 2 to the Coastal Science and Engineering contract in the amount of \$58,860 for planning and permit application for remedial nourishment; Councilmember Piening seconded.

Mayor Cronin informed the Committee that less than half of the agreements have been received as of this date.

Councilmember Duffy wanted the record to reflect that the cost of this amendment will be paid from the Beach Renourishment Fund.

VOTE: The motion PASSED UNANIMOUSLY.

Mayor Cronin called for a break to allow for Councilmembers to eat before beginning the Budget Workshop; the meeting is to resume at 7:30 p.m.

F. Budget Workshop for FY 11 Operating and Capital Budgets

(Changes to the budget, as presented, will be indicated in bold print.)

Mayor Cronin introduced the budget by stating that City Council was presented with a balanced budget that meant no tax increase for the residents of the Isle of Palms.

Administrator Tucker informed the Committee that, between the March budget review and the budget before the Committee tonight, staff and Committees have reduced the budget by four hundred thousand dollars (\$400,000).

Mayor Cronin chose to begin the discussions with the Marina Fund, where transfers-in totaling three hundred dollars (\$300,000) would finance dredging of the marina; he indicated that one hundred thousand dollars (\$100,000) is in the FY10 budget for engineering and permitting for the dredging project that has not been spent. Since the funds for engineering and permitting have not been spent, it is highly unlikely that the dredging project would go forward in FY11; the Mayor, therefore, suggested that the funds designated in the FY11 budget be removed and the funds for permitting and engineering be re-budgeted to FY11. The Mayor further substantiated the reasoning behind his position by re-stating the Administrator's comments that the City hopes to partner with the Morgan Creek Association on a dredging project, as it did previously, when the City did not expend funds for dredging, but was the permittee for the project.

After brief discussion, the Committee agreed to remove three hundred thousand dollars (\$300,000) earmarked for dredging from the FY11 budget and to re-budget the one hundred thousand dollars (\$100,000) from FY10 to FY11 for permitting and engineering on the dredging project. Treasurer Suggs suggested that fifty thousand dollars (\$50,000) be transferred out from Municipal Accommodations Fees and State Accommodations Taxes to the Marina Fund.

Mayor Cronin informed the Committee that, over the years, the Marina Fund has accumulated unrestricted net assets of approximately one million dollars (\$1,000,000) at the end of this fiscal year. In addition, there is eighty-five thousand dollars (\$85,000) in the FY10 budget for fuel upgrades to the marina that were done in FY09, as well as ten thousand dollars (\$10,000) for general maintenance that has not been used, giving a new total of one million one hundred eighty-five thousand forty-five dollars (\$1,185,045). Because these are unrestricted funds, the City can draw on these funds and receive them into the General Fund or Capital Projects fund to use for whatever purpose the City deems appropriate.

Mayor Cronin moved to the State Accommodations Tax Budget on page 24. Councilmember Bettelli directed attention to line 281 indicating the level of support from the City to the Charleston Visitors Bureau and suggested that the municipalities go back to the state to suggest that, in hard economic times, the municipalities should be able to retain more of these funds to support their local activities.

Administrator Tucker reviewed the items that the ATAX Committee had removed when they reviewed this budget as follows:

Postpone dredging to another year	\$200,000
50 th Anniversary type event	35,000
one (1) beach walkover	80,000
parking meter devices	18,500

The Administrator pointed out a new expense for the ATAX budget as \$9,326 for part-time weekend assistance in the tourist season for the Fire Department. This is the first year that staff has recommended funded personnel expenses from accommodations tax revenue; when the economy make its turnaround, the staff would return these personnel expenses to the General Fund.

Mayor Cronin contended that Chief Buckhannon had made his case for the parking meter devices to the Public Safety Committee; therefore they should remain in the budget. On the subject of the beach walkovers, the Mayor reported that the Greenbelt Committee has proposed a change to County Council to allow beach communities to use Greenbelt funds to enhance property already in its possession. Assuming this proposal gets County Council support, the City has been allocated four hundred seventy-four thousand dollars (\$474,000) in Greenbelt money that could be used to replace/improve the beach walkovers upon approval from County Council. **Mayor Cronin, therefore, proposed striking the entire one hundred sixty thousand dollars (\$160,000) from the ATAX budget; the committee agreed.**

The Ways and Means Committee agreed with ATAX to eliminate the 50th Anniversary-type event in the amount of thirty-five thousand dollars (\$35,000) from the budget.

The next section of the budget for review was the Hospitality tax budget on page 22. Administrator Tucker reported that this year the budget was based on a five percent (5%) decrease from the past twelve months (12 mos) actual receipts, unlike the fifteen percent (15%) used in the FY10 budget.

The Administrator commented on a first time entry to this budget on line 183 that is a transfer to the General Fund for one full-time position in both the Fire and Police Departments for a total of one hundred two thousand four hundred seventy-three dollars (\$102,473). Administrator Tucker noted that these transfers could be defended as legitimate because the City is a tourism community that receives in excess of nine hundred thousand dollars (\$900,000) in revenues. As she stated previously, when the economy rebounds, these personnel expenses would be returned to the General Fund. Mayor Cronin added that a number of the neighboring communities routinely fund fulltime personnel from accommodations taxes.

Administrator Tucker noted that one (1) sedan and one (1) speed radar trailer would be purchase from Hospitality Taxes in FY11 for the Police Department, and, for the Fire Department one (1) ATV for beach patrols and one (1) Ford F-150 truck would be purchased. The Administrator stated that she had been asked to provide the mileage on the vehicles to be replaced by the FY11 budget, and she stated that all of the police vehicles have more than ninety thousand (90,000) miles on them, and the Fire truck, Rescue 2, has eighty-three thousand two hundred sixty (83,260) miles.

While on the subject on vehicle mileage, she continued with the information on the other vehicles to be replaced in the FY11 budget, the Ford Explorer in the Recreation Department has sixty-three thousand nine hundred eighty (63,980) miles and was deferred from last year.

On the general topic of the City's fleet of vehicles, Councilmember Duffy noted that the City's vehicle policy calls for a six-year (6 yr) rotation. He then posed the questions of whether or not all of the vehicles were needed and whether the City should go to a seven-year (7 yr) rotation. The Councilmember further noted that twenty-seven thousand dollars (\$27,000) had been budgeted for FY10 for maintenance of the Police Department's twenty-one (21) vehicles, approximately twelve hundred dollars (\$1,200) per year, which, he added, is substantially less than the cost of purchasing a new vehicle.

Pursuant to a request from Mayor Cronin, Administrator Tucker indicated that Assistant Dziuban had contacted Mount Pleasant about their vehicle policy and learned that they are on a five-year (5 yr) rotation for Police vehicles, and they replace twenty-five to thirty (25-30) vehicles each year. Due to a lean budget, Mount Pleasant deviated from the normal rotation cycle and replaced only half of the vehicles scheduled to be replaced. Mount Pleasant stated that they would adhere to the five-year (5 yr) rotation cycle because it works better for them.

Councilmember Duffy asked whether Mount Pleasant had provided information on the typical mileage they get on the five-year (5 yr) cycle; Assistant Dziuban stated that she had not gotten the vehicle mileage. She stated that she had been told that Mount Pleasant was concerned with the reliability of the vehicles after the five-year (5 yr) period; they wanted to know definitively that the vehicles would get the public safety personnel to a scene without any mechanical problems

Mayor Cronin added that Mount Pleasant was no longer buying Chevrolet Impalas for front line vehicles, but had returned to the Ford Crown Victoria based on maintenance costs on the Chevrolet versus the Ford; Mount Pleasant did not believe that the fuel savings offset the maintenance costs.

Councilmember Buckhannon commented that replacing public safety vehicles at six (6) years was the best thing to do while extending the cycle for other vehicles would be viable.

Chief Graham stated that the vehicle purchased to replace the Ford F-150 would be a front line vehicle used for emergency rescues; the F-150 would be used as the spare truck for training and other purposes, and the pickup truck purchased in 2001 would be disposed of.

When Councilmember Bergwerf asked if the replacement of the speed radar trailer could be postponed for another year, Councilmember Buckhannon stated that parts were no longer available for the trailer and that it was presently out of service.

The discussion progressed onto the Municipal Accommodations Fee budget on page 19. On this budget, Administrator Tucker directed attention to line 97, a transfer to the General Fund of one hundred fifty-two thousand four hundred eleven dollars (\$152,411) to cover salary and benefits for one (1) fulltime position in the Police Department and two (2) fulltime positions in the Fire Department. In addition, one hundred percent (100%) of the debt service for the Beach

Restoration project is to be paid from this fund; Treasurer Suggs indicated that this is year (3) three of a six-year (6 yr) loan.

Councilmember Loftus expressed concern over increase in General Government Miscellaneous of five thousand dollars (\$5,000); Treasurer Suggs indicated that the added expense was to change the Christmas lights in the palm trees at front Beach to longer lasting and more energy efficient LED lights. The Committee agreed that they wanted more information on the LED lights for the City Council meeting and the possibility of funding the lights from the Aisle of Palms Fund.

An additional expense to be paid from Municipal Accommodations taxes is the telephone service to the call boxes on Front Beach in the amount of fifteen hundred dollars (\$1,500).

Councilmember Loftus asked for additional information on line 165, "Front Beach Miscellaneous and Contingency;" Administrator Tucker stated that the parking meters had aged, therefore, required more maintenance. Chief Buckhannon added that parts for the meters run from five hundred dollars to two thousand dollars (\$500-2,000) for a programming board. Councilmember Stone stated that, with an additional forty thousand dollars (\$40,000) in revenue, six thousand dollars (\$6,000) for a maintenance contract was reasonable.

In response to Councilmember Loftus' concern about the cost of resurfacing the tennis and basketball courts, Director Page stated that the cracks were bad enough that they were beginning to be a safety hazard.

Capital Projects was the next topic for discussion; Administrator Tucker stated that, in the next version of the budget, lines 12 through 20 will be re-budget items from the FY10 budget that are all related to the renovation of City Hall. She pointed out that lines 13 through 17 were estimates of construction elements that were discussed earlier in this meeting. In response to Councilmember Bergwerf's questions relative to the replacement of chairs in Council Chambers, Administrator Tucker stated that only broken or badly stained chairs are replaced and that some years pass when no chairs are replaced.

Councilmember Loftus asked whether General Government could forego the replacement of office furniture in FY11; Administrator Tucker stated that the number could be reduced, but she was most interested in replacing the Treasurer's desk, which squeaks.

In the Fire Department, Chief Graham explained that bunker gear does have a shelf life for safety reasons, but primarily the gear takes such wear and tear that the replacement rotation is necessary. She noted that the Department typically gets seven to ten (7-10) years' wear from a set of gear.

Administrator Tucker explained that the new truck for Public Works would allow the Director to eliminate a fulltime position; she also pointed out that the drainage maintenance was to be bid for a renewal of the maintenance cycle. Staff is proposing an eight-year (8 yr) municipal lease.

The replacement for the privacy fence was actually to construct a privacy fence once the Building Department was demolished.

From the earlier discussions, the funding for the beach walkovers of one hundred sixty thousand dollars (\$160,000) was removed from the budget.

In the Building Department, items under Facilities Maintenance were re-budget items from the FY10 budget related to the relocation of the Building Department to City Hall.

Councilmember Piening questioned the cost of replacement computers because the dollar amount varies from department to department. Administrator Tucker explained that certain applications in the City were better suited to laptops while other were better suited for desk tops and there was a difference in price between the two. After further discussion related to the proposed City-wide license, Treasurer Suggs stated that she would refine the computer replacement costs in each department.

Councilmember Stone pointed out that, since the bid package for City Hall renovations was not yet ready to go out, the Building Department would likely be moving into City Hall well after January 2011. **He suggested that the City not demolish the building currently housing the Building Department, but seek to lease it once the Building Department had moved out. This action would possibly generate income for the City and save the City thirty-three thousand two hundred dollars (\$33,200) in FY11.** This savings would come from the following:

Demolition of Building Department	\$10,000
Rehab site for overflow parking	10,000
Asbestos/lead survey	1,200
Possible hazardous material removal	7,000
Construction of privacy fence	5,000

The Ways and Means Committee agreed that this was a viable option and the expenses listed above were removed from the budget.

In the Recreation Department, Councilmember Loftus recommended the deferral of the replacement of the administrative vehicle saving twenty-two thousand dollars (\$22,000); there was no resistance to this action from the Committee. Director Page asked to have one thousand dollars (\$1,000) added to the vehicle maintenance line of the Recreation Budget to have the heater repaired.

Responding to a question from the Committee, Treasurer Suggs stated that there was two hundred seventy-two thousand dollars (\$272,000) in the reserve for the reconfiguration of the ball fields. Director Page reported that she had gotten a new estimate on the cost for this project that was one million nine hundred thousand dollars (\$1,900,000).

Councilmember Loftus recommended eliminating the piece of public art for Front Beach honoring past Councilmembers, an expense of seventy-five hundred dollars (\$7,500); the Committee agreed.

Administrator Tucker now moved to a discussion of General Fund Revenues found on page 1; she repeated her earlier comments that the FY11 budget as presented was a balanced budget

with no tax increase for the residents of the island. On the revenue page, she pointed out lines 42 through 45 as new to this year's budget and as actions required to balance the budget without a tax increase. These lines represent the funding of fulltime employees from accommodations tax fees; the only position not discussed previously was the funding of the half of the Victims Advocate/Detective position from the Victims fund in the amount of thirty thousand twenty-three dollars (\$30,023). The budget as presented shows an increase in revenue of three point four percent (3.4%).

Councilmember Buckhannon asked whether a contractual agreement existed between the City of Isle of Palms and Sullivan's Island for providing dispatch services, and, if so, what are the parameters for increasing fees. Treasurer Suggs responded that the fee was usually increased according to the Consumer Price Index (CPI), but, according to the state, the current CPI is zero percent. Councilmember Buckhannon countered that the cost of the City's employees was certainly not zero. **Based, therefore, on the increase in insurance and other employee related expenses, Mayor Cronin asked Administrator Tucker and Treasurer Suggs to determine a reasonable percent of increase to the Sullivan's Island dispatch fees.**

At this point, the Mayor reminded the Committee of the Marina Fund's unrestricted net assets that could be used to fund the salaries and benefits of the patrol officers and firefighters without reducing the fund balances of the Municipal Accommodations Fees and Hospitality Taxes.

Councilmember Stone asked about the loan balance at the marina; Treasurer Suggs indicated that the combined balance of the marina and bulkhead debt was approximately three million dollars (\$3,000,000). Councilmember Loftus reminded Councilmember Stone that this debt did not have an early payoff clause, but Administrator Tucker suggested that it might be economically beneficial to pay a penalty to eliminate the debt.

Councilmember Stone also suggested paying cash for the new garbage truck and to begin a reserve fund for future purchases. Councilmember Buckhannon appeared to agree with Councilmember Stone; Councilmember Buckhannon commented that the City's Ten-year (10 ye) Plan indicates when these large purchases are to be made. Mayor Cronin agreed that it was an option worthy of pursuit.

Continuing to the Operating Budgets, Administrator Tucker first reported to the Committee on the changes that have been made globally to each departmental budget. These changes are as follows:

- Reduction in the merit pool from 4% to 3.5% and the effects that flow through payroll taxes, retirement and long-term disability insurance;
- SCE&G rate increase;
- Group health insurance increase set at 5%, not 10% as originally estimated; and
- Property and liability insurance increase set at 5%.

Councilmember Duffy sought clarification on the period for which the merit pool was being established; Treasurer Suggs stated that the merit increase reflected in this budget would be effective January 1, 2011; therefore, the merit pool would be for a six (6) month period.

Discussion followed related to the appropriate merit pool percentage; Councilmember Piening noted that three and one half percent (3.5%) indicated in the FY11 pool appeared to be very generous. He commented on the facts that the City has not had to layoff or furlough any employees and that the City's employees have gotten increases over the past couple of years when neighboring communities have not be in a position to do the same for their employees. Councilmember Loftus suggested that, in order to properly reflect the current economic issues, the merit pool should be limited to two percent (2%). Mayor Cronin reflected on the turnover rate for the City that usually can be attributed to wages or benefits. Councilmember Bettelli suggested that staff communicate with MASC to find out what other communities are doing; he noted that employees might not be getting salary increases, but he thought they were, likely, being compensated in some other way. Councilmember Buckhannon stated that he did not want to make any changes until he saw the next version of the budget with the changes made tonight. Responding to Mayor Cronin's question, Treasurer Suggs stated that the financial impact of a three and a half percent (3.5%) merit pool was seventy-five thousand nine hundred thirty dollars (\$75,930) including fringes.

For General Government, the primary contributors to the increase were the changes in bond principal and interest payments; the actual budget only increases one percent (1%) based on expenses that are detailed on pages 4 and 5. Administrator Tucker added that the undesignated funds in General Government/Professional Services have, typically, been used in the past to pay for hurricane stickers, computer programming associated with the hurricane stickers, irrigation repairs and any outsourcing of printing. The Miscellaneous and Contingency funds in General Government have been spent in the past to pay for employee flu shots, kitchen supplies and items of that nature.

In the Police Department Operating Budget, the expense for CALEA has been reduced based on prior discussions. The Administrator shared information from the City fuel vendor that the present estimate might be too conservative to protect the City from rising gasoline and diesel prices; therefore, staff was not recommending a change in this number.

Under Miscellaneous and Contingency for the Fire Department, Administrator Tucker explained that, in the past, foam replacement, 5-gallon buckets, hydrant paint, electrical and plumbing lock-out tags, and truck cleaning supplies are among the items that have been paid from this fund.

Of interest in the Public Works Department is the reduction in the salary line item to account for the elimination of one (1) position contingent on the purchase of the new garbage truck.

The Public Works Operating Budget, as presented, has a three percent (3%) decline from FY10, and the Building Department has a zero percent (0%) increase from FY10.

In the Recreation Operating Budget, Vehicle Maintenance will be increased by one thousand dollars (\$1,000) based on the earlier decision to keep the administration vehicle. In total, the Recreation Operating budget increases two percent (2%) from FY10.

The Administrator concluded the review noting that, in total, the City's operating budgets, before the changes discussed in this meeting, increase three and four tenths percent (3.4%) over FY10 and no tax increase.

Councilmember Duffy asked the staff to prepare a schedule of payouts for the City's debt, including any municipal leases for the City Council meeting next week.

Councilmember Stone expressed a personal aversion to leasing and suggested that the Treasurer look into purchasing copiers for the City rather than leasing them; he indicated that the City spends approximately twenty-three thousand dollars (\$23,000) annually to lease copiers.

Administrator Tucker informed the Committee that the state requires that the City advertise General Fund revenue and expenditures for the current year and those projected for the coming year, as well as the millage rate; although the City's budget is not yet established, the information to be included in the advertisement is acceptable as long as the final budget numbers are not higher than indicated. The Administrator stated that she would notify the Council prior to the publication of this ad that may, or may not, contain the final approved budget numbers.

7. Miscellaneous Business

Announcement of Maintenance Work at Front Beach

Administrator Tucker announced that maintenance work, i.e. painting of sign posts and replacing the concrete slab on which the public restrooms rest, is taking place at Front Beach. She reported that there were funds available in the current year's budget to fund these activities.

8. Executive Session – not needed.

9. Adjourn

MOTION: Councilmember Duffy moved to adjourn the meeting at 10:23 p.m.; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk