

WAYS AND MEANS COMMITTEE
5:45 p.m., Wednesday, April 15, 2009

The Ways and Means Committee held its regular meeting at 5:45 p.m., Wednesday, April 15, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the Committee were Council members Bettelli, Buckhannon, Duffy, Loftus, Piening, Rice, Mayor Cronin, Chairman Taylor, Administrator Tucker, Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. There was a quorum present to conduct business.

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

2. Approval of Previous Meeting's Minutes

MOTION: Councilman Bettelli moved to approve the minutes of the regular meeting of March 12, 2009 as submitted; Mayor Cronin seconded.

Councilman Duffy amended the minutes to reflect that he was absent from that meeting due to a medical emergency.

Call for the Question: The motion PASSED UNANIMOUSLY to approve the minutes as amended.

3. Citizens Comments

Administrator Tucker referenced an email she had sent to the Committee about the following addition to the agenda; she then apologized to George Gross and Lynn Stonesifer of the IOP Water and Sewer Commission for the mix-up in the date of this meeting and the burden it put upon them to be prepared for tonight's meeting. The Administrator introduced John Rosen of the McNair Law Firm who would be making the presentation to the Committee on the behalf of the Commission.

Mr. Rosen stated that he was requesting that the Ways and Means Committee give a favorable recommendation to City Council to pass an ordinance to refinance two (2) series of bonds for the IOP Water and Sewer Commission that would result in cost savings of three hundred thousand dollars (\$300,000).

Councilman Taylor explained that, since there would not be any meetings before the Council meeting, Council members should feel free to contact Mr. Gross or Ms. Stonesifer about the bond refinancing.

Councilwoman Rice asked that what the Commission was planning to do with the savings from the bond refinancing. Mr. Rosen commented that he understood that the funds would be used for continuing capital projects. Mr. Gross stated that the money would be used toward capital projects and should offset any rate increases.

Councilwoman Rice then asked if there were future plans to remove the water tower. Mr. Gross responded that there were unresolved issues there, but the removal is in the long-range capital improvements plan.

MOTION: Councilwoman Rice moved to recommend the passage of an ordinance to allow for the refinancing of two (2) series of bonds for the IOP Water and Sewer Commission; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

4. Financial Statement – Treasurer Suggs

The financial statement presented was through the month of March 2009, and Treasurer Suggs stated that she was going to keep her comments to the bare minimum because of the budget workshop to be held later in the meeting. She reported that there were two (2) good signs that were not reflected in the March statement; they were as follows:

1. The City has received \$450,000 as the final Property Tax collection from Charleston County; considerably more than in 2008; with a good possibility of additional revenue.
2. The City has received \$150,000 from Wild Dunes for Business License fees associated with the sale of units in The Village.

Committee members were directed to page 17 of the statement, where revenues were reflected. For Property Taxes, she stated that the City, typically, received two hundred thousand dollars (\$200,000) between now and June 30, thereby producing additional revenue.

Treasurer Suggs noted that expenditures were eight percent (8%) under budget, but she reminded the Committee that there are expenditures that are paid twice per year that remain to be paid for FY 2009. The Fire Department continues to be over budget due to overtime, a portion of which cannot be avoided due to shift rotations.

The Treasurer noted that interest rates continue to be very low – at BB&T the rate is 0.4%, while it is 0.5678% at LGIP. She informed the Committee that the City has purchased a two hundred fifty thousand dollar (\$250,000) CD from First Federal that pays three percent (3%); it was purchased with Disaster Recovery Funds.

The tourism -elated funds were the next topic; Treasurer Suggs reported the following:

- 1) State Accommodations Taxes were at 63% of budget and less than 1% lower than 2008;
- 2) Municipal Accommodations Taxes were at 56% of budget with 5 months to collect and less than 1% lower than 2008;
- 3) Hospitality Taxes were at 49% of budget with 4 months to collect and 1% higher than 2008.

The schedules on the three (3) capital projects that are in progress reflected the following:

- Beach Restoration – only small expenditures in March 2009;
- Bulkhead Replacement – no invoices received in March 2009; expecting large final invoice from Misener.
- Public Safety Building – 9th request for payment from Mashburn for \$956,630; impact fees to IOP Water and Sewer for \$39,000; and the costs for up-fitting the building that have run through this Committee.

5. Old Business - None

6. New Business

Administrator Tucker explained that she had asked Assistant Dziuban to cover these items on the agenda in an effort to preserve her voice for the review of the City's capital and operating budgets.

A. Recommendations from the Public Safety Committee

1. Award of contract to Nuvox for city-wide phone service in the amount of \$32,149.20

Assistant Dziuban reported that originally Chief Buckhannon sought bids for telephone service for only the Public Safety Building, but soon learned that he could save the City money by seeking bids for phone service for all City Departments. Chief Buckhannon noted that the purchase of service was not a part of the budget for the Public Safety Building because it is a monthly payment that will be on-going after the construction is completed.

2. Award of Contract to Home for telephones for the Public Safety Building in the amount of \$13, 878.10

This bid represents the hardware that includes forty-nine (49) individual telephones.

3. Award of Contract to Technology Solutions for networking services for the Public Safety Building in the amount of \$22,263.03

Assistant Dziuban commented that this bid represents the cost of networking the telephone system not only in the Public Safety Building, but also with City Hall, the Building Department, Public Works and Fire Station 2. Chief Buckhannon stated that this bid was originally for the Public Safety Building alone, but he learned that it was possible to tie the phone system between the new building and City Hall. City Hall had budgeted for a new phone system in FY 10, but that expense could be eliminated through the tie-in available with the MPLS system for only about five thousand dollars (\$5,000). The only City department that will not be in this network is the Recreation Department.

Mayor Cronin asked if the City was going to save money with telephone service being proposed, and Chief Buckhannon stated that it was a savings of approximately two hundred dollars (\$200) a month not including the Public Safety Building.

Chief Buckhannon explained that the networking contract is not an annual contract, but a contract for a block of hours, specifically one hundred (100) hours, and equipment necessary, such as server, routers, etc. The majority of the time would be used to set up the domain architecture with active directory setup, and the balance, for workstation setup; he is confident that this is enough hours to accomplish the task.

Councilman Buckhannon brought to the Committee's attention that the contract with Technology Solutions is a setup charge and that it does not include maintenance or service after the fact. He acknowledged that Chief Buckhannon has saved the City a good deal of money by servicing the computer equipment over the years and that the City will need to find a vendor to provide that service when the Chief retires.

Councilman Loftus was interested to know if the service would be done in phases with the Public Safety Building being first and City Hall after the renovations and the Building Department has taken residence. Chief Buckhannon answered that, with the MPLS system, the entire system will go live at the same time.

Mayor Cronin sought confirmation that Chief Buckhannon had spoken with Mount Pleasant city government to ensure that they were satisfied with the MPLS service and

the services provided by Technology Solutions. The Chief reported that he had spoken with them extensively, both the Police and the IT Departments, to learn that they were very pleased with both; he also stated that he has successfully worked with Technology Solutions in the past on other projects.

MOTION: Councilman Buckhannon moved to award contracts to Nuvox for city-wide phone service in the amount of \$32,149.20, to Home for telephone equipment in the amount of \$13,878.10 and to Technology Solutions for networking services in the amount of \$22,263.03; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

B. Recommendations from Accommodations Tax Advisory Committee

1. \$7,500 for the Isle of Palms Connector Walk and Run

Assistant Dziuban recognized that Kevin Campbell, member of the Board of Directors for the event, was present for the meeting. This request was one that has come before the Committee annually, and it is in the same amount that was requested in 2008. She reminded the Committee that ten percent (10%) of the proceeds are returned to the IOP Recreation Center for child-related activities.

MOTION: Councilman Bettelli moved to approve \$7,500 for the Isle of Palms Connector Walk and Run; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

2. \$3,000 to Marina Joint Ventures for Celebration of 10th Anniversary of the City's ownership of the marina

Assistant Dziuban noted that this event was also to showcase the new bulkhead at the marina.

MOTION: Councilwoman Rice moved to approve \$3,000 for Marina Joint Ventures for the celebration of the 10th anniversary of the City's ownership of the marina; Councilman Loftus seconded.

Councilman Piening asked what the money was to be used for; Councilwoman Rice stated that she had spoken with Marina Manager Berrigan who told her that there would be live music, a jump castle and many other activities for the children, as well as a pig-pickin with all the trimmings. Carla Pope of Morgan Creek Grill was in the audience and added that all of the marina tenants would be pooling their services and their funds to make the event a success. The celebration is scheduled for May 3 and the rain date is May 31, 2009.

Call for the Question: The motion PASSED UNANIMOUSLY.

C. Recommendation from the Real Property Committee

Award to TidalWave in an amount not to exceed \$3,000 for repairs to the TidalWave dock from the FY 2008-2009 budget.

Assistant Dziuban explained that the TidalWave dock had significant wear and tear, and some of the floats were missing. There could be safety concerns if the repairs are not done. To that end, Treasurer Suggs noted that five thousand dollars (\$5,000) was in the FY 2008-2009 budget earmarked for *Maintenance and Service* of the TidalWave docks that has not be spent and could be used to fund this request.

Councilman Taylor explained that this was part of the on-going reserve for repairs; therefore, it was a qualified expense.

MOTION: Mayor Cronin moved to approve up to \$3,000 to TidalWave for repairs to the dock; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

D. Recommendation from the Personnel Committee

Approval of one-time adjustment for firefighters in the amount of \$11,250 for FY 2009-2010

Assistant Dziuban explained that, when salaries were adjusted in 2008, the job category of firefighter was not included for budgetary reasons. The recommendation for a one-time adjustment to the firefighters came to Personnel from the Public Safety Committee; if approved, it will bring the hourly wage for firefighters to \$9.37 and keep the City competitive with surrounding areas.

MOTION: Councilman Buckhannon moved to approve a one-time adjustment for firefighters in the amount of \$11,250; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

E. Award of Contracts in Excess of \$10,000

Due to progress being made in the construction of the Public Safety Building, these two (2) requests were not made to the Public Safety Committee, but have come directly to the Ways and Means Committee for approval to keep the project on schedule.

1. To Fitness Resource for gym equipment in the amount of \$24,446.56 for the Public Safety Building

Assistant Dziuban informed the Committee that the price on the agenda was incorrect; the City had gone back to the vendor and successfully negotiated a lower price of \$22,497.02. The equipment is commercial grade, is consistent with the equipment at Fire Station 2 and will be available to all City employees. Councilman Buckhannon noted that this was a budgeted item for the building.

Councilman Loftus asked if there had been multiple bids for the equipment; Assistant Dziuban responded that three (3) bids had been solicited, but only two (2) vendors had submitted bids. One (1) of these two (2) had been judged to have quoted some equipment that was not commercial grade, and Chief Graham was of the opinion that the equipment should be commercial grade to withstand the amount of use it would receive.

Councilman Buckhannon commented on the high level of service that this company has provided the City.

MOTION: Councilman Buckhannon moved to award the contract to Fitness Resource for gym equipment for the Public Safety Building in the amount of \$22,497.02; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

2. To Mobile Communications for sound amplifying system for radio equipment in the amount of \$19,164.42 for the Public Safety Building.

Assistant Dziuban related that this equipment was for sound amplification within the building, and it was also included in the construction budget. Chief Graham added that this equipment is not in any way involved with the radio issues the City has been experiencing with Motorola.

In response to Councilman Taylor's question about the status of the radios and Charleston County, Chief Graham reported that she had learned that Motorola had concluded recently that Isle of Palms was getting overshot from other areas. The solution to that problem is to replace the antennas with antennas that point down rather than across. She informed the Committee that the Six Mile site had been operational for nearly a month, but the City continues to have problems that are relayed to Charleston County on a daily basis. Chief Graham stated, that when the new antennas are running, she plans to observe an evaluation period of a couple of weeks.

She responded to the Mayor's question that the equipment being proposed here is almost identical to what is at Fire Station 2, and she assured him that it was working well.

Councilman Duffy stated that the wording on the quote of its being a "rough quote" made him uncomfortable. Chief Graham explained that the radio shop had been especially busy and that they had not been able to price out every piece of equipment, but she said she would anticipate the price to go down, not up. Based on her response, the committee decided to go with a "not to exceed" motion. Chief Graham added that the equipment was being purchased under state contract pricing.

MOTION: Councilman Bettelli moved to award a contract to Mobile Communications in the amount of \$19,164.42 for sound amplifying system for the radio equipment in the Public Safety Building; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

(At this time, the Committee took a break to eat before proceeding with the budget workshop.)

F. Budget Workshop for FY 2009-2010, Capital and Operating Budgets

Councilman Taylor thanked the staff, department managers and Council for the hard work that has been put in to-date in this difficult budget year, and he commented again that the City was in better shape than many other municipalities in the area. He reflected on the Treasurer's indications that there will be a surplus in the General Fund at year-end and the possibility of folding items into the FY 2008-2009 budget.

Administrator Tucker initiated her comments with thanks to Treasurer Suggs and to the department managers who approached the budget in the conservative manner in which they did.

By way of an overview, the Administrator covered the following items that were related to the budget:

- Reduction to ATAX funds of fifteen percent (15%) based on consultation with the Charleston Visitors Bureau;
- Adjustments to the millage of the allowed CPI index of 3.8 percent and for debt service;
- Reallocation of some expense items to present a balanced budget, i.e. salaries of the Livability Officer and part-time Animal Control Officer to Hospitality Fund from the General Fund;

- Capital Projects, State ATAX, Municipal Accommodations Tax now fund items that are on-going and planned replacements from their fund balances;
- Reduction to the proposed COLA to one percent (1%);
- The effects of the closure of the incinerator are **not** reflected in this budget;
- Adjustment and re-allocation of expenses of the Police Department moving out of City Hall, Police and Fire Department moving into the Public Safety Building and the timing of those expenses, as well as the Building Department moving into City Hall;
- Inclusion of the one-time adjustment for firefighters; and
- Removal of any contingency items that previously were reflected in the individual marina expenses; they become the responsibility of the tenants.

As the Administrator continued, she commented on the following items that could be considered as changes or for postponement:

- Real Property discussion of dredging in FY 2010-2011 and only pursuing engineering, design and permitting for dredging in this budget year;
- As the Public Safety Building and the bulkhead projects wind down, if there are funds leftover, the City can reallocate these funds, possibly, to pay for items considered to be removed from the budget.
- Based on actions taken earlier on the phone system, the telephone system expense for City Hall can be greatly reduced;
- The Victim's Advocate Fund could pay for one (1) of the police cars;
- There is three thousand dollars (\$3,000) in the FY 2009-2010 budget for repairs to the TidalWave dock which will now be paid from the current year's budget;
- If fuel costs continue to trend downward, there may be savings in that category; and
- Chief Buckhannon has determined that the use of a repeater for the Police Department is not practical, and there are funds in the current budget for that purpose. The current year's expense for the Police Department could be moved over to the Fire Department to eliminate the expense from the proposed budget.

Administrator Tucker explained that, since the expenses had been reviewed by the individual Committees several times, she would spend more time with the Revenue side of the budget. The first three (3) lines of revenues all relate to millage; the current millage is 22.4, which was passed last year. Of that, 19.3 is related to operating and the balance is related to portions of the debt service on the Recreation building and the Public Safety Building. She explained that a municipality is allowed to increase its millage to pay for debt service; this budget proposes increasing the millage to cover debt service on Fire Station 2 and the bulkhead – 0.2 mills for Fire Station 2 and 0.4

mills for the bulkhead. The resulting millage is 23.5 to be advertised prior to the Public Hearing on the budget in May; the millage includes the 3.8 Consumer Price Index (CPI) increase, debt service already included and the additional debt service of the bulkhead and Fire Station 2.

Councilman Loftus asked for confirmation that the millage increase proposed is 5.9%; the Administrator stated that he was correct. Administrator Tucker noted that debt service millage is segregated from operating millage on property tax bills.

The Administrator explained that state law restricts millage increases; an increase is only allowed for debt service, the CPI or funding of a prior year's deficit. She added that she would not recommend that the City run a deficit to be repaid through a millage increase in FY2010-2011.

Continuing with the revenues, Administrator Tucker reported that Local Option Sales Taxes are estimated to be only slightly less than this year; telecommunications is considered a stable revenue source. There is a decrease in *Business License Fees* because the fees are a function of construction on the island related to permitting. Based on actual receipts, *Insurance License Fees* have trended upward; many residents have received notices from their insurance carriers stating that they must get new insurance at a higher premium resulting in more revenue for the City. There is a reduction in *Building Permits and Fees* based on actual revenue. Administrator Tucker corrected the last twelve (12) months' revenue on *Residential Rental Licenses* to four hundred forty-eight thousand dollars (\$448,000); based on the actual, this line item has been increased. She indicated that *Court Generated Revenue* is down and could possibly be attributed to one (1) of the following reasons: 1) people have learned their lessons or 2) the City has not had a full complement of personnel in the Police Department. The Administrator related that the cost to Sullivan's Island for dispatch services is increased each year by the CPI. This budget assumes that the State legislature will proceed with action to reduce *State Shared Funds*; the budgeted amount reflects a seventeen percent (17%) decrease, but the City is hopeful that the actual decrease will not be that large. With the new contract on the City-owned parking lots, that revenue has been decreased accordingly. *Parking Meter Revenue* has declined, and the only way to ensure an increase in revenue would be to increase fees. The final three (3) entries reflect the *Transfers In* from other funds that were discussed earlier: 1) two (2) Beach Services Officers are paid by Municipal Accommodations Fees; 2) two (2) Beach Services Officers, the Livability Officer and part-time Animal Control Officer are paid from Hospitality Taxes; and 3) half of the cost of temporary labor will come from Municipal Accommodations Fees. The revenue section of the budget shows a one percent (1) increase over the current year's budget.

Chairman Taylor repeated the fact that the proposed budget is a very conservative one. He added that there were decisions to be made about the contingency fee for the Public Safety Building and dredging. He praised the staff for their efforts, and he expressed his opinion that they had arrived at solid revenue numbers.

Councilman Loftus inquired of Director Kerr if the number of rental licenses had increased in the last year. In responding, Director Kerr explained that the majority of the rental license rate is fixed; therefore, if the number of rental licenses remains stable, there would not be a large impact on the revenue if the homes did not generate as much revenue. Councilman Loftus restated that his question was if the number of rental units on the island had decreased in the last year; Director Kerr answered that they had not.

Chairman Taylor related that the subject of rental licenses had been discussed earlier and the conclusion was that, as the cost of living increases on the island, specifically insurance, the trend may be people having to recuperate some of the costs of the second home at the beach by allowing these homes to become rental properties. On the other hand, there may be some who feel that, since rentals are down, they cannot justify renting their homes this year. Administrator Tucker reported that, as the season is just beginning, officers have already found two (2) residences that were not in the rental license pool who are renting their homes.

Councilman Loftus expressed his opinion that the *Sale of Assets* figure was lower than he had expected to see; he referred to an incentive for the approval of the new fire truck purchase that was the resale of the existing fire truck, which appears to be only twenty-five thousand dollars (\$25,000). Treasurer Suggs stated that she had used a figure of twenty-seven thousand dollars (\$27,000); Chief Graham indicated that she had been offered twenty-five thousand dollars (\$25,000), which was what she had anticipated on a twenty (20) year old truck.

Treasurer Suggs had been calculating the impact of the millage increase, and the results were that on a house valued at seven hundred fifty thousand dollars (\$750,000) taxed at four percent (4%) the increase to the taxes would be thirty-nine dollars (\$39) per year. On the same home assessed at six percent (6%), the increase would be fifty-eight dollars fifty cents (\$58.50) per year.

Mayor Cronin commented on the increase to *Insurance License Fees*; having researched this number, Treasurer Suggs reported that the insurers pay on revenues greater than two hundred thousand dollars (\$200,000) at a rate of two percent (2%) and that health insurance providers are included at three quarters of a percent (0.75%) rate. She noted that there had been a significant increase to the South Carolina Wind and

Hail pool, which represents the biggest increase between 2007 and 2008. She stated that she was comfortable with the projected increase in revenue.

The Committee moved on to the department operating budgets for discussion.

Mayor and Council

The question was asked again about the amount budgeted for *Meetings and Seminars*; Administrator Tucker stated that a "head-count" had been done related to the members of Council who would be attending the MASC annual meeting and a number of members plan to attend.

General Government

The purchase of a new telephone system is in the capital budget, but telephone service is included in the operating budget. The Treasurer commented that the service indicated here is based on the existing expense, and there could be some reduction with the new contract.

Chairman Taylor broached the subject of City Council going paperless through the purchase of laptops for the members. He reflected on per copy cost, and Administrator Tucker added staff time spent copying and collating meeting packets. The subject did not meet with any resistance from the Committee members. Chairman Taylor noted that going paperless would be a cost savings to the City and environmentally friendly. Mayor Cronin stated that he would like to see a schedule indicating where cost-savings would occur.

Councilwoman Rice stated that there would be some information that she would prefer to have printed, for instance, the budget schedules.

Police Department

Councilwoman Rice asked if the City planned to employ the same number of Beach Services Officers as it has in the past or if there was any reduction in hours contemplated. The Administrator answered that no reduction was considered.

Fire Department

Councilman Duffy asked if the salary line included overtime; Treasurer Suggs responded that basic overtime was included. Administrator Tucker explained that Treasurer Suggs, Chief Graham and she had learned that overtime had been underestimated in the past, because there is six percent (6%) overtime in the Fire Department

if everyone comes to work and leaves exactly on time and no one misses a day for vacation or sickness. The Administrator explained that they plugged in the time worked on a shift calendar; the result was, at the end of a two (2) week pay period, a shift's time normally includes overtime adhering to all of the applicable labor laws. When there is an absence, additional overtime is incurred to fully staff the shift; this is the component between six percent (6%) and eleven percent (11%) for overtime for covering shifts. The Administrator reported that no military time is anticipated for the coming year.

Public Works

Administrator Tucker noted that this budget does not include any additional personnel or trucks to deal with the possibility of the incinerator closing; Chairman Taylor stated that this budget would be impacted for six (6) months should the incinerator close at the end of the calendar year. The Administrator informed the Committee that the Treasurer had prepared some preliminary numbers to determine the impact of the closure on the budget that, again, do not include additional personnel or new equipment; rough calculations based on going only to Bees Ferry show an increase of twenty thousand dollars (\$20,000) that includes personnel costs, increased vehicle maintenance and fuel costs.

Councilwoman Rice introduced a concept that she called extreme composting on the lots behind City Hall and the creek; if it were possible, the City could save a great deal of money. Administrator Tucker said she would look into it and determine if there would be a permitting issue. Councilman Buckhannon anticipated issues with such a plan only one hundred yards from the IntraCoastal Waterway.

Mayor Cronin remarked that an unknown in the equation is how much time will be spent waiting in line once everyone is going to Bees Ferry; the fact that the City is likely the farthest away will mean either longer waits or shorter waits. Director Pitts inserted that there were times when being last was good, but that it would cause the Public Works Department to incur overtime.

Councilman Duffy suggested that a contingency line be added to the budget for the additional expense the City would experience with the closing of the incinerator.

Councilman Loftus explained the issue he had with the fuel cost estimates being less than they were two (2) years ago and that the estimate in the FY 2009-2010 budget is too low. The Administrator and Treasurer agreed to check the calculations before the City Council meeting.

Mayor Cronin suggested that there was an excessive amount budgeted for fuel when the estimates were based on twice the most recent purchase price; he noted that a

reduction of fifty cents (\$0.50) per gallon on the total of ninety-seven thousand (97,000) consumed by the City would equate to a savings of close to fifty thousand dollars (\$50,000).

Building Department – no discussion

Recreation Department – no discussion

Judicial and Legal

Administrator Tucker stated that based on actual expenses over the past twelve (12) months, *Professional Services* has been reduced substantially to thirty-eight thousand dollars (\$38,000).

Parking Meter Department – no discussion

As presented, the FY 2009-2010 Operating Budget was balanced once the projected surplus of \$32,177 was transferred to the Capital Projects fund. Administrator Tucker noted that the Capital Projects fund is funded by General Fund surpluses.

Capital Projects

Capital Projects Fund Revenues

Revenues shown were a recreation grant that the City has routinely received, interest income and the surplus of \$32,177 predicted from the budget presented.

Capital Projects Expenditures

General Government

Included in the portion of the Public Safety Building bond to be used for the renovation of City Hall is the twenty thousand dollars (\$20,000) for a new telephone system that will be reduced based on actions taken earlier.

Police Department

The capital outlay by the Police Department will be reduced by twenty-three thousand dollars (\$23,000) because one (1) vehicle will be funded from the Victim's Advocacy funds; Treasurer Suggs reported that there is a balance of one hundred thirty-three thousand dollars (\$133,000) in the Victim's Advocacy fund. Chief Buckhannon informed

the Committee that he had contacted the state Victim's Advocacy Office in Columbia to validate that the funds could be used in this way.

Fire Department – no discussion

Public Works Department – no discussion

Building Department

Administrator Tucker pointed out that there was seven thousand five hundred dollars (\$7,500) in this budget for the City Hall telephone system; the number will be significantly reduced to purchase only equipment.

Recreation Department

The annual reserve of one hundred fifty thousand dollars (\$150,000) to reconfigure the ball fields is included.

The Administrator reported that the Capital Projects fund, as presented here, ends the year with a deficit of \$542,228, which the City would fund with existing fund balance. She asked the Committee if they wanted to reserve the amount for the reconfiguration of the ball fields this year or eliminate it to reduce the amount of the shortfall; she commented that it is a reservation of balances, not an actual expenditure. Mayor Cronin and Councilman Loftus expressed the need to eliminate it for this budget year. Administrator Tucker remarked that, if the City were to replace money into the Capital Projects funds that had been earmarked from the Public Safety Building and the bulkhead replacement, this reserve could be done at mid-year. Following discussion, the majority of the Committee agreed to eliminate the reserve for FY 2009-2010.

Municipal Accommodations Fee – Revenue, Transfers and Expenditures

As stated earlier in the meeting, the Administrator reported that revenue estimates had been reduced by fifteen percent (15%).

In the expense area, the expense of three thousand dollars (\$3,000) for the TidalWave docks can be eliminated since the repairs will be funded from the current budget.

General Government

Administrator Tucker noted that thirty-seven thousand five hundred dollars (\$37,500) was being earmarked to put utility lines underground, but that no project has been identified. This represents half of the cost, the other half coming from Hospitality Taxes.

Mayor Cronin expressed his opinion that seventy-five thousand dollars (\$75,000) was a large amount of money to set aside from a project that had not yet been identified.

Councilwoman Rice related conversations she had with personnel at the Charleston Visitors Bureau who had stated that a reduction of fifteen percent (15%) was “incredibly” conservative; she was told that they actually anticipate a reduction of seven percent (7%).

The bottom line on Municipal Accommodation Fees is a shortfall of \$87,275 with the changes considered, which will be funded with prior years’ cumulative surpluses.

Councilman Duffy questioned that the Rover service that located persons who had not paid their tickets was paying for itself; Treasurer Suggs reported that ticket revenue for the year runs seventy thousand dollars (\$70,000).

Hospitality Tax Fund Revenue, Transfers and Expenditures

Like the other tourism revenue funds, the Hospitality Tax revenue estimate has been reduced by fifteen percent (15%).

The area for transfer shows half of the cost of dredging, one hundred fifty thousand dollars (\$150,000), coming from this fund, which could be reduced leaving only enough for engineering, design and permitting. Chairman Taylor related to the Committee that the spoil site used before is in need of unspecified repairs at an unknown cost, and the City is looking to contract with a different engineering group. Administrator Tucker suggested leaving one hundred thousand dollars (\$100,000) in total in the budget for the purposes stated above.

The other half of the funds to place utility lines underground is in the expenditures from this fund, and it has been eliminated. Treasurer Suggs commented that this was the repeater she would take out of the budget.

The year-end deficit is \$101,353 with the changes taken into account; the shortfall will be funded from cumulative surpluses from prior years.

Councilwoman Rice asked if the Ford F150 for the Public Works Department could be a more fuel-efficient vehicle. Director Pitts stated that it was a four-wheel drive for Beach Services, like removing umbrellas from the beach. Administrator Tucker stated that, when the Department prepare to make the purchase, it will research its options carefully.

Volunteer Fire 1% Fund Revenues and Expenditures

Administrator Tucker informed the Committee that the City Council did not decide spending from the fund, but that the expenditures had to meet state guidelines.

This fund is generated from one percent (1%) of the insurance premiums that residents state-wide pay for property insurance; the IOP Fire Department uses a large percentage of its funds for additional insurance for the firefighters. Chief Graham added that any firefighter could make a suggestion for the use of the money, but that fifty percent (50%) of the staff had to approve it, and that the Mayor, City Administrator and Treasurer sign off on the request that it is in compliance with the rules that govern the fund.

State Accommodations Taxes Revenues, Transfers and Expenditures

In the section for *Transfers*, the first entry is a reserve of one hundred thousand dollars (\$100,000) that is equally split between ongoing beach monitoring/long-term beach management and a reserve for future restoration efforts. Administrator Tucker noted that this may be a year when putting these funds in reserve is not possible.

Chairman Taylor recommended eliminating the reserve and leaving the fifty thousand dollars (\$50,000) for monitoring; Mayor Cronin agreed.

The balance of funds for dredging appeared as a transfer and that figure was cut earlier to fifty thousand dollars (\$50,000).

Councilman Loftus suggested that, instead of buying t-shirts for the staff working the fireworks on July 4th, the Fire Department investigate purchasing re-usable bibs. The balance of items in the expenditures area are on-going, annual purchases or payments, but Administrator Tucker did direct attention to thirty thousand dollars (\$30,000) under *Public Restrooms/Front Beach Area Maintenance* earmarked for skylight removal and roof repair for the Public Restrooms. Administrator Tucker stated that efforts will be made to get estimates for both repair and replacement of the roof for the April Council meeting; she reported that the roof is in such disrepair that it is degrading the rest of the structure.

Considering the items that were reduced, the short fall of \$186,862 will be funded from cumulative surpluses from prior years.

Beach Restoration Fund

The only change to this fund is the elimination of fifty thousand dollars (\$50,000) for the reserve for future beach restoration projects.

Disaster Recovery Fund

The only entry to this budget is the interest income.

Victims Assistance Fund Revenues and Expenditures

This is the fund that will finance one (1) police vehicle if Council approves; the normal expenses are minor ones.

Plant-a-Palm/Aisle of Palms Fund

Administrator Tucker explained that she had been asked several years ago to get a plaque recognizing all of the residents who had worked tirelessly to solicit the funds to get the power lines underground and to plant the palms trees along Palm Boulevard between 21st and 41st Avenue. Efforts to get all of the names then to ensure the correct spelling of each turned into a project itself; she added that, as more important City business appeared on her desk, this project was put aside. The Administrator is of the opinion that all of the information has been acquired and the City is ready to proceed with ordering the plaque and to have the unveiling of the marker at the twentieth anniversary of Hurricane Hugo. There was a consensus amount the Committee members to leave the plaque in the budget.

Marina Fund Revenues, Transfer and Expenditures

The Administrator explained that the rents that appear are estimates based on current leases and rents; she related that the marina management RFP will be going out for bid imminently so the revenue line could be altered. In the *Transfers* section, the funds allotted to the WaveRunner docks can be removed since the repairs to the dock will be paid from the current year budget.

Mayor Cronin reminded the Committee members that they were in receipt of the marina RFP and asked if anyone had submitted comments to the Administrator by today. There were members of the Committee who wanted to discuss the RFP, so a special meeting of the Real Property Committee was set for 6:00 p.m., Tuesday, April 28 before the City Council meeting; Council members were asked to submit their questions and comments to the City Administrator in advance so that appropriate responses could be prepared to hold a productive meeting.

Administrator Tucker recounted that expenses related to equipment maintenance and service contracts have been passed to the tenants thereby adhering to the tenant responsibilities identified in the individual leases and reducing the marina expenses for the City by several thousand dollars.

The Administrator concluded that the Marina Fund does not end the year with a deficit.

The remaining pages included in the budget recapitulate which funds pay for capital, debt service and other major expenses, as well as provide a snapshot of the bonded indebtedness of the City.

Chairman Taylor summarized the significant changes made to the budget during the meeting as totaling around five hundred thousand dollars (\$500,000). He stated that the changes discussed will be reflected in the budget that is presented to Council on April 28; Administrator Tucker added that the figures resulting from this meeting would be the amounts advertised, according to state law, for the public hearing on May 19, 2009.

Councilman Loftus asked whether the need still existed for the millage increase considering the reductions made at this meeting. Treasurer Suggs pointed out that the changes had been made primarily to Capital expenditures, not the General Fund which is where the millage applies.

Mayor Cronin noted that, with the millage increase and the anticipated surplus from FY 2008-2009, there may not be the need to go into Fund Balances; he also indicated that, comparing the 07-08 actual to the proposed budget, the increase in property taxes actually pays for the increase in salaries.

7. Miscellaneous Business - None

8. Executive Session to discuss personnel matters

MOTION: Chairman Taylor moved to go into Executive Session at 9:30 p.m. to discuss personnel matters; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

The Ways and Means Committee returned to regular session at 10:19 p.m. with Chairman Taylor reporting that no action and no votes had been taken in Executive Session.

9. Adjourn

MOTION: Councilman Bettelli moved to adjourn at 10:20 p.m.; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

Marie Copeland
City Clerk