

WAYS AND MEANS COMMITTEE
5:45 p.m., Tuesday, September 16, 2008

The regular meeting of the Ways and Means Committee was held at 5:45 p.m., Tuesday, September 16, 2008 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Council members Bettelli, Buckhannon, Duffy, Loftus, Piening, and Rice, Mayor Sottile, Vice-Chairman Cronin, Assistant to the Administrator Dziuban, City Treasurer Suggs and City Clerk Copeland. The absences of Chairman Taylor and City Administrator Tucker were excused. There was a quorum present to conduct business.

1. Vice-Chairman Cronin 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: Mayor Sottile moved to approve the minutes of the regular meeting of August 13, 2008 as submitted; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** - None

4. Financial Statement – Treasurer Suggs

Treasurer Suggs commented that the August financial statement did not contain anything of particular note; both revenues and expenses are in line with this time of the fiscal year. Fuel costs are within budget overall for the City, although a couple of departments are running slightly over budget. She noted that Residential Rental Licenses were due September 2; the Treasurer directed the Committee's attention to page 17 of the financial statement that showed, through the month of August, collections were at seventy percent (70%).

In addition, Treasurer Suggs reported that the City had received the nine hundred thousand dollars (\$900,000) contribution to the beach restoration project from Charleston County and that the bond for the Public Safety Building had closed on August 28, 2008.

Councilwoman Rice questioned that the City had already spent thirty thousand five hundred dollars (\$30,500), or one-half, of the 2008-2009 budget from the Drainage Contingency Fund. The Treasurer stated that the expenditure had been for year four of the Eadie's contract.

Treasurer Suggs had prepared an updated June 30, 2008 financial summary that shows how the City is anticipated to end the previous fiscal year. She indicated that this schedule reflects revenues that had been accrued into the year, but were received after June 30. The General Fund does show a small surplus of \$218,836; this surplus accrued as a result of the Public Safety Building Debt Service that was budgeted but not spent because the debt had not been issued prior to June 30, 2008. (The Treasurer reported that the debt service had been redirected to principal on the Public Safety Building thus allowing the City to borrow less money.)

On the subject of the surplus, Vice-Chairman Cronin commented that the Council would have to decide the disposition of the surplus at a future meeting. Treasurer Suggs suggested Council consider allowing the surplus to remain in the General Fund; she noted that, typically, a surplus has been rolled into the Capital Projects Fund. The Treasurer remarked that keeping the fund balance in the General Fund stable made sense as long as revenues and expenditures remain stable, but the City's expenditures are growing, so, to be fiscally prudent, the City should allow the fund balance to grow. She also reminded the Ways and Means Committee members that the numbers before them were not final; the final audited financial statement will, hopefully, be available in November.

Beach Nourishment Project Schedule

Treasurer Suggs repeated that the City had had received the nine hundred thousand dollars (\$900,000) from Charleston County; she also reported that Weeks Marine had been paid their third application for payment in the amount of \$1,391,483, as well as certain other smaller costs. The remaining balance is \$945,034 according to the original budget.

Assistant Dziuban informed that Committee members that in October they would be asked to consider a claim by Weeks Marine for \$74,480.00 to account for the difference in the number of sandbags that were collected versus the number of sandbags estimated in the contract. Assistant Dziuban explained that the contract between the City and Weeks Marine obligated the City to pay only for the number of bags removed, but the contract between Weeks Marine and the sub-contractor that actually removed the bags was for a set dollar amount; therefore, Weeks Marine is asking for reimbursement for that difference. She pointed out to the Committee that, in the column headed Sandbag Removal on the Beach Nourishment Schedule, there is a balance remaining of \$74,480. Coastal Science and Engineering, the engineering firm on the project, will author a formal response to the claim based on input from the City and the major stakeholders in the project; the response is due October 8. Assistant Dziuban emphasized that, should the Council decide to honor Weeks' claim, it would not affect the budget since the amount budgeted for sandbag removal was for the higher estimated number of sandbags.

Councilman Loftus asked if there were liabilities outstanding on this project other than the one just described. Assistant Dziuban responded that, in accordance with the permits issued for the project, monitoring of the area must continue for three (3) years after completion and that funds for said monitoring was included in the original budget.

Public Safety Building Worksheet

Treasurer Suggs noted that there had not been significant expenditures on the Public Safety Building to date; she did report that one item that is not included in the schedule is the transfer of \$589,549 from the Debt Service Millage Reserve Fund.

Assistant Dziuban related that she had attended the most recent construction progress meeting earlier today; Mashburn reported that foundations have been poured in two (2) of the major areas of the building, a third is in progress, and the underground plumbing has been completed. At the meeting, she learned of three (3) change orders that may be forthcoming related to the project; they are as follows:

- 1) The elimination of the balcony that was proposed as an alternate requires a change in the drawings to remove it; Cole+Russell is reviewing;
- 2) The Police Department has requested consideration of a small piece of fencing to create an evidence area to allow for the temporary storage of larger items that are acquired after hours; and
- 3) Final pricing is being obtained on the bi-directional amplifier previously approved.

Marina Bulkhead Project

Treasurer Suggs commented that she had gone back to 2006 in order to capture all design costs related to this project. She explained that, in the small box at the bottom right of the schedule, she described the sources of funds for the project and the amount of additional funding needed.

Assistant Dziuban informed the Committee that the City was in receipt of the signed contract from Misener; the Notice to Proceed would be issued and dated September 19, 2008; and there was a pre-construction meeting scheduled for 2 p.m. on Friday, September 19 at the marina. She remarked that the tenants of the marina had been invited to the pre-construction meeting.

5. Old Business

Discussion of Status of Digital Radio System

Vice-Chairman Cronin asked that Chief Buckhannon explain the issues related to the digital radio system. Chief Buckhannon stated that he had attended a meeting earlier in the day along with Charleston County and Mobile, the system provider, to address the

problems that the City has been experiencing with its radios. The Chief noted that the City is currently operating an analog system and that there have been serious communication issues in the past two (2) weeks, one occurred during a fire and the other during an EMS call. The conclusion reached in the meeting was that the City should switch to digital radios as soon as possible, and Charleston County has come up with a way to work around and get the digital system in place as early as the middle of October. Chief Buckhannon explained that the "work-around" uses equipment that the City has already and some recently purchased.

Vice-Chairman Cronin asked which local communities had already switched to digital; the Chief responded that only North Charleston and Charleston County had switched. Chief Buckhannon added that one reason the City had delayed its switchover was that the City was waiting on Sullivan's Island and Mount Pleasant to switch because of the interaction between emergency services. The Chief stated that the Isle of Palms, Sullivan's Island Fire and Police and the Mount Pleasant Fire Departments could switch in mid-October.

Mayor Sottile stated that he had spoken with the City Administrator on this subject and he had recommended that, if money is budgeted, the City should make the change as quickly as possible. Treasurer Suggs reported that there were seven (7) or eight (8) months of the service fees to Charleston County (\$25 per month per radio) included in the 2008-2009 budget. The Mayor added that the City cannot take any chances with communications, particularly problems with on-scene communications as were experienced at the fire last week.

Councilman Cronin asked Chief Buckhannon how much money was involved to accomplish the switch. The Chief noted that equipment was budgeted for last year, but not purchased and not included in the 2008-2009 budget. Treasurer Suggs stated that, despite not being in the 2008-2009 budget, there was cash available to purchase the required equipment. Chief Buckhannon stated that he has the costs and that he had planned to discuss the issue at the October Public Safety Committee meeting to allow the purchase to go through proper channels.

Assistant Dziuban stated that Administrator Tucker wanted it on the record that she had authorized the cost of labor for Charleston County to affect an immediate switch to the digital system.

6. New Business

Recommendation to set City Millage Rate at 22.2 for FY 2008-2009

Treasurer Suggs reminded the Committee that the millage for 2007 had been 22.4 and that the 2008-2009 budget had been built anticipating a 2.9 % CPI increase. She explained that an error had been made in that the 2.9% increase had been applied to the entire 22.4 millage rate and that the increase cannot be applied to any portion of the millage that is debt service. In addition, she noted that the budget had anticipated the debt for the Public Service Building to be \$7.7 million with a rate of 5.5%; in actuality, the bond was issued for \$6.7 million at a rate of 4.14%. These two (2) factors result in a lowering of the millage rate to 22.2 for FY 2008-2009.

MOTION: Mayor Sottile moved to recommend to City Council to set the millage for FY 2008-2009 at 22.2; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

7. Miscellaneous

Mayor Sottile remarked to the Committee that he had been informed that there was a consensus among City Council to proceed with the no-smoking ordinance without holding a work session; he was, therefore, going to include second reading in the Agenda for Tuesday, September 23. He did request that all members go over the redlined version of the ordinance that the City Attorney had provided, and, if there were questions, to please contact the City Administrator or him in hopes that the ordinance can move forward smoothly.

Next Meeting Date: 5:45 p.m., Tuesday, October 21, 2008.

8. Adjourn

MOTION: Having concluded the business of the Ways and Means Committee, Councilwoman Rice moved to adjourn at 6:17 p.m.; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk