

Ways and Means Committee
5:45 p.m., Tuesday, July 15, 2008

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, July 15, 2008 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Committee and Council members Bettelli, Buckhannon, Cronin, Duffy, Loftus, Piening, Rice, Chairman Taylor and Mayor Sottile, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. There was a quorum 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 Cronin moved to approve the minutes of the regular meeting of June 17, 2008 as submitted; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments**

Councilman Taylor related that a representative of The Company Company had been asked to attend the meeting as a result of concerns voiced at the June City Council meeting related to the production of "You're A Good Man, Charlie Brown." Administrator Tucker introduced Lisa Abernathy of The Company Company; Ms. Abernathy had come to answer any questions that remained in Council's minds because Mr. Schlitt was out of town. Ms. Tucker explained that there had been questions raised about the differences between the ATAX application and what actually occurred.

Ms. Abernathy explained that there had been two (2) performances of "Charlie Brown" at the Sweetgrass Pavilion in Wild Dunes on Sunday, June 29 with 176 persons attending. She stated that she had emailed a written report describing the performances, the original budget submitted to ATAX, the revised budget submitted to Ways and Means in May 2008 and a financial report detailing the actual income and expenses for the performances at the Sweetgrass Pavilion. (Copies are attached.)

Councilman Duffy noted that there had been no Producer Fees or Rights on the original budget, which he thought would be standard expenses, so he asked why that was. Ms. Abernathy replied that it had been an oversight in the original budget preparation.

Councilman Loftus remarked that the questions were prompted by Citizens' Comments at the June City Council meeting about the discrepancy between the original cost as submitted to ATAX and where costs ended up. She recounted that, at the ATAX

meeting, a Committee member had pointed out an error in the calculation of expenses related to the production. Rather than simply correcting the mistake, The Company Company decided to follow a suggestion made at the ATAX meeting to have two (2) performances; a revised budget for two (3) performances was sent to Ways and Means for approval. The primary differences between the two (2) budgets were the addition of the second performance and those expenses that had been omitted from the original.

Mayor Sottile stated that he thought that the City Administrator had not paid the remainder of the funds to The Company Company, and he believed that, since the funds had received approval from the necessary committees, all funds should be released. Administrator Tucker explained that, because concerns were voiced, she had decided that it was prudent to hold the funds until tonight's meeting when there was the full accounting. She believed there was the possibility that the Committee would decide to reduce the amount. Assuming that the Committee was satisfied with the accounting presented, the funds would be released.

4. Financial Statement – Treasurer Debbie Suggs

Treasurer Suggs stated that the statement for June was both a preliminary and unaudited report since there were both revenues and expenditures that had not yet been received for FY2008. She explained that she had analyzed revenues yet to be collected and, based on that, she expressed confidence that the City would end the fiscal year with a small surplus. As she reviewed the individual funds, she indicated that the General Fund was under budget at June 30, 2008 by \$126,000, but she anticipated receiving an additional \$207,000. Although General Fund expenditures were at 89% at June 30, there was an accrual of a full year's debt service in the amount of \$594,500 for the Public Safety Building, which was not included; with the addition of the debt service, expenditures were at 97% of budget. In the Municipal Accommodations Tax Fund, there were two (2) months yet to be collected, plus there was the bi-annual payment from Charleston County that was expected to be approximately \$100,000. There was also a month to collect in Hospitality Taxes; last year that final collection was \$60,000. The June quarter of State Accommodations taxes was \$200,000 in 2007; Treasurer Suggs stated that she also anticipated an additional \$60,000 into the Marina Fund. She noted that the only General Fund department that was over budget was the Fire Department; she explained that the overage was primarily an overtime issue. She commented that the auditors had been in the offices today to perform some preliminary audit work; they will return in August for the final work.

Councilwoman Rice asked about the percentage of 1876.64% for the Recreation Department appearing on page 46 under State Accommodations Tax Fund. Treasurer Suggs explained that this outlandish percentage was created by the twenty thousand dollars (\$20,000) of unbudgeted capital outlay for the gym ceiling and the Special

Activities figures that should balance off in the budget under Programs and Sponsorships on page 44.

Councilman Cronin voiced concern over Parking Lot Revenue shown on page 17 that was seriously under budget. He noted that his real concern was the trend that showed a 50% utilization in the past twelve months. Chairman Taylor directed the members to Parking Meter Revenue that ended the year at 111%; he thought that possibly visitors were opting for a couple of dollars in the meter rather than five dollars (\$5.00) for the lot. He expressed interest in knowing the numbers for the past couple of years for parking at the County Park. Treasurer Suggs stated that she thought the down turn in the parking lots was a combination of factors that included, possibly, timing, the reduction in the number of spaces in the lot and parking on the streets to avoid paying for parking. Councilman Cronin proposed that the Real Property Committee look into the issue of reduced utilization of the City-owned parking lots.

On the Beach Restoration Schedule, there were engineering costs, nighttime beach monitoring, legal counsel on the revenue bond and the first payment to the dredging contractor Weeks Marine; the Treasurer reported that the eighty (80) signs were not a beach restoration expense and would be put into the proper expense classification. She stated that there were two (2) additional applications for payment from Weeks Marine totaling \$4,524,000 to be paid this week that would leave a balance of \$2,412,000. Responding to Councilwoman Rice's question about additional invoices to be paid, Administrator Tucker explained that Coastal Science and Engineering was reconciling the City's obligations, under the permit, to the Corps of Engineers and Coastal Resources indicating what has been done already, what the City has paid for under continuing monitoring and what remains to be done that has not been paid – there will be expenses in the coming three (3) years for which the City has not yet contracted. Administrator Tucker reminded the Committee that the City would receive reimbursement for fifty percent (50%) of the grant eligible portion of the project that was in the area of public access.

Treasurer Suggs noted that there was very little activity to report on the Public Safety Building worksheet. The Treasurer noted that there would be discussions later in the meeting to finalize the budget; she pointed out that the \$1,369,910 on the first line of this schedule was the culmination of years of setting aside money for the construction. When the discussions referred to amounts on-hand, this was the figure being used. She also explained that the \$454,957 were funds covered by the reimbursement resolution to be refunded to the City from the bond proceeds.

Administrator Tucker reported that Mashburn Construction, contractor for the Public Safety Building, had changed the project manager; the previous manager lived in Columbia and was commuting. She believed the change to be a cost saving measure

for Mashburn, but she stated that she preferred having a project manager that was local rather than commuting. She stated that the City was expecting a change order related to fencing; Cole+Russell was reviewing the paperwork.

Chairman Taylor commented that there had been discussions about the general accommodations tax picture on the island related to rental income, business activities, etc. As a result he had spoken with several local business owners and repeatedly heard that they were at the 80% mark. Sandy Stone, owner of Island Realty, was present for the meeting and Chairman Taylor asked for comments from him. Mr. Stone remarked that his business was much more “last minute” and everyone was looking for a discount; he reported that his business, too, was at 80% of the business he did last year, but he noted that 2007 had been a “banner year.” Councilman Loftus asked if the 80% represented the number of rentals or actual revenue dollars; Mr. Stone responded that it referred to actual dollars.

5. Old Business

Review of Final Budget for Public Safety Building Project (VC3 Wireless Internet Mesh Proposal)

Chairman Taylor referred the Committee members to the schedule titled “Public Safety Building Construction & Municipal Building Renovation – Revised Cost Summary;” he explained that the document was divided into three (3) sections with one representing the figures for the Public Safety Building construction, a second for reconfiguration of City Hall, and a third explaining the City’s financial situation.

Administrator Tucker reported that she had checked with a couple of bankers who might be interested in bidding on the bond to get an idea about what was happening with the bond market in light of the state of the economy. She learned that the bond market has remained relatively flat which is good for the City; the bankers informed her that the City could anticipate an interest rate in the neighborhood of 4%. The Administrator reminded the Committee members that the estimates use in budget preparation were a borrowed amount of \$7.75 million and an interest rate of 5%.

The Public Safety Building budget discussion began with the Administrator reviewing the information contained in the footnotes on the schedule. In the first footnote, it was reported that the original estimate from Cole+Russell for reconfiguration of City Hall was \$824,500; a second estimate from them was \$430,000. As staff has worked to refine the cost estimate, they have arrived at a “conservative compromise” of \$270,000.

In the second note, the Administrator recalled that the Reimbursement Resolution passed by City Council was for \$8,750,000, which exceeded today’s budget figures.

The Administrator explained that discussions would focus on the column headed "Revised Cost Estimates." She stated that certain of these numbers were not estimates but were actual either contract figures, which would not get any lower, or costs already expended.

**Public Safety Building Construction & Municipal Building Renovation
 Revised Cost Summary**

	Original Cost Estimates	Line Ref	Revised Cost Estimates
Construction of Public Safety Building			
Estimated Construction Cost per C+R	6,250,000	1	6,027,124
Design Cost (contract=\$527,000 + reimb expenses + add'l services)	600,000	2	600,000
Fire Station #1 Demolition	20,000	3	21,486
Site Survey, Drainage Surveys & Geotech Investigation	10,000	4	25,000
Required inspections and testing (special & construction)	50,000	5	75,000
Phase II Environmental Assessment	10,000	6	-
Utility Tap Fees, Building Pmts, etc	75,550	7	75,550
Furniture & Equipment	250,000	8	250,000
Dispatch Conduits & Wiring	50,000	9	50,000
Bi-directional amplifier of communication signals within the building		10	150,000
Telephone/Data/Radio Speaker System with Wiring	20,000	11	50,000
Surveillance system and non-fire alarm system		12	25,000
Wireless mesh internet access system		13	75,000
Security hardware (includes employee parking lot gate)		14	35,000
Landscaping, Irrigation & Signage (landscaping incl in const. contract)	50,000	15	20,000
Bond Issue Costs	25,000	16	25,000
Moving expenses		17	7,000
Miscellaneous Costs for legal review, temporary fence, prints, etc		18	6,000
Subtotal	7,410,550	19	7,517,160
10% Contingency	741,055	20	751,716
Subtotal Building Construction	8,151,605	21	8,268,876
 Reconfigure City Hall to include Building Department			
Demo of Building Dept	10,000	22	10,000
Rehabilitate former Building Dept site for overflow parking		23	10,000
Asbestos/Lead survey	1,000	24	1,200
Possible hazardous material removal	7,000	25	7,000
Moving expenses		26	3,000
Replacement of City Hall generator		27	80,000
Reconfigure Council Chamber dais		28	30,000
Reconfigure City Hall to include Building Dept (C+R est=\$430,000) (Note 1)	100,000	29	270,000
Subtotal	118,000	30	411,200
10% Contingency	11,800	31	41,120
Subtotal Reconfiguration	129,800	32	452,320

	8,281,405	33	8,721,196
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Cash On-Hand designated for Public Safety Building

Approximate Amount on Hand in Reserve Account	34	1,574,060
Less partial reimbursement to Capital Projects Fund for 13th Avenue properties	35	(500,000)
FY2008 Millage collections on-hand for PSB bond debt service	36	589,098
Sale of surplus property (trailers)	37	50,000

	38	1,713,159
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Net Amount Needed	39	7,008,037
Total to be financed (Rounded)		
(Note 2)	40	7,000,000

Note 1: Feb 2006 estimate by C+R for design and construction was \$824,500. City staff came up with a rough estimate of \$100,000. Revised C+R estimate of June 2008 was \$430,000. Staff settled on \$270,000 as a conservative compromise.

Note 2: "Not-to-exceed" amount used in Bond Ordinance = \$8,750,000

Public Safety Building Construction

- Line 1 – change order forthcoming related to fencing, will increase slightly
- Line 2 – contracted amount
- Line 3 – already occurred, actual expense
- Line 4 – actual
- Line 5 – on-going contract
- Line 6 – not necessary
- Line 7 – estimate based on prior experience with Fire Station 2 and knowledge of what expenses will be
- Line 8 – In Fire Station 2 bid, was design/build contract and actual construction contract had most of this expense built into it; PSB is not design/build so must have expense line item; estimate based on a meeting between Chief Graham, Chief Buckhannon and one of several vendors who are on state contract
- Line 10 – Chief Buckhannon still in process of getting final numbers
- Line 11 – device that allows radios to work within confines of building, common problem found in recent years with large buildings (Courthouse in Charleston had to be retrofitted to provide)
- Line 12 – part of communication system within the building
- Line 13 – camera system on the building, estimate received from ADT that provides that type equipment
- Line 14 – Proposal received from VC3 (disaster preparedness vendor that backups computer data); provides for wireless internet for City, as well as public within area between 9th and 14th Avenues; additional costs for installation included in figure; on-going annual costs
- Line 15 – doorlocks controlling movement between different parts of the building and parking lot gate
- Line 16 – landscaping and signage was reduced because some landscaping included in contract price
- Line 17 – expenses incurred with McNair Law Firm
- Line 18 –
- Line 19 –
- Line 20 –
- Line 21 –

Reconfigure City Hall to include Building Department

Line 22 – estimate based on other demolitions

- Line 23 –
- Line 24 – estimate based on discussions with possible vendors
- Line 25 – concern based on past experience
- Line 26 –
- Line 27 – generator in poor condition and requires high degree of maintenance; does not run 100% of building
- Line 28 – long discussed and added for consideration
- Line 29 – estimate based on discussions with Cole+Russell and work by Building Director Kerr
- Line 30 –
- Line 31 –
- Line 32 –
- Line 33 –
- Line 34 – the funds that have been set aside for years for this project
- Line 35 – proposed reimbursal of Capital Projects Fund for funds used to purchase #8 and #10 Thirteenth Avenue; restoration of Capital Projects fund to level before property purchases
- Line 36 – FY2008 millage collection
- Line 37 – anticipated proceeds from sale of trailers
- Line 38 –
- Line 39 –
- Line 40 – Proposed amount to borrow

Discussion:

Chairman Taylor commented on the VC3 proposal and its \$1500/month maintenance charge; Councilman Duffy added the total annual outlay would be \$22,000 with the addition of the SmartNet. A great deal of the debate centered on the facts that the technology appeared to be less than perfected and that many municipalities had tried it only to find that it did not work.

MOTION: Mayor Sottile moved to removed \$75,000 for a wireless mesh internet access system from the construction budget for the Public Safety Building; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

Mayor Sottile asked for clarification on the bi-directional amplifier of communication signals within the building costing \$150,000; he asked if there were communication problems in Fire Station 2 and the Administrator answered in the affirmative. Chairman Taylor questioned why the architects, who were trained in designing this type of structure, had not included it in their design. The Committee agreed for the Administrator to discuss this piece of equipment with Cole+Russell and to gather information on how vital it truly was to the project for the City Council meeting on Tuesday, July 22, 2008.

Mayor Sottile asked for additional information on the security hardware and if the City was going to have a private parking lot with sophisticated locking equipment for employees. Administrator Tucker responded that the parking lot would have a gate to ensure that parking was only for employees, not the general public.

Chief Buckhannon explained that the surveillance system was for the exterior of the building and for the accesses.

As the discussion progressed to the reconfiguration of City Hall, Chairman Taylor summarized the overall plan that would relocate the Building Department personnel to the first floor area that currently housed a portion of the Police Department; offices would be made in the back corners for Douglas Kerr and William Seabrook with the women working in the window area. In the upstairs there would be a common space possibly with a conference room. Of course, there would be painting and carpet replacement. Chairman Taylor related that Director Kerr had spoken with Ron Denton, who is both an islander and an architect, and, based on his understanding of those conversations, Councilman Taylor thought the reconfiguration could be reduced from \$270,000 to \$200,000. He also suggested eliminating the replacement of the generator, \$80,000, and reconfiguration of the Council Chamber dais, \$30,000.

MOTION: Mayor Sottile moved to proceed with the changes as suggested; Councilman Cronin seconded and the motion PASSED UNANIMOUSLY.

Treasurer Suggs announced that the revised cost for reconfiguration of the City Hall was \$254,320 and the net needed became \$6,727,000.

Chairman Taylor expressed his doubt that the City would receive fifty thousand dollars (\$50,000) for the trailers; therefore, he recommended that that amount be subtracted from "Cash on-hand." The amount needed to borrow would then become \$6,777,000, rounded up \$6,800,000.

MOTION: Mayor Sottile moved to remove from "Cash on-Hand" proceeds of fifty thousand dollars (\$50,000) for the sale of the trailer; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

Administrator Tucker received no objection from the Committee members on reimbursing the Capital Projects fund \$500,000 for the purchase of the property.

Chairman Taylor concluded his comments explaining that the contingency of \$750,000 was one that he was comfortable with based partially on the City's experience of working with Cole+Russell.

MOTION: Councilman Bettelli moved that the budget for the Public Safety Building and the reconfiguration of City Hall as amended; Councilman Buckhannon seconded and the motion PASSED UNANIMOUSLY.

6. New Business

Ways and Means Committee

Recommendations to Award Contracts Exceeding \$10,000

A.	Public Safety		
	NAFECO	Thermal Imaging Camera	\$10,535.00
	Motorola	Radio Repeater	\$12,913.91
B.	General Government		
	XEROX	Copier Lease	\$39,911.40
C.	Building Department		
	West Ashley Toyota	Tundra 4X2	\$19,575.60

Administrator Tucker announced that a new procedure had been implemented, at the recommendation of this committee, whereby items in excess of ten thousand dollars (\$10,000) and that were budgeted seek approval from the appropriate committee, Ways and Means and City Council on the award of the actual contract to purchase. She stated that both the thermal imaging camera and radio repeater were budgeted items for the Fire Department; the repeater purchase of \$12,913.91 reflected state purchase pricing. The copier lease for General Government was an item that came up every five (5) years for renewal. The copier lease was a budgeted item, but the budgeted amount for FY 2009 was too conservative and would need to be increased in the next budget. The Administrator reported that the amount quoted was for another five (5) year term at state pricing with a state approved vendor. The final item for approval was the replacement of the truck for the Building Department; Director Kerr was recommending the Toyota Tundra; a primary reason for the selection of the Toyota vehicle was the reports from the IOP Water and Sewer Commission on the outstanding maintenance on the Toyota they own.

MOTION: Councilwoman Rice moved to approve the contract awards for the items presented in excess of ten thousand dollars (\$10,000); Councilman Bettelli seconded.

Councilman Duffy questioned the need for a V6 pickup truck for the Building Department when there was a four (4) cylinder Toyota vehicle that got better gas mileage and was less expensive. Director Kerr explained that he had sought to obtain a replacement vehicle comparable to the pickup presently in use; one requirement was a full-sized cab for the materials that the Building Inspector carried. Councilman Duffy countered that Toyota manufactured a double cab for its smaller models. Pursuant to the discussion, Director Kerr was directed by the Committee to research the possibility of a 4-cylinder pickup truck for the City Council meeting of July 22.

The Committee was informed that the City would get new copiers if the lease were approved and that a shorter term was not available.

Call for the Question: The motion PASSED UNANIMOUSLY.

Ways and Means Committee

7. Miscellaneous

Chairman Taylor recalled that questions had been asked at the last City Council meeting about the change in meeting frequency for the ATAX Committee. Administrator Tucker related that the IOP ATAX Committee has changed its meeting schedule to quarterly from monthly. She has researched the issue of changing meeting frequency and approvals that would be needed, if any. The Administrator found that the state has no regulations on ATAX meeting frequency; there are ATAX Committees in the state that meet only once per year. The only approval that the IOP ATAX Committee would need to change the number of times it met per year was from the Ways and Means Committee; the Committee had no objections to the change to quarterly meetings for the ATAX Committee.

Mayor Sottile explained that he wanted to hold a Special City Council Meeting early in August to debate a non-smoking ordinance for the City. The date selected was 5:00 p.m., Monday, August 11, 2008.

8. Executive Session - None

9. Adjournment

MOTION: Councilman Loftus moved to adjourn the Ways and Means Committee meeting at 7:25 p.m.; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk