

## **WAYS and MEANS COMMITTEE**

5:45 p.m., Tuesday, January 18, 2011

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Tuesday, January 18, 2011 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, Thomas and Stone, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, City Attorney Halversen, Assistant to the Administrator Dziuban and City Clerk Copeland. A quorum was present to conduct business.

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

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

Councilmember Loftus nominated Mayor Cronin to the position of Chair of the Ways and Means Committee for 2011; Councilmember Bergwerf seconded and the Committee voted unanimously to support the nomination.

Councilmember Bergwerf nominated Councilmember Duffy for the position of Vice-Chair; Councilmember Loftus seconded and the Committee voted unanimously to support the nomination.

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

**MOTION:** Councilmember Bettelli moved to approve the minutes of the regular meeting of November 18, 2010 as submitted; Councilmember Loftus seconded and the motion **PASSED UNANIMOUSLY.**

4. **Citizens' Comments** – None

5. **Financial Statement** – Treasurer Suggs

#### **A. December 2010 Financial Statement**

Treasurer Suggs reported that General Fund revenues were at twenty-three percent (23%) of budget and one hundred eight percent (108%) of where the City's revenues were at the same time last year. The Treasurer pointed out that Property Taxes revenue includes receipts through November and are nineteen percent (19%) ahead of last year's collections. Overall, the Treasurer stated that the City was in a good position through one half ( $\frac{1}{2}$ ) of the fiscal year.

Expenditures in the General Fund are at forty-three percent (43%) of budget, or seven percent (7%) lower than the target of fifty percent (50%). The Mayor and Council budget is at fifty-seven percent (57%) of budget, which is directly attributable to the compensation payments in November. In explaining that General Fund debt service is paid one hundred percent (100%) from General Government, Treasurer Suggs noted that, if one half ( $\frac{1}{2}$ ) of the debt service were applied into the first half of the year, General Government would be at forty-seven percent (47%) of budget, which is more in line with other budget cost centers. In addition, the General Fund expenditures would increase to forty-five percent (45%) of budget.

At the end of 2010, the City's cash balance was approximately one million two hundred three thousand dollars (\$1,203,000) with seven hundred forty-seven thousand dollars (\$747,000) in the Local Government Investment Pool and the remainder of four hundred fifty-six thousand dollars (\$456,000) in BB&T.

Mayor Cronin commented that the fact that the City's Property Tax collections are greater than in FY10 does not mean that the City is collecting more money in property taxes; the increase could be the result of people paying their taxes earlier or the timing of the County's disbursements to the City.

Treasurer Suggs responded to a query from Councilmember Loftus that the City would not have a true indicator of the total revenue derived from property taxes until it gets the collections for December, January and February.

## **B. Tourism Schedules**

The Treasurer pointed out that all tourism revenues are above fifty percent (50%) collected as compared to budget.

State Accommodations Taxes – The City had not received the December quarter's payment.

Municipal Accommodations Taxes – In addition to what is reported on the schedule, the City has received the December payment of twenty-two thousand five hundred seventy-four dollars (\$22,574); with December added into the schedule, Municipal Accommodations taxes are nineteen percent (19%) ahead of FY10.

Charleston County Pass-through – The City has not received a payment.

Hospitality Tax – Receipts through December are twelve percent (12%) higher than FY10.

## **C. Projects Status**

1. Beach Restoration – The most recent expenditures have been for monitoring and permitting for the remedial restoration project.
2. 52<sup>nd</sup> to 57<sup>th</sup> Avenue Drainage – Expenditures have been for legal reviews and the preparation of the bid document; the total remaining to be spent on the project exceeds nine hundred eighty-three thousand dollars (\$983,000).
3. City Hall Renovation – Invoices related to architectural design fees and the first construction payment were paid in November and December.

Councilmember Loftus questioned a payment to Sottile and Hopkins related to the drainage project; Administrator Tucker explained that Attorney Halversen had sought permission to consult with Attorney Sottile to ensure the proper language for the construction contract and the AIA documents.

Mayor Cronin took a moment to thank Administrator Tucker and the department managers for their efforts to keep expenditures in line so that the City could complete half of the fiscal year well ahead of budget.

6. **Old Business – None**

7. **New Business**

Administrator Tucker asked Building and Zoning Director Kerr to present the change orders related to City Hall renovation and asked that Councilmembers keep the City Hall renovation budget schedule out for reference as the change orders were discussed. The Administrator noted that the following items do not reflect additional money for the project, but the utilization of money held in the contingency fund that has a balance of fifty-one thousand three hundred twenty dollars (\$51,320).

**A. Approval of Change Order #2 from Wilson & Associates Developers in the amount of \$3,240 to reconstitute the wiring to 12 hurricane shutters and adding 5 days to construction.**

Director Kerr related that the electrical demolition plan called for the removal of all of the wiring in the half of the building being renovated, but the construction plans did not include replacing the wiring or the switches for the hurricane shutters. The Director noted that the architects have assured him that, had the switches been included in the original electrical bids, the bids would have been equivocal to what this change order reflects.

**MOTION: Councilmember Stone moved to approve Change Order #2 from Wilson & Associates in the amount of \$3,240 to reconstitute the wiring to 12 hurricane shutters and adding 5 days to construction; Councilmember Bergwerf seconded**

A brief discussion followed about the need for adding days to the contract and whether the construction was on schedule; Director Kerr assured the Council that the project would be completed by mid-February as scheduled.

**VOTE: The motion PASSED UNANIMOUSLY.**

**B. Approval of Change Order #4 from Wilson & Associates Developers in the amount of \$2,228 to install the pass-through window in the offices of General Government and adding 3 days to construction.**

Director Kerr explained that the glass removed from the Dispatch area had been preserved to be installed in a re-structured space in General Government to add a level of security and to reduce the air flow, both heated and cooled, from that area.

**MOTION: Councilmember Bettelli moved to approve Change Order #4 from Wilson & Associates in the amount of \$2,228 to install the pass-through window in General Government and adding 3 days to construction; Councilmember Bergwerf seconded.**

Councilmember Loftus questioned that this proposal was the most cost-effective way to accomplish the work. Director Kerr responded that the City had looked into having the work done as a stand-alone project in the past, and the quotes had been higher – but they did include the cost of the glass. The Director also commented that he would prefer not to introduce any outside vendors while the renovations are on-going in an effort to avoid possible conflicts.

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

- C. Approval of Change Order #5 from Wilson & Associates Developers in the amount of \$1,258 to relocate the window in the Mayor's office and adding 5 days to construction.**

Director Kerr reminded the Committee that the Mayor's future office would occupy the space that had been the evidence room for the Police Department and, as such, it has no windows. When the window installer arrived to cut-out the opening through the siding, he found a beam within the limits of the window in the front stairwell. This change order is to shift the window about one foot from where originally planned, to open the sheet rock, patch the sheet rock, frame-in the window and re-locate a light in the stairwell.

**MOTION: Councilmember Stone moved to approve Change Order #5 to Wilson & Associates Developers in the amount of \$1,258 to relocate the window in the Mayor's office and adding 5 days to construction; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.**

Administrator Tucker explained that, when the City Hall Renovation schedule is presented at the next meeting, the Contingency amount will be reduced by the sixty-seven hundred twenty-six dollars (\$6,726) just approved and Design and Construction will be increased by the same amount. The bottom line will remain the same.

**D. Consideration of State Health Plan for Isle of Palms Employees**

Mayor Cronin reminded the Committee that they had been told at the last meeting that the South Carolina Local Government Assurance Group (SCLGAG), the health insurance provider for City employees, would likely be dissolving at the end of the fiscal year, June 30, 2011.

Administrator Tucker commented that she had spoken with Harvey Mathias of the MASC staff who informed her that he had received the number of votes needed to dissolve SCLGAG as proposed. The Administrator anticipates that many of the groups now covered by SCLGAG will be seeking quotes for health insurance coverage from the State Health Plan. By presenting information at this meeting, Administrator Tucker explained that she was looking to get approval from the Committee to complete the application process and send the necessary deposit so that the State Health Plan would begin the ninety-day (90 day) process of preparing a quote for the City.

As stated in her email to Committee members, the State Health Plan was not available to local governments when SCLGAG was formed. In recent years, it has become an option to local

governments, and, as the State Health Plan has grown, the expense factor when comparing one to the other has become more competitive than it was in the past.

Prior to reviewing the insurance information provided, the Administrator explained that the costs reflected on the comparative schedule were the City's best estimates based on the preliminary premium information provided; the actual premiums will not be known until the quote is received from the State Health Plan.

As with SCLGAG, elected officials may participate in the plan, but they are required to participate in the South Carolina Retirement System.

Among the key points made by the City Administrator were the following:

- Tobacco users must pay a forty-dollar (\$40) monthly surcharge, which the City will proposed be passed along to the employee;
- The life insurance plan that accompanies the State Health Plan is a three thousand dollar (\$3,000) policy, whereas the SCLGAG plan was a ten thousand dollar (\$10,000) policy; employees can opt for more life insurance at their own expense;
- The State Health Plan offers long-term disability coverage as part of their bundle; the City currently contracts with a separate company for long-term disability coverage.
- Under the State Health Plan, the City must make a documentable effort to contact all retirees and former employees who might opt, at their own expense, to come into the State Health Plan;
- Should the City opt for the State Health Plan, the commitment is for four (4) years; and should the City decide, in the future, to leave the Plan, the City would be required to stay out of the Plan for four (4) years before being eligible to re-join.

As the Administrator asked for attention to be directed to the financial comparison, she commented that the dental plan quoted as shown is not comparable to the existing dental plan under SCLGAG; to have an equal comparison, the State Health Dental Plus Plan would need to be include. Administrator Tucker explained that the schedule as a comparison of the premiums under the current plan and what the City projects to pay under the State Health Plan; the Administrator reminded the Committee that the City pays one hundred percent (100%) for employee coverage and fifty percent (50%) of dependent coverage. The bottom of the schedules indicates an approximation of the savings to the City and to employees should the City opt for coverage under the State Health Plan.

Administrator Tucker stated that the staff recommends the State Standard Health Plan as the best option for the City and indicated that she would like the Ways and Means Committee to make the recommendation to City Council for the City to move to the State Health Plan effective July 1, 2011 and to charge the staff to move forward in making the necessary applications and submitting the fees to the State Health Plan.

Responding to Councilmember Duffy's question, Administrator Tucker said the application fee to the State Health Plan is five hundred dollars (\$500).

**MOTION: Councilmember Loftus moved to proceed with the application process to move to the State Health Plan; Councilmember Bergwerf seconded.**

Mayor Cronin acknowledged the Administrator's caution about the cost savings, but he commented that he believes the City was given honorable estimates and that the City will see a savings with this change.

**VOTE: The motion PASSED UNANIMOUSLY.**

**E. FY12 Budget Calendar**

Mayor Cronin recounted that the budget calendar for the coming year had been included in meeting packets and noted that committees will be reviewing capital budgets at February meetings. The Mayor said that his goal was again to pass a balanced budget without a tax increase.

Councilmember Loftus requested that staff provide to all members of Council a listing of the vehicles to be replaced in the FY12 budget along with a statement to their condition and mileage.

Councilmember Buckhannon commented that the reason that the City did not have a tax increase in FY11 was because the City had dipped into its savings to balance the budget.

**8. Miscellaneous Business**

**Next Meeting Date: 5:45 p.m., Tuesday, February 15, 2011.**

**9. Executive Session – not needed.**

**10. Adjourn**

**MOTION: Councilmember Bettelli moved to adjourn the meeting at 6:30 p.m.; Councilmember Stone seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk