

WAYS AND MEANS COMMITTEE

5:45 p.m., Tuesday, March 15, 2011

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, March 15, 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, Stone and Thomas, Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, 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 of the meeting in accordance with the Freedom of Information Act.

Mayor Cronin distributed cards to Councilmembers that contained the principles of the Freedom of Information Act; this was done in observation of Sunshine Week. The Mayor stated that the City works to adhere to these principles in all Committee and Council meetings to keep the public informed.

2. Approval of Previous Meeting's Minutes

MOTION: Councilmember Stone moved to approve the minutes of the regular meeting of February 15, 2011 as submitted; Councilmember Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments – None

4. Financial Statement – Treasurer Suggs

A. February Financial Statement

Treasurer Suggs noted that the target for the City's General Fund budget through February was sixty-seven percent (67%); General Fund revenues were at sixty-five percent (65%) of budget while overall expenditures were at fifty-seven percent (57%) of budget. All departments were at or below budget through seven (7) months of the fiscal year. General Fund revenues were one hundred sixteen percent (116%) of revenues through the same period for FY10; the Treasurer attributed the difference to the fact that the December 2010 property tax collections were received in February this year when they were received in March last year. At the end of February, approximately seven hundred sixty-nine thousand dollars (\$769,000) was in BB&T, and two million fifty-six thousand dollars (\$2,056,00) was invested with the LGIP to take advantage of the slightly higher interest rate.

Councilmember Loftus asked for the Treasurer's opinion on where Property Tax Revenues would end the year; Treasurer Suggs indicated that her "instincts" were that the revenue would be a little ahead of the budgeted amount.

Based on a request from Councilmember Duffy at the February meeting, Treasurer Suggs distributed a debt analysis schedule for the City's outstanding debt. Mayor Cronin suggested that members study the schedule and be prepared to discuss it at the annual budget workshop anticipated to be in April; at the workshop, the Committee will get its first look at revenue estimations for FY12.

B. Tourism Schedules

State ATAX – The next quarterly payment is not due until April.

Municipal Accommodations Fee – These collections continue to be better than expected, and collections are twenty percent (20%) higher year-to-date than FY10.

Charleston County Pass-Through – The City has yet to receive a semi-annual payment from Charleston County.

Administrator Tucker was pleased to report that the City's efforts to have the percentages paid to the local governments returned to the levels of FY09 have paid off and the funding levels are going to be restored. The City learned today that it will be receiving a check soon that will be retroactive to the time frame that tourism revenues began to trend upward; the Administrator noted that County Council was meeting today to confirm this action.

Hospitality Tax – The City had another good month with twenty-five (25) payers, one (1) of whom had been delinquent; collections are up twelve percent (12%) from FY10.

Administrator Tucker emphasized that, during budget preparations last year, comments were made regarding the fact that funds were being transferred from tourism fund balances in order to maintain services. As this year has progressed, revenues have been higher than projected and expenditures have been lower so that the City has not had to use as much of fund balances as projected.

Treasurer Suggs reminded the Committee that the City has a bond payment to make that will affect the results for the March financial reports.

C. Projects Status

Beach Restoration – In February payments were made to Coastal Science and Engineering (CSE) for permitting and post-project monitoring.

53rd to 57th Avenue Drainage Project – Since last month, the contract with Eadie's has been added to the schedule and the Change Order that is on the agenda; the only expenditure was for technical copies for the contractor.

Administrator Tucker directed the Committee's attention to the fact that this project does not have a contingency fund, which is typically fifteen to twenty percent (15-20%). The fact that the City does have a balance of approximately one hundred seventy-six thousand dollars (\$176,000) available to spend means that this will have to be the source of contingency funds for this project. This is of particular importance because the fact that this project is underground means that issues will arise that could not have been anticipated – as has occurred this week. In the Administrator's opinion, this project is one (1) that must be watched very carefully.

City Hall Renovation – Treasurer Suggs reviewed the changes to this schedule that were made to reflect Councilmember Buckhannon's recommendations; they are as follows:

- \$28,200 for demolition of the Building Department and rehabilitation of the site for parking were deferred in the FY11 budget and the funds went to Contingency;
- \$15,000 was added to the project to rehabilitate the building in order to lease it; and
- \$13,200, the remaining balance, has been taken out of the project budget.

An additional five thousand dollars (\$5,000) was for a privacy fence, but it was not in the project budget. It was in the FY11 budget.

Expenses for the project for February consisted of a fourth (4th) construction payment to Wilson and Associates and furnishings.

Mayor Cronin asked the Real Property Committee to work with staff to advertise the building and find a suitable tenant; Councilmember Loftus agreed to take on that responsibility.

5. Old Business – None

6. New Business

- A. Award of a contract to Smith Turf and Irrigation in the amount of \$11,270.32 for one (1) Workman MDX Ball Field Groomer.**

MOTION: Mayor Cronin moved to award the contract to Smith Turf and Irrigation as stated; Councilmember Duffy seconded and the motion PASSED UNANIMOUSLY.

- B. Award of a Contract to Carolina Sports Surfaces, Inc. in the amount of \$16,000 to resurface the tennis courts/basketball courts; Councilmember Bergwerf seconded.**

MOTION: Mayor Cronin moved to award the contract to Carolina Sports Surfaces as stated; Councilmember Berfwerf seconded.

Councilmember Loftus asked whether the City had gotten competitive bids for this work; Director Page reported that she had gotten a second (2nd) bid from Carolina Court Works in the amount of seventeen thousand nine hundred dollars (\$17,900).

VOTE: The motion PASSED UNANIMOUSLY.

- C. Award of a contract to Transworld Electrical Contractors, Inc. in the amount of \$2,750 to install power source for EMS vehicles.**

MOTION: Mayor Cronin moved to award a contract to Transworld Electrical Contractors as stated; Councilmember Bettelli seconded.

The Mayor indicated that this would be paid from the remaining building project fund. Additionally, Mayor Cronin stated that City wants to have EMS on the island as much as possible, especially “in season.”

Councilmember Bettelli noted that, by selecting the lowest bid, certain IOP Fire Department equipment will need to be relocated, but all agreed that any inconvenience was minor to accomplish the goal of having EMS available.

VOTE: The motion PASSED UNANIMOUSLY.

D. Approval of Change Order to Eadie's Construction in the amount of \$4,416.12 for a change in materials.

MOTION: Mayor Cronin moved to approve the Change Order as stated; Councilmember Duffy seconded.

Dave Stevens of Civil Site Environmental passed around a photograph of the area of concern and pointed out that a bike path covered the box; therefore, the situation was unknown before work began. The other photograph showed the conduits running through the box; in order to pass under these conduits the changing was made from one (1) a thirty-six inch (36 in.) pipe to two (2) twenty-four inch (24 in.) pipes that are ductile iron epoxy-coated on the inside for durability.

Administrator Tucker indicated that this is a time-sensitive issue because the box is in the check-in area of Wild Dunes at The Villages. When the City was granted the easement by Wild Dunes, the City agreed to start the project there so as to be out of the area before the heavy tourist season gets underway.

Councilmember Loftus expressed concern about the type of guarantee offered with pipe since the water passing through it would be brackish. Mr. Stevens assured him that this is the same type of pipe used in force mains and sewers which carry chemicals that are much more corrosive than salt water, and the typical guarantee is twenty (20) years. Mr. Stevens stated that he uses this pipe frequently for sewers.

VOTE: The motion PASSED UNANIMOUSLY.

Mr. Stevens took an additional minute to introduce Jason Milner, who is the project engineer for the City's drainage project and who may be called upon in the future to speak to Council about it.

Mr. Stevens also indicated that the most likely area for the project to incur problems is the discharge area and down Racquet Club Road.

E. Discussion of out-sourcing the counting functions of parking meter collections.

Treasurer Suggs referred the Committee to the memo included in meeting packets and re-capped its contents which summarizes the time-consuming processes whereby the ten (10) parking kiosks on Front Beach are emptied, the cash and coins are counted and the money is deposited to the bank.

Following discussions by the Committee that included who on staff would reconcile the bank deposits with the tapes from the individual kiosks and the fact that the auditors have requested this type of internal control for several years, the consensus was that the Treasurer should continue efforts to find an independent contractor to count and deposit parking meter money.

The City Administrator mentioned that the City would not recognize a reduction in personnel costs by taking this action, but the personnel would be using their time in actually carrying out the primary duties for which they were hired. For instance, Beach Services Officers (BSOs) would have more time to devote to parking issues on the island.

Administrator Tucker informed the Committee that the parking meters would become operational again on Thursday, March 17, 2011, St. Patrick's Day.

F. Review of FY 2011-2012 Operating Budgets

Mayor Cronin remarked that he had asked Administrator Tucker not to review the operating budgets on a line-by-line basis since they had already been discussed by the various committees of the City, but rather, spotlight the financial issues that are global to all departments.

Administrator Tucker made the following universal budget comments:

- Health Insurance – the budgets before the Committee include the actual rates as of July 1, 2011 and the projected rate increase for January 1, 2012;
- Wages and salaries – a pool of three percent (3%) has been established for performance-based increases for employees;
- Vehicle fuel and oil – the staff has conservatively estimated four dollars (\$4) per gallon for diesel and unleaded fuel, but this figure may need to be revised upward; and
- Long-term disability – the cost of this insurance is included in the premium from the State Health Plan.

Relative to the Marina budget, Administrator Tucker noted that, when the Real Property Committee had reviewed this budget, the figures populating the "FY 2010-2011 Actual" column been the numbers from the prior year; the budget, as presented here, has the corrected amount. Staff also made adjustments based on inquiries from the Committee; those changes are as follows:

Marina – General & Administrative

	<u>Original</u>	<u>Amended to</u>
Maintenance and Service Contracts	10,000	2,500
Advertising	10,000	5,000
Miscellaneous	2,500	1,000

In the Marina Operations section, the five thousand dollars (\$5,000) for advertising represents a contractual agreement through the marina lease.

On the subject of ongoing work, Administrator Tucker stated staff is getting quotes on the costs of elevator maintenance City-wide, and alternate pricing is also being acquired on cleaning services for City Hall and the Building Department since there has not been a change since 2004. Line-item specifics requested by various committees will be available for the April meetings.

In the months after moving into the Public Safety Building, staff commented that the utility bills were unbelievably low for a building of its size; SCE&G was questioned, came out to check the meter and declared everything in order. The exceedingly low bills continued, as did staff's concerns about receiving an exorbitant back-billing; therefore, another inquiry to SCE&G was placed resulting in the discovery of a faulty meter. Based on this information, the budgets for "Electricity and Gas" have been revised based on the usage at Fire Station 2; by this time next year, a year's actual data will be available for budgeting. Administrator Tucker noted that SCE&G does have a record of the original inquiry and its subsequent statement that no problem existed, so the staff does anticipate that to be a consideration on any back-billing generated by SCE&G.

The Building and Planning Department's budget indicates an increase because it includes a pro-rata share of City Hall expenses plus any expenses relative to the old building until such time as it is leased.

Councilmember Loftus suggested lowering the proposed FY12 budget amounts in the following line items based on the actual amount spent in FY10, the year-to-date expenditures in FY11 and the projected FY12 budget:

Mayor and Council

- Vehicle fuel and oil
- Miscellaneous and contingency
- Citizens and employee services

General Government

- Printing and office supplies
- Advertising
- Employee training – Excel training re-budgeted and evaluate tuition reimbursement, per Administrator Tucker
- Professional services

Fire Department

- Non-capital tools and equipment
- Miscellaneous and contingency

Public Works Department

- Street signs – close to \$3,000 in signs on order/to be ordered per Director Pitts
- Professional service
- Employee training
- Miscellaneous and contingency

Building and Planning Department

Non-capital tools and equipment

Cleaning and sanitary supplies – allocation of combined purchases, per Administrator

Medical and lab – allocation of combined purchases, per Administrator

Uniforms

Recreation Department/Programs/Instructor Expense

Special Activities/Events – new programs being added constant, per Director Page

Marina/General & Administrative

Miscellaneous

Administrator Tucker stated that staff would audit each account referenced by Councilmember Loftus to ascertain whether reductions for FY12 were feasible.

Councilmember Bergwerf questioned that the cost of cleaning was the same for the Fire and Police Departments when the Fire Department has two (2) buildings to be cleaned.

Administrator Tucker informed that Committee that General Government had been able to relocate the files from the off-site storage units to the space acquired in the City Hall renovations, thus eliminating that expense. Councilmember Loftus asked whether the Building Department had moved out of its off-site storage; the Administrator stated that she would look into it.

7. Miscellaneous Business

Mayor Cronin queried the Committee about the possibility of holding the annual budget workshop as a part of the April Ways and Means Committee meeting on April 19; the Committee agreed with the date and time.

The Mayor reported that Sullivan's Island's City Hall has succumbed to the problematic mold that plagued the old fire station here; they are being forced out the building as they investigate the appropriate solution. As a result, they have inquired about using the Council Chambers for their twice monthly municipal court hearings; assuming that the City can assist without its being disruptive or burdensome, it intends to do so.

Next Meeting Date: 5:45 p.m., Tuesday, April 19, 2011.

8. Adjourn

MOTION: Councilmember Bettelli moved to adjourn the meeting at 7:10 p.m.; Councilmember Bergwerf seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk