

WAYS and MEANS COMMITTEE
5:45 p.m., Tuesday, September 15, 2009

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, September 15, 2009 in Council Chambers of City Hall located at 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Council members Bergwerf, Bettelli, Buckhannon, Duffy, Loftus, Piening, and Rice, Mayor Cronin, Chairman Taylor, City Administrator Tucker, 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

Councilman Loftus stated that a change should be made to the first sentence in the last paragraph on page 2 of the minutes; it should state "Councilman Loftus asked Administrator Tucker about using the Internet, for example, the MASC website, for employment or equipment sale ads."

MOTION: Councilman Loftus moved to approve the minutes of the regular meeting of August 18, 2009 as amended; Mayor Cronin seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** - None

4. Financial Statement – City Treasurer Suggs

Treasurer Suggs noted that discussion was on the August 2009 financial statement, and there was little financial information being only two (2) months into the fiscal year. A considerable amount of revenue received in August would be booked into the FY 2009 fiscal year, but the City has collected three hundred twenty-one thousand dollars (\$321,000) in residential rental license fees, which represents seventy-five percent (75%) of the annual budget.

The Treasurer explained that that the Capital Projects Fund shows 858% of budget because of the lease proceeds received on the new fire truck; she stated that the proper accounting for the receipt of lease proceeds is to record them as revenue and to record the purchase at full value thereby offsetting one another. The fact that neither the lease proceeds nor the capital outlay was included in the budget has resulted in both revenue and expense being higher than budgeted; at year-end, both will be over by the same amount. Treasurer Suggs reported that the City had made the first lease payment at closing that is all principal, thereby reducing overall debt service.

Expenditures in the General Fund were fifteen percent (15%) of budget when the target through August was seventeen percent (17%). All departments are at or below budget except General Government; the over-budget status was the result of one (1) bi-annual interest payment on the Public Safety Building.

Treasurer Suggs reported that total cash available as a percent of General Fund Expenses was at twenty-five percent (25%).

The only tourism revenue related to FY 2010 was sixty-five thousand dollars (\$65,000) in Hospitality Taxes; the amount is encouraging since collections for the same period in 2008 were fifty-four thousand dollars (\$54,000).

As a point of interest, Mayor Cronin commented that the City had only been four and three hundredths percent (4.03%) short of meeting budget for Municipal Accommodations Fees for FY 2009; Charleston County was short eight and sixty-six hundredths percent (8.66%). If the total receipts of the County were to be reduced by the amount generated by the Isle of Palms, the County's shortfall would be just over ten percent (10%).

A. The schedule for the Beach Restoration Project indicated expenses for bank fees and post-project monitoring.

B. The expenses for the Public Safety Building were for furniture and equipment; the Treasurer pointed out that over five hundred seventy-five thousand dollars (\$575,000) remain in the Contingency Fund.

Councilwoman Rice asked if the City still owed Mashburn a large sum of money; Mayor Cronin responded that three hundred eighteen thousand dollars (\$318,000) is yet to be paid.

C. In conclusion, Treasurer Suggs reported that the City has received a check from Horry County in the amount of eighty-five hundred forty-eight dollars (\$8,548) as reimbursement for labor and equipment usage related to the Fire Department's assistance with the Myrtle Beach fire in April 2009. This money will be recorded in FY 2009 as Intergovernmental Revenue; Horry County will be filing for FEMA reimbursement. Chief Graham was commended for her diligence in securing the reimbursement.

5. Old Business

A. Discussion of Tax Year 2009 Millage

Administrator Tucker recounted that there was a line in the FY 2010 budget of one hundred fifty-five thousand dollars (\$155,000) that represented anticipated revenue from an increase to the millage by the CPI amount. Based on information from Charleston County, the Administrator and Treasurer are of the opinion that the City will receive approximately the same amount of revenue from property taxes as last year; the amount was four million two hundred twenty-seven thousand one hundred seventy-four dollars (\$4,227,174); the amount needed to have a balanced budget is eight thousand dollars (\$8,000) more than last year's figure. Because the City has experienced favorable end years related to taxes and because the figure already include an adjustment downward for possible appeals, the staff, with this Committee's and Council's approval, could move forward with the 22.2 millage rate, equivalent to the millage for the 2008 tax year. If all things remain steady, there would be no property tax increase.

MOTION: Mayor Cronin moved to approve the millage rate of 22.2 for the tax year 2009; Councilman Bettelli seconded.

The Administrator stated that the decision of the Ways and Means Committee would need to be affirmed by City Council, and then the County Tax Assessor will be officially notified.

Since the Committee was on the subject of property taxes, Councilman Bettelli directed Committee members to the MASC website for information on a bill before the South Carolina legislature that will have a negative impact of municipal governments' revenues. The bill goes beyond the intent of preventing an owner from being taxed out of his home, but protects fast appreciating property from ever being taxed at one hundred percent (100%) of its value thereby shifting more of the cost of local government to those owners of slowly appreciating property. Council members were encouraged to contact their representative. (A copy of the website article is attached to the minutes of record.)

Call for the Question: The motion PASSED UNANIMOUSLY.

B. Consideration of Architectural/Engineering Services for City Hall Renovation

Administrator Tucker recalled that this issue had come before the Committee in July, and, at that time, the Committee requested Director Kerr to get additional proposals.

Director Kerr noted that included in the meeting packet were four proposals and the concise scope of work that was given to the bidding firms. Director Kerr reported that he had met with each of the bidders, and they toured the facility; one of the companies contacted did not submit a proposal. The bidders are Cole+Russell, R.J. Denton Architecture, Liollo Architecture and Daniel Raymond Sweeney, Architect. Director Kerr noted that Liollo is a bigger firm with experience in public work while Mr. Denton and Mr. Sweeney are smaller operations with primarily commercial experience. There were three (3) areas for which bids were solicited; they were the architectural base fee, an estimate for possible structural work and construction administration of the project; the totals for all services ranged from sixty thousand dollars (\$60,000) on the high end to sixteen thousand sixty dollars (\$16,060) on the low end.

The Director informed the Committee that the majority of the interior walls in City Hall are not load-bearing walls; the central stairwell does have load-bearing walls. He explained that there may be some structural work, but he does not anticipate it to be significant. Should the decision be made to exclude construction administration, the staff would assume that responsibility, which they are capable of doing.

The budget for renovations to City Hall is two hundred twenty thousand dollars (\$220,000), and the architectural/engineering fees were included in that figure. Chairman Taylor sought confirmation from Director Kerr that all of the bidders, with the exception of Cole+Russell, were confident that they could complete the project within the budget. Director Kerr cautioned the Chairman that both Cole+Russell and Liollo had stated that the scope was greater than the budget established, and he defined the scope of the project as the description of the work to be done.

Councilwoman Rice asked if it were true that mold had been found on the police side of the building; Director Kerr said that she was correct. A mold expert has been in the attic and examined the mold to provide an estimate for the work he believes will solve the problem. The

expert recommends spray foaming the attic and adding a dehumidifier to the mechanical system for that half of the building. The expert will re-visit the building now that the Police Department has moved out to test to determine the type of mold and how much is in the cavities of the walls; he appears confident that the mold is due to the heating/air conditioning system, unlike the mold at the old Fire Station.

Councilwoman Rice also expressed her concern over the letter from Russell A. Rosen of Rosen and Associates, who is a structural engineer, that stated the floor in General Government, over Council Chambers, is sagging. Mr. Rosen wanted his concerns in writing before any work has begun because he is of the opinion that something must be done about it.

More discussion followed about the stairwell, the inclusion of the mold abatement in the budget and a timetable of approximately nine (9) months from this decision to move-in.

MOTION: Council Bettelli moved to award the contract for architectural/engineering and structural work for City Hall renovation to R.J. Denton Architecture in the amount of \$13,660; Councilwoman Rice seconded.

Councilman Duffy expressed concern over appearances to the citizenry of awarding this contract to R.J. Denton Architecture while Mr. Denton is serving as Chairman of the Planning Commission. Administrator Tucker reported that, when his proposal came forward in July, staff had consulted with counsel and received clearance at that time. Councilman Duffy followed up asking if counsel had contacted the South Carolina Ethics Commission, and the Administrator stated that counsel had not deemed that necessary.

Call for the Question: The voice vote was too close to call; therefore Chairman Taylor asked for a roll call vote. The results were that the motion was DEFEATED on a vote of 4 to 5; Council members Bergwerf, Buckhannon, Duffy, Loftus and Piening voted against motion.

Councilman Loftus asked Director Kerr to tell the Committee which bidder he thought would do the best job and with whom he would be most comfortable working. The Director indicated Cole+Russell, due to the current relationship between the City and Cole+Russell, but their bid was the highest thereby reducing dramatically the funds for the renovation work itself. The Director continued that he thought that the end product of Cole+Russell and Liollo would be comparable, and Liollo has probably done more of this type work than either Denton or Sweeney. Councilman Loftus added that, since there was a substantial contingency balance remaining from the construction of the Public Safety Building, there would be funds available if the project went over budget.

MOTION: Councilman Duffy moved to award the contract for architecture/engineering, structural work and project administration for the renovation of City Hall to Liollo Architecture in the amount of \$19,440.00; Councilwoman Rice seconded.

Councilman Bettelli stated that he would likely vote for Liollo, but he thought the Committee was remiss in not selecting the lowest bidder.

As discussion continued, Chairman Taylor asked Director Kerr to explain the steps to follow the selection of the architect. The Director explained that the first step would be to sign the contract; there will follow about two (2) months of developing a conceptual plan; there will be another month to finalize the plan that will be submitted for bids. It is likely that construction would not begin until after the first of the year.

Call for the Question: The motion PASSED on a vote of 8 to 1; Chairman Taylor voted against the motion.

6. New Business

A. Recommendations from the Public Safety Committee

1. Approval of donation of temporary evidence lockers in City Hall to Sullivan's Island Police Department

Administrator Tucker reported that these lockers were the blue lockers in the entry way to the Chief Buckhannon's old office on the second floor of City Hall. With the space provided in the Public Safety Building, the Police Department does not have a use for the lockers, there is no plan for their use in the reconfiguration of the building and the Police Department of Sullivan's Island has expressed the desire and the need to have them. The Public Safety Committee voted unanimously to donate them to Sullivan's Island.

MOTION: Councilman Bettelli moved to donate the temporary evidence lockers in City Hall to the Sullivan's Island Police Department; Councilwoman Bergwerf seconded and the motion PASSED UNANIMOUSLY.

2. Approval of Change Order #13 to Mashburn Construction in the amount of \$43,016 encompassing Change Directives #4 and #7

Administrator Tucker explained that included in this change order are two (2) previously approved Change Directives; Change Directive #4 was approved for \$29,142, and Change Directive #7 was approved for \$10,000. The third component of this change order related to the elevator; while the Public Safety Committee approved the change order, the Administrator was directed to get the additional information that was in the Ways and Means packet from Dave Johnson. The original design was based on an interpretation of the South Carolina code; after inspections by three (3) different elevator inspectors, it was decided that, with the combustible oil that operates the elevator, there was a need for fire suppression. The fire suppression required, by code, that detectors and relays be added into the shaft creating the additional costs.

Councilman Bettelli asked Chief Graham if water were used to extinguish an oil fire, and she responded, "No."

Councilman Duffy asked if this would be the last change order on the building, and he received a negative response. Administrator Tucker remarked that there was a sixty-seven (67) page punch-list that remains to be completed; the City has also requested that Cole+Russell come back to town because, since the building has been occupied, issues have come up on both the Fire and Police sides of the building. The City will continue negotiating with Mashburn; the

Administrator reported that there are items on the punch list that are covered and have been paid for already. She stated again that the City continues to hold money on the Mashburn contract.

MOTION: Councilwoman Rice moved to approve Change Order #13 to Mashburn in the amount of \$43,016; Councilman Buckhannon seconded and the motion PASSED UNANIMOUSLY.

3. Consideration of Public Safety Committee recommendation regarding 41st Avenue

Administrator Tucker reported that SC DOT had presented the conceptual drawing of the 41st Avenue and Palm Boulevard intersection and the permanent closure of Cameron Boulevard, as well as a conceptual drawing of a roundabout at that location. The DOT representative also reviewed the procedure for going forward with making the changes at the intersection permanent; those steps were defined as the City needing to hire a civil engineer to develop final plans for the road closure and design of the intersection for submission to DOT for approval and permitting. Once approved, the City can move forward with the necessary changes.

DOT indicated that the work they have done thus far is all they plan to do gratis; expenses from this point forward will be strictly those of the City. The Administrator explained that the City could seek funds from either CTC or County transportation funds or a grant to cover the costs of design and the costs associated with making the changes at the intersection permanent.

Administrator Tucker reported that she and the City Attorney are proceeding with the legal action necessary to permanently close Cameron Boulevard.

In response to Councilwoman Rice's question, the Administrator reported that, based on the conceptual drawing for the roundabout, the City would need to purchase a small amount of land to serve as right-of-way even with the space added from the closure of Cameron.

MOTION: Councilman Loftus moved to hire a design firm to complete the plans for the re-configuration of the 41st Avenue and Palm Boulevard intersection for submission to DOT for approval; Councilman Buckhannon seconded.

Councilman Buckhannon commented that, due to the level of information on the DOT conceptual plans, he did not think that an engineer would have to put a great deal of time into developing final plans; therefore, the cost should not be significant.

As this would be an un-funded expense, Councilman Bettelli suggested that, as a first step, the City make inquiries with civil engineers to get an estimate on the cost and act later about hiring someone.

There was a consensus among the Committee members that this was not urgent and could wait until later in the year.

Councilman Buckhannon withdrew his second, and Councilman Loftus withdrew his motion.

Administrator Tucker related her understanding of the task to seek out an engineering consultant to develop a final design for the closure of Cameron Boulevard and a permanent version of the intersection configuration that is in place now.

B. Recommendation from the Personnel Committee to use \$21,000 to transition to a performance-based compensation program

Assistant Dziuban recounted that City employees are currently evaluated based on the merit of the work they perform in any given calendar year, and the salary adjustments come from two (2) separate pools of money. One is a pool earmarked as merit that is tied to the evaluation system, and the second is a pool earmarked for cost of living increases, referred to as COLA. Pursuant to research and discussion, the Personnel Committee has determined that the most efficient way to transition to an entirely merit-based system is to combine the two (2) pools of money into one (1), thereby eliminating the COLA and providing a larger pool for merit increases tied to the current evaluation system. There would be no change to the current evaluation system for employees, but the money would be allocated differently and employees would receive one (1) pay increase per year, assuming an increase has been earned. Assistant Dziuban noted that presently the merit increase is effective January 1 on each year while the COLA begins at the start of the fiscal year, July 1.

Assuming this Committee and City Council support this proposition, there would be only two (2) changes required, neither of which is major. The first is a change to the personnel manual that will be presented to this body at a later date, and the second is a one-time expenditure of twenty-one thousand dollars (\$21,000). The financial requirement comes from the fact that this transition was not included in the budget for FY 10, and this figure would ensure that employees are not penalized as a result of the change. Staff has determined that to fully transition to a performance-based system will take eighteen (18) months.

Chairman Taylor related that one (1) decision before the Personnel Committee had been whether to accelerate the COLA or to delay the merit increase to initiate the pay-for-performance system.

Administrator Tucker stated that a major reason for tying the merit increase to a calendar year was the workload of the City's Administrator and the Treasurer in the months of February through May related to budget preparation. Councilman Loftus added that, by making the evaluations effective January 1, the Department Managers would have the previous year's results for setting performance goals for employees.

Councilman Bettelli asked if a timing schedule had been established for informing employees and for changing the personnel manual; Administrator Tucker said that an internal schedule had been set and that it would start with Council's approval next week.

Councilwoman Rice asked what the source of funds would be for the twenty-one thousand dollars (\$21,000); the Administrator responded that was the reason behind this action for an unfunded expense.

MOTION: Councilman Loftus moved to change the employee compensation program to a performance-based system and for a one-time expenditure of \$21,000; Councilwoman Bergwerf seconded and the motion PASSED UNANIMOUSLY.

C. Recommendation from the Real Property and Public Works Committees to fund \$18,000 toward the Front Beach Lighting Project.

Administrator Tucker began her comments by clarifying that the Public Works Committee had not actually made a recommendation on the subject, but they did discuss it.

The Administrator referred to a grant application to change the lighting on the Front Beach to be more energy efficient and to recess the lights into the pavement to make them more hazard-resistant. The City has received notification from the preliminary review by the Council of Governments that the City has been awarded funding, but the amount is not enough to complete the project as planned – the grant recommendation was for thirty-four thousand dollars (\$34,000) of the fifty-two thousand dollars (\$52,000) that is needed leaving a difference of eighteen thousand dollars (\$18,000). The recommendation from Real Property is to take those funds from the “Aisle of Palms” fund that was generated through the sale of bricks, benches and palm trees assuming that the final decision-makers support the regional recommendation.

MOTION: Councilwoman Rice moved to approve \$18,000 from the “Aisle of Palms” fund to augment the grant to complete the Front Beach Lighting Project; Councilman Bettelli seconded.

Councilman Buckhannon asked what the cost of maintenance was for the existing lighting system; Public Works Director Pitts responded that, normally, runs in excess of ten thousand dollars (\$10,000).

Call for the Question: The motion PASSED UNANIMOUSLY.

7. Miscellaneous Business

A. Discussion of proposed budget for January event

Chairman Taylor recalled that there had been discussion of an island celebration in January 2010.

Mayor Cronin informed the Committee that he had met with representatives of the restaurant community a week ago; the restaurateurs expressed their preference for a time after the Wildlife Expo when they are gearing up for the busy season. Prior to that event, the restaurants tend to reduce their staffs, and, at the later time, they would like to be able to offer their outdoor venues as well as inside ones. The Charleston Visitors Bureau was present and they were charged with coming up with a “tag line” and accompanying graphics suitable for advertising the event. The Mayor said he would prepare a request for funding at the October meeting.

Mayor Cronin reminded the Committee members that there would be sandwiches provided at the Special Joint meeting of the City Council and Planning Commission.

B. Next Meeting Date: 5:45 p.m., Tuesday, October 20, 2009

8. Adjourn

MOTION: Councilman Buckhannon moved to adjourn the meeting at 7:23 p.m.; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk