

WAYS AND MEANS COMMITTEE

Isle of Palms, South Carolina

May 15, 2007

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, May 15, 2007 at the City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Present were Chairman Taylor and Council members Sottile, Bettelli, Buckhannon, Cronin, Hanbury, Marino, McMackin, and Rice, as well as City Administrator Tucker and City Clerk Copeland.

1. **Call to Order.** Councilman Taylor called the meeting to order and stated that members of the press and the public had been duly notified in accordance with State law.

2. **Approval of Previous Month's Minutes.**

Councilwoman Hanbury presented the Committee members with her corrections for the meeting of April 17, 2007. The approval of the minutes was postponed until the next meeting.

3. **Citizens Comments.** There were no citizen's comments.

4. **Financial Statement** – Debbie Suggs, City Treasurer

Treasurer Suggs directed the Committee's attention to the April, 2007 Financial Statement and commented that, being ten (10) months into the year, the target is 83%, yet revenues collections for the General Fund stand at 86%. Committee members were asked to turn to page 16 where Treasurer Suggs voiced her pleasure that January property taxes had come in very strong; she added that she was hopeful that a surplus might be generated in the General Fund this fiscal year. She advised the Committee that a couple of large dollar items on the revenue page do not come in until the end of the year, or maybe after; they are Insurance Licenses, Utilities and State Shared Funds. Business Licenses are now at nearly 100% of budget despite earlier concerns. Building Permits are not up to expectations and the decreased trend is reflected in the budget. Treasurer Suggs informed the Committee that, after looking at figures through April, she had reduced Building Permits by \$20,000 and added \$20,000 to Business Licenses – the net effect on the budget is zero.

Returning to page one of the financial statements, she stated that General Fund expenditures are at 77% of budget. Treasurer Suggs commented that the majority of the departments are within budget. She explained that the Fire Department is over budget due to the turnover that has created an increase in overtime; they are today only one person short of being fully staffed. Mayor Sottile did ask about the expenditures which showed large percentages over budget; Treasurer Suggs stated that they were the result of small budgets, but she assured him that the City is spending money in these areas that is already on hand.

a. Fire Station Replacement: Treasurer Suggs stated that the eighth payment to Trident Construction based on their progress billing of \$292,000 had been made, and the S&ME inspections had been paid. Interest is continuing to be earned on the bond proceeds for Station #2 and the Fire Station Reserve Fund. Committee member Marino asked if expenditures were on track and was assured that they are track.

b. Hospitality Tax: Treasurer Suggs reported that April collections, which are based on March revenues, were \$37,000 – some higher than April 2006. Councilman Cronin related that he had learned that there are times when an entity pays later, so the revenue does not appear in the proper month and gets doubled up in the next month. Councilwoman Hanbury was assured that these “late payers” are assessed a penalty. Treasurer Suggs stated that this statement is prepared on a cash basis meaning that the funds are reported when collected not when billed.

c. Drainage Reserve Fund: The item of interest on this report is that an additional expenditure was made to the Wild Dunes Community Association related to the 54th-57th Avenue drainage project.

Treasurer Suggs had one additional item for the Committee relative to the bulkhead replacement issue. Based on the Budget Workshop held the previous evening where she had stated that there was approximately one million dollars available, she prepared a schedule illustrating the available funds for the project as she realized that she had understated the figures at that meeting. By taking into consideration the money set aside in the budget being prepared and the interest being earned on the CD, there will be just over \$1.2 million by the fall of 2007 available for the project. Councilman Betteli related that he had gotten a couple of “quick” estimates on the bulkhead replacement based on a similar project, and the estimates have come in at \$2-2.2 million based on the price of steel; the next grade up of steel is 52.2% higher in price. Councilman Marino asked if there was additional life expectancy that accompanied the additional cost; Councilman Betteli responded that, based on uncoated steel, it would take approximately seventeen (17) years for it to reach the thickness of the lesser quality. The life expectancy of the steel being considered is thirty-five (35) to forty (40) years. Chairman Taylor recapped by saying that from the last meeting the cost of the bulkhead replacement was estimated at \$1.5 million with approximately one million dollars available; now the estimate exceeds two million dollars with \$1.2 available. Treasurer Suggs reported that she had put \$1.5 million in the budget in her revisions from the workshop. Mayor Sottile stated that the Committee should go with the \$1.5 million and make adjustments and additional revenues to make up the difference.

Councilwoman Rice asked if it were absolutely necessary to replace the entire bulkhead. Councilman Betteli replied that everything on the marina side must be replaced, and the present plan was to wrap around to the gangway at the new docks. He continued that it is

conceivable that they go around the restaurant and stop there. The current estimates are based on 850 linear feet of steel, so reducing the distance would reduce the cost.

Treasurer Suggs then distributed a notification from the State Budget and Control Board that Councilwoman Hanbury had requested on the CPI and growth increase allowed by law.

Lastly Treasurer Suggs presented the Committee members the Priority List for projects in excess of \$250,000. She had identified those that the Committee had agreed upon at the last workshop then listed, in alphabetical order, the priorities which the City's committees had submitted. (The priorities which have been identified are reflected in the most recent version of the FY07-08 budget.) She asked that the Committee members study the list and identify his/her personal priority list for discussion; Treasurer Suggs will then compile a summary from what is identified by each member. It was agreed that, if there were a project to which a Committee member were completely opposed, no indication would be entered, and a value of zero would be attached to it.

Councilman Cronin asked if the City's bonding capacity were tied to that of the Water and Sewer Commission. There was some degree of uncertainty, so Administrator Tucker and Chairman Taylor will look into the matter.

5. Old Business: Consideration of FY07-08 Budget

Administrator Tucker announced that the blue document being distributed contains the changes on both the revenue and expense sides, which were discussed at the meeting the prior evening. She stated that page 1 takes the financial position of the City as of June 30, 2006 and gives the effects over all of the funds to what is expected to be the year end of June 30, 2007; combined with that are what is contemplated to be accomplished in FY07-08 to arrive at a projected June 30, 2008 financial picture. She reminded the Committee that the budget process began with a \$400,000 deficit, which had to be worked through; that particular fund is anticipated to show a surplus of \$28,000 by June 30, 2008. She assured the Committee that this is a workable budget while accomplishing all of the things the City has been tasked to do. She cautioned the Committee that, in advertising the millage rate increase now, the Council can pass a lower rate in September if it so chooses, but it cannot pass a higher rate than advertised. Therefore, the budget has been crafted in such a way as to allow for the rate to decrease and not to increase. Administrator Tucker directed the Committee's attention to page 2 that illustrates the revenue changes which are based on discussions from the previous meeting and the information available from having an additional month's actual figures. Mayor Sottile confirmed that the millage increase is to be 3.1. Councilwoman Rice remembered a beach renourishment reserve of \$200,000, not \$250,000; the Committee agreed that a motion had been passed for a \$200,000 reserve. In answer to the Mayor's question on

the millage increase, Treasurer Suggs referred him to a schedule presented the previous evening that explains the millage increase. (A copy is attached.)

Councilman Bertelli directed the Committee to page 38, line 125 about the purchase of radios for the Recreation Department; they are requesting eight (8) “walkies” and two (2) car radios. Councilwoman Rice related that the employees of the Recreation Center need to be able to contact other City departments, as well the dispatch, at all times. Councilman Marino does not believe it is a necessity that every employee of the Recreation Department to carry a \$5000 radio.

MOTION: Councilman Marino made a motion that the Recreation Department get four (4) “walkies” radios and two (2) car radios; seconded by Mayor Sottile

During the discussion, there were recommendations of using off-duty fire or police radios, purchasing a lesser grade radio at a lower cost, and purchasing fewer radios. Administrator Tucker reiterated that there should be some of the radios in the Recreation Department that go from digital to analog since the Recreation Center is a designated distribution center in the wake of a storm. She suggested that, rather than reduce the number of radios, reduce the number that have the digital to analog feature thereby reducing the cost of those radios. Councilwoman Rice stated her opinion that this is the number of radios that the Recreation Department needs to operate safely and effectively. Norma Jean Page, Recreation Director, reiterated that there is a need to be able to communicate not only between Recreation employees, but also with the other City departments. She was emphatic that to reduce the number of radios will result in their having fewer than they have now.

Chairman Taylor stated that he was hearing that the problem is not so much with the number of radios, but the cost of the individual radios. He added that, based on recent events, he feels it is important that everyone within the City have the capability of communicating with the dispatcher. He suggested that there was a need to revisit the alternative in order to achieve the goals. Administrator Tucker revisited the motion noting that there was no issue with the in-car radios, only the “walkies” were in question. She offered a compromise of four (4) of the radios as originally proposed and the balance be the least expensive model that is digital only saving \$2000 per unit. Councilwoman McMackin offered an amendment to the original motion

AMENDMENT: To add an additional four (4) “walkies” radios that are digital only; seconded by Councilman Cronin; amendment passed on vote of 6 to 1 with Councilman Marion casting the opposing vote.

AMENDED MOTION: To purchase four (4) digital to analog “walkie” radios, four (4) digital only “walkie” radios and two (2) in-car radios; motion passed on vote of 6 to 1 with Councilman Marino casting the dissenting vote.

MOTION: Mayor Sottile moved to recommend this budget, incorporating the motions presented today, to the full Council for second reading in June 2007; seconded by Councilman Cronin; MOTION UNANIMOUSLY PASSED.

Administrator Tucker stated that the advertisement will appear in the newspaper this weekend including the millage increase. From the date of the ad, there is a fifteen (15) day waiting period before a public hearing can be held, making that the end of the first week of June.

6. NEW BUSINESS:

A. i. This item was removed from the agenda due to actions taken last evening.

ii. Approval of additional \$2000 for Beach Access material.

Administrator Tucker explained that, since actual measurements have been taken, there is a need for additional funds for temp trail type of material for some of the beach access paths to be prepared for the beach season.

MOTION: Mayor Sottile made a motion to approve an additional \$2000 for beach access material; seconded by Councilwoman McMackin; MOTION PASSED UNANIMOUSLY.

Administrator Tucker stated that, in reading the minutes of the Real Property Committee during the day, she was reminded that the Committee had made a recommendation for a study to reconfigure the marina parking lot spending up to \$5000. She added that this recommendation was made when the Committee thought the bulkhead replacement would start in the fall of 2008. In light of the fall 2007 timing of the bulkhead replacement and the fact that the parking lot will be a staging area for the equipment to be used, Councilman Betteli deferred the action to a later date.

B. Recommendation from Real Property Committee for Adjustment to boat ramp fees. Councilman Betteli stated that the Committee would like to increase the boat ramp fees for barges for a trial period of thirty (30) days to \$150 for thirty (30) minutes. Currently there is a \$50 fee that allows them to bring the barge in. In addition to the increased fee, the barges would only be allowed to access the boat ramp between the hours of 7 a.m. and noon Monday through Thursday; a \$500 fine is also being considered if these rules are not obeyed. Chairman Taylor believes that this action should come through the full

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Council on Tuesday, May 22. Mayor Sottile stated that, in his conversations with the marina manager, the barges should be banned completely; he described to the Committee some of the damages that have been caused by these barges.

MOTION: Mayor Sottile moved that the issue of the use of the barges at the marina boat ramp be sent back to committee for additional discussion with the marina manager; seconded by Councilwoman McMackin; MOTION PASSED UNANIMOUSLY.

On a motion by Councilwoman Hanbury and second by Councilman Cronin, the meeting was duly adjourned.

Respectfully submitted:
Dee Taylor, Chairman