

WAYS AND MEANS COMMITTEE
6:00 p.m., Thursday, March 12, 2009

The regular meeting of the Ways and Means Committee was held at 6:00 p.m. on Thursday, March 12, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Council members Bettelli, Buckhannon, Loftus, Piening, and Taylor, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. Councilwoman Rice and Mayor Cronin's absences were excused, as was Councilman Duffy, who had a medical emergency. 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 February 17, 2009 as submitted; Councilman Buckhannon seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** - None

4. **Financial Statement and Financial Project Status** – Treasurer Suggs

Treasurer Suggs reported that being eight (8) months into the fiscal year, the targets for expenditures and revenues were sixty-seven percent (67%) and that expenditures were at sixty-one percent (61%) of budget and revenues were at one hundred thirty-four percent (134%) of budget. She directed attention to the Revenue page of the monthly financial statement and noted that property taxes were eighty-four percent (84%) collected and that business licenses, which were due February 1, were seventy-one percent (71%) collected. The Treasurer added that the legal entity that had sold the units in The Villages had paid fifty thousand dollars (\$50,000) and that another one hundred fifty thousand dollars (\$150,000) was due in business licenses revenue. Residential rental licenses were over budget, but she did not expect to collect much more. The City has received six (6) months' payment of the Isle of Palms' portion of County Municipal Accommodation Taxes and that year-to-date the City was within one thousand dollars (\$1,000) of collections for the same period in 2008. Treasurer Suggs was pleased to report that the City had received six hundred seventy thousand dollars from the State grant for the Beach Restoration Project. Interest rates are still less than favorable – for February the BB&T rate was 0.4% and the LGIP rate was at 0.5794%.

The Treasurer recounted that, at the previous meeting, the Committee had asked that she project the year-end financial status of the City. Based on the information available for the General Fund through eight (8) months, she anticipates revenues to be one hundred fifty thousand dollars (\$150,000) under budget, but, looking at the expenditure side, she anticipates them to be under budget by three hundred fifty thousand dollars (\$350,000). Based on those estimates, the City could end the year being two hundred thousand dollars (\$200,000) ahead. The primary reasons for the reductions in expenses are that some budgeted expenses will not happen, i.e. debt service for the Public Safety Building that was based on estimated debt and estimate interest; the borrowing and the interest rate were less than budgeted, therefore, there is a savings of approximately two hundred thousand dollars (\$200,000). Other contributing factors are that the Police and Public Works Departments have been functioning with unfilled vacancies for a portion of the year and the fact that fuel was budgeted at five dollars (\$5.00) a gallon has resulted in a large savings. Although the Treasurer has not yet reviewed the other funds, there is not a lot of variability in them, so she does not expect much change.

Briefly discussing the tourism schedules, Treasurer Suggs reported the following:

- The City is very near the same in State Accommodations Tax as in 2008;
- Municipal Accommodations fee is only off two thousand dollars (\$2,000) from 2008; and
- Hospitality Taxes are ahead of 2008 for the same period.

Beach Restoration Project

Spent to-date	\$9,083,828	Remaining	\$ 822,172
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Public Safety Building

Spent to-date	\$3,722,000	Remaining	\$ 4,608,292
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Bulkhead Replacement

Spent to-date	\$1,828,450	Remaining	\$ 682,874
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Chairman Taylor commented that a review of the budgets was omitted from the agenda for this meeting because he knew that the full Council would not be present and that he wanted to schedule a budget work session for the middle of April. The budget workshop was set for 5:45 p.m. on Wednesday, April 15 in Council Chambers. Councilman Taylor added that first reading of the budget was scheduled for the Council meeting of April 28; Administrator Tucker noted that the budget was required to be advertised fifteen (15) days before second reading.

Treasurer Suggs stated that the budget thus far represented a reasonable increase of less than four percent (4%) on the expense side.

Administrator Tucker commented that the Public Safety Committee had voted to defer the three (3) new firefighter positions to another year; Chief Graham had offered to defer the stair chair to FY11. Significant to the Public Works budget is that an action before the Committee tonight suggests moving forward with the engineering design for the 54th through 57th Avenue drainage utilizing funds CTC grant funds the City has been holding. The Administrator reported that a recommendation will go before the Personnel Committee for salary adjustments for a class of employees that did not occur last year.

Councilman Loftus stated that he had been told there were to be several foreclosures and auctions of property on the island in coming months; he, therefore, was concerned about the revenue to be budgeted for property taxes. Treasurer Suggs responded that she had called the assessor's office and had been told that the appraised value of a property, which is substantially less than fair market value, would change very little. Administrator Tucker remarked that a buyer could make an appeal of their taxes because the property had significantly reduced in value, and, if the appeal were upheld, the assessed value would drop. She continued that, in the initial year until there was a re-assessment, the taxes would remain the same. She assured the Committee that she and the Treasurer studied all of the issues very closely as they work on the revenue side of the budget, and they will budget very conservatively with this type of issue in mind.

Councilman Taylor explained that the Mayor was attending the Financial Committee meeting of County Council that was to make a decision on the future of the waste disposal issue that has serious implications for the City. Administrator Tucker stated that the current budget does not reflect the purchase of an additional packer or adding personnel that would be required if the incinerator were closed. She reported that she has been serving on the Green Committee, and they had met today to make their final decision on the subject – their vote had been seven (7) in favor of closing the incinerator, six (6) in favor of keeping it open and one (1) abstention.

6. New Business

A. Recommendations from the Public Safety Committee

Administrator Tucker stated that, since the new Public Safety Building had not been a design-build project, the time had come to prepare the building to be occupied; therefore, there are several decisions to be made.

In briefly reviewing the first three (3) items, the Administrator commented that the audio-visual system would be in the training room that will be used by both the Fire and Police personnel; the figure quoted covers both the purchase of the equipment and its

installation. The contract with Wholesale Appliance Center is for all of the appliances that will go into the building. The gear lockers are duplicates of those placed at Fire Station 2.

Administrator Tucker explained that there were two (2) other items related to outfitting the building that were not included in the agenda because of the timing of the receipt of the bids, and time is growing short to get these items ordered and delivered timely. The Administrator jumped to item 5, network and phone cabling, and stated that the final quotes were received this afternoon. They are included on the schedule placed on the dais for you before the meeting; the low bidder was Empire Communications at \$19,413. A second item was the furniture for the building; that final bid was also received today. The low bidder was Prison Industries at \$88,010.25 on state contract. Both of these items were approved by the Public Safety Committee.

All of these items were included in the budget and require an award of contracts in keeping with the City's procurement code.

MOTION: Councilman Bettelli made a motion to award contracts as follows:

- 1) to Cymark AV, LLC for the audio-visual system in the amount of \$12,370;**
- 2) to Wholesale Appliance Center for all appliances in the amount of \$21,501.07;**
- 3) to Gear Grid for wall mount lockers in the amount of \$14,368;**
- 4) to Empire Communications for network and phone cabling in the amount of \$19,413;**
- 5) to Prison Industries for furniture in the amount of \$88,010.25; and**
- 6) to NAFECO for four (4) self-contained breathing apparatus in the amount of \$19,540;**

Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

- 4. Consideration of Change Order #8 in the amount of \$93,493 from Mashburn Construction for hardware and security system adding three (3) days to the contract.**

Administrator Tucker reminded the Committee that she had foreshadowed this change order to them in January when it became evident that certain work on the Public Safety Building would be handled better and more smoothly if it were a part of the Mashburn Contract and not done by the City, as originally planned. This change order represents a shifting of expense away from the City to the Mashburn contract; the proposal is to move sixty thousand dollars (\$60,000) from Communications and Surveillance to the nine dollars (\$33,493) from Contingency to the Mashburn contract.

MOTION: Councilman Buckhannon moved to approve Change Order #8 in the amount of \$93,493 to Mashburn Construction; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

Administrator Tucker stated that the next progress meeting was scheduled for 1 p.m. on Tuesday, March 17; she invited members of the Committee to come for a walk through of the building.

B. Recommendation from the Public Works Committee

1. Approval of award of contract to Peterson Grading, LLC in the amount of \$1,900 to deliver and grade shell sand and to straighten the railroad ties on the 21st Avenue curve.

Administrator Tucker stated that this was actually a compromise to improve the appearance to the 21st Avenue curve.

MOTION: Councilman Bettelli moved to award the contract to Peterson Grading, LLC as stated above; Councilman Buckhannon seconded and the motion PASSED UNANIMOUSLY.

2. Re-affirmation of award of contract to Civil Site Environmental in the amount of \$86,200 for the engineering design of the 54th to 57th Avenue drainage

The Administrator explained that she had spoken with the County contact as she was preparing this year's request for CTC funds; in that conversation, he urged her to proceed with the engineering design on the project in hopes of getting additional funds, possibly stimulus money, to complete the project. Administrator Tucker recalled that, several years ago, Council had selected Civil Site Environmental as the sole source engineer for the project; the reasoning behind that decision was that Civil Site Environmental had done a lot of engineering work within Wild Dunes and, therefore, was very familiar with the infrastructure that the City's project would tie into. Also contributing to this action is the information that the City received that there is no near-term plan to go forward with Phase II of The Villages. The price to go forward with the final engineering design is \$86,200 plus reimbursables, such as costs of plans, copies, etc.

MOTION: Councilman Bettelli moved re-affirm the award of the contract to Civil Site Environmental to provide the engineering design for the 54th to 57th Avenue drainage project in the amount of \$86,200 plus reimbursables; Councilman Buckhannon seconded.

Councilman Loftus asked if any of this work would be duplicating work done previously. The Administrator explained that the only work Civil Site Environmental had done was the conceptual idea of the project and cost estimates. The final design work will prepare the project for bid.

Councilman Loftus queried whether the City had gone out for bid for the engineering work; Administrator Tucker answered that she had not because City Council has an action on the books with the selection Civil Site Environmental as a sole source for this project.

As a result of continuing discussion, Chairman Taylor asked that the Administrator invite Dave Stevens of Civil Site Engineering to attend the March City Council meeting to define the work done previously and contrasting it to the final engineering design and the amount of time that will be spent developing the engineering design.

Councilman Bettelli withdrew his motion.

C. Real Property, Beach Restoration – Award of Contract for Sand Fencing and Vegetation Planting

Administrator Tucker explained that the sand fencing and planting were the next steps in the beach restoration project, and it was important that the work be completed before the start of turtle nesting season in May. She noted that, between this meeting and the Council meeting, there will be a bid opening; she stated that she was seeking a “not to exceed” motion so that the contract award can take place at the Council meeting.

MOTION: Councilman Bettelli moved to approve the award of a contract for sand fencing and vegetation planting to the lowest responsible bidder in an amount not to exceed \$90,000 to be paid with budgeted, beach restoration project funds; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

D. Approval of 3-year extension to the audit contract to Green, Finney & Horton, LLP as follows:

June 30, 2009 - \$21,650 (same as June 30, 2008)
June 30, 2010 - \$22,500
June 30, 2011 - \$23,400

Administrator Tucker commented that the City’s contract with Green, Finney & Horton is winding down, and a contract extension of three (3) years is recommended.

MOTION: Councilman Buckhannon moved to extend the auditing contract with Green, Finney & Horton according to the terms stated; Councilman Bettelli seconded.

Councilman Loftus asked how much time was required to perform an audit; Treasurer Suggs explained that there was about a week of preliminary work, two to three (2-3) weeks in City offices for final work, plus the compilation and review in their offices.

Call for the Question: The motion PASSED UNANIMOUSLY.

7. Miscellaneous

Next Meeting Date: 5:45 p.m., Wednesday, April 15, 2009

8. Adjourn

MOTION: Councilman Buckhannon moved to adjourn the meeting at 6:57 p.m.; Councilman Piening seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk