

WAYS AND MEANS COMMITTEE
5:45 p.m., Tuesday, March 18, 2008

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, March 18, 2008 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. In attendance were Council members Bettelli, Buckhannon, Cronin, Duffy, Loftus, Piening and Rice, Chairman Taylor, Mayor Sottile, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. Invited guests for the meeting were Earnest and Sally Archer of The Archer Company.

1. **Call to Order** and acknowledgement 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** – February 19, 2008

MOTION: Councilman Cronin moved to approve the minutes of the regular meeting of February 19, 2008 as presented; Councilman Bettelli seconded and the motion PASSED UNANIMOUSLY.

3. **Citizens' Comments** - None

Chairman Taylor thanked Councilman Cronin for chairing the February meeting in his absence and complimented him of a job well done. He explained his goal for tonight's meeting as one where the members would get a good overview of the budget and questions related to the budget would be asked in preparation for a work session at the regular meeting on April 15.

4. **Presentation on "The Compensation and Classification Study" by Earnest and Sally Archer of The Archer Company**

Chairman Taylor asked that the Committee members keep their questions general in nature since an Executive Session was on the Agenda where specific personnel or specific salaries could be addressed.

In her introduction of the Archers, Administrator Tucker reviewed the process by which the City had selected The Archer Company to perform the compensation study in 2007. The study has been a year in production of the final product, but, as Earnest Archer would show in the Power Point presentation, the study was completely fair and objective in its evaluation of job descriptions, salaries and the position of the Isle of Palms in the marketplace. She stated that the Archers were present to provide the Committee with the process they had used in compiling the information and making the determinations they had for the Isle of Palms, as well as to offer recommendations for implementing the study.

Mr. Archer began by giving background information on The Archer Company, such as the fact that they have thirty (30) years of experience and are a national company based in Rock Hill, South Carolina. He explained that the objective for the City had been to provide a comprehensive compensation and pay grade classification system with a recommended salary schedule and with job descriptions for all job titles.

According to Mr. Archer, the project included an analysis of each job within the City to obtain an understanding of the major job functions and scope of responsibility. Job evaluations were also done to determine the level of complexity involved in the job and the relative worth of the job within the City; this information was then used to establish an equitable pay structure. Among the considerations for job evaluations were the job function, responsibility, environmental and aptitude requirements.

With the help of the City staff, The Archer Company worked to define a profile of the labor market in the City competes; the profile was composed of municipalities and counties that are either contiguous and/or most comparable to the City, as well as other governmental entities and private employers.

Mr. Archer pointed out that the purpose of the study and accompanying analysis was “designed to determine the competitive worth of each job for the purpose of establishing equitable, comparable and competitive pay range for each of the City’s jobs.”

The Archer Company’s final product includes a comprehensive pay plan and job descriptions or classifications specifications for each of the City’s jobs. “Each job description and/or job specification identifies the essential duties and responsibilities of the job, performance indicators . . . the required knowledge, skills and abilities necessary to perform the job duties described by the specification and/or description.” Pay ranges of minimum, mid-point and maximum were established for each job within the City; the mid-point was defined as the fully competitive rate based on longevity and productivity.

Mr. Archer also offered a recommendation for implementing the study should the City Council agree to adopt the “Compensation and Classification Study” that took into consideration an employee’s tenure with the City. The Archer Company did recommend that each job be brought up to the minimum level as soon as feasibly possible within the constraints of the City’s budget, but Mr. Archer also reminded the Committee that, if the study were implemented over time, it must be kept updated because the ranges would continue to increase within the marketplace.

Administrator Tucker noted that, in the operating budgets to be presented during this meeting, FY 2008-2009 salary figures were on based on the original report provided by The Archer Company. These salary amounts included the City’s historical merit and

COLA increases and took all applicable salaries to the minimum as defined in the Archer report; also included in the salaries was the amount needed to take certain positions to fifty percent (50%) of the mid-point. The study offered tonight has longevity with the City as a factor in recommendations, for example, that an employee who has been with the City for four (4) years and whose work warranted it, should be taken to forty percent (40%) of the mid-point; while an employee with eight (8) years should be taken to eighty percent (80%) of the mid-point.

In the discussion following the presentation, Councilman Cronin asked if benefits provided by the City had been a consideration in the study, and Mr. Archer answered in the negative. Mr. Archer noted that salary and benefits were kept separate for their considerations because they vary so widely in the market; in addition, it was his opinion that people did not make job decisions based on benefits.

Chairman Taylor commented that the Ways and Means Committee would evaluate the study and make decisions at its April 15 meeting. He asked Mr. Archer if he would be available by phone to answer additional questions should they arise, and Mr. Archer agreed.

5. Financial Statement – City Treasurer Suggs

Treasurer Suggs reported that the City was in a strong position eight (8) months into the fiscal year. Despite her gloomy predictions last month, the Treasurer stated that Business License revenue was at 82% of budget at the end of February which was the same as it was last year at the same time. She also related that property taxes were 83% collected.

Treasurer Suggs also noted that she had opened a new account with the Local Government Investment Fund that she has named Debt Service Millage Reserve Fund. She has transferred approximately \$760,000 into the account, which will make the debt service payment on the Recreation Center and the Public Safety Building for one (1) year.

The next schedule for review was the Beach Nourishment Project that showed a total of \$221,455 having been spent since the beginning of the year.

On the Fire Station Worksheet, the Treasurer stated that she believed that the retainage due to Trident was the last outstanding payment for Fire Station 2; therefore, next month there would be a new schedule dedicated to the Public Safety Building.

The final handout from the Treasurer was information that had been requested by Councilman Loftus at the previous meeting; it was a report containing historical data

from 2004 through 2007 on actual capital expenditures by department. For 2008, the figures were budgeted amounts, and for 2009, the proposed budget amounts. Administrator Tucker stated that the goal was to look beyond the bottom line to where the funds were actually spent to evaluate future expenditures based on the past.

6. Old Business

A. Update on all Current Projects

1. Public Safety Building

Administrator Tucker informed the Committee that the mandatory pre-bid conference had been held on Thursday, March 13 with six (6) to eight (8) contractors attending; the bid opening was planned for March 25 at 2 p.m. Once the bidders references have been checked and the bids checked, the total project cost would be known so that the staff can move forward with issuance and closing on the bond for the Public Safety Building. Councilman Cronin asked if the Administrator had heard from the architects of any concerns that could cause an extension of the bid period; Administrator Tucker stated that she was not aware of any.

2. Local Comprehensive Beach Management Plan

The Administrator iterated that this document was crucial for the City to be eligible for state funds for the beach renourishment project. Everything has been turned in to OCRM; they have completed their review; the final step will be a public hearing conducted by OCRM to be held tomorrow, Wednesday, March 19, 2008 at 6 p.m. here in Council Chambers. The City's understanding of the hearing is that OCRM representatives will go through the required elements of a beach management plan and indicate how the City has met those requirements; unless someone can rebut the state's position that the City has met the requirements of the plan, the City's plan would secure approval. Chris Jones, the City's coastal engineer, will attend the hearing.

On a related subject, Administrator Tucker informed the Committee that at a later date they must address the cost overages that have been incurred as a result of the re-writing and re-formatting of the plan to meet OCRM's requirements.

3. Renourishment

According to the Administrator, this project was moving along rapidly as had been planned. The City received notification this afternoon from OCRM that their portion of the permitting was ready for the City's review and signing; assuming that there are no concerns with the document, it would be signed and go to the Corps of Engineers for their permit. Administrator Tucker noted that the

one (1) change OCRM had made and told the City about was a reduction the scope on the reach that goes to 47th Avenue area; they have backed off on the tapering a little because they did not believe it was necessary. Staff has sent the document received this afternoon to Chris Jones, Tim Kana, Dave Kynosky and Smith Bundy Bybee for their comments.

On the funding side of the project, Administrator Tucker stated that she and City Attorney Sottile had worked on the draft agreement last week; this is the agreement between the City and the other funding agents. Coastal Science and Engineering will provide the contract document and specification documents that also must have a legal review and be prepared to go out to bid in mid-April. In addition, at some point in the process, the City must close on the loan for the \$1.7 million for its portion of the project costs.

4. Bulkhead and Dredging

Administrator Tucker stated that the City had reached a point where a decision needed to be made if the intent was to start the project in the fall of 2008. She also reported that the cost of the project was built into the budget that was being presented. The Administrator noted that the engineers have communicated to her that they would not be able to deliver their services to the City if the City did not make a decision soon. The engineers are monitoring the bulkhead at this time, and she stated that she was hopeful of receiving their report in time for the Council meeting on March 25.

Councilwoman Rice added that the urgency was due to the narrow window that OCRM allows for dredging each year; she also stated that the City's dredging permit would expire if the project were postponed for another year.

Administrator Tucker commented that the members of the Real Property Committee and the entities at the marina agreed that the best way to do the project would be to have only one (1) interruption of activity and get both the dredging and the bulkhead replaced in tandem.

Mayor Sottile asked about the change in the original scope of the project that had included the docks and the electrical; Administrator Tucker responded that the Real Property Committee and the marina manager had agreed that they could wait. He then asked where the money was to come from with a \$1.3 million shortfall in the budget as presented. Councilman Cronin was emphatic that the City cannot allow the bulkhead to fail thereby putting its asset in jeopardy.

B. Review of FY 2008-2009 Capital Budgets

Chairman Taylor explained that he saw the major factors in this budget year were the following:

- The compensation study and how to apply it;
- Dredging and the bulkhead replacement;
- Request for additional fire personnel; and
- How to deal with the capital and operating budgets since many facets were out of the Council's control, i.e. fuel costs and employee benefits.

He stated that he would be attending the various committee meetings over the next month to better understand their thoughts when the Ways and Means Committee meets again on April 15th. The Chairman asked Administrator Tucker to do a quick review of the capital budgets

Administrator Tucker stated that she would focus her comments on the changes and/or additions to the capital budgets since everyone had seen them at least once before.

General Government

The Administrator reported an addition of electronic message boards for the Connector and Breach Inlet to the Capital Budget since first review for General Government. There have been several issues with the message board relative to its meeting the needs of the residents; it is also very labor intensive. An electronic message board could be updated from a computer terminal on a timely basis.

Police Department

An addition of a mobile radio repeater has been made to both the Police and Fire Department capital budgets for the Wild Dunes area; at the moment, the determination has not been made as to whether the need would be for one (1) or two (2). There is so much concrete and rebar in that area that there are communications "dead" zones that must be addressed. Councilman Buckhannon related that discussions had taken place in the Public Safety meeting about capturing a portion of the costs from The Villages/Wild Dunes since that construction has directly impacted the need for this equipment. Councilman Bettelli reported that he had accompanied Chief Graham when she had used Mount Pleasant's mobile radio repeater to test its effectiveness, and the repeater had made a significant difference in communication between personnel.

Fire Department

The number of thermal imaging cameras has been reduced from two (2) to one (1).

Public Works

Relative to the reserve for the 54th-57th Avenue drainage, Councilwoman Rice asked when the project was to occur and what was the completion date. In response,

Administrator Tucker indicated that she had been in contact with the design engineer and that some progress had been made. What remains to be done is the collection system and the connection of that system to portion on Palm Boulevard. She also reported that the delay of the next section of the Villages has some impact on the City's plans because some of the engineering associated with that would be factored into the placement of the line that crosses from Palmetto to Palm Boulevard. The Administrator recalled that some eight (8) to ten (10) years ago the estimate for the project was eight hundred thousand dollars (\$800,000).

Building Department

No changes from previous discussions.

Recreation Department

Director Page had pictures of the rust on the metal beams; a set is attached to the minutes.

Isle of Palms Marina

Administrator Tucker noted that rental of a restroom trailer has been added since the initial discussions of this budget; the addition was made as a result of conversations that occurred last summer about the large volumes of people at the marina to use the facilities. The Administrator stated that she needed input from the marina stakeholders regarding the need; Mayor Sottile suggested that such an expense should be borne by the businesses at the marina and not the City.

Bonded Debt Service – Principal and Interest

Administrator Tucker pointed out that the schedule included bonds for the Public Safety Building, the Beach Renourishment and the Bulkhead replacement.

In conclusion, Chairman Taylor encouraged the Committees to be aggressive about the real departmental needs for FY 2008-2009.

7. New Business

A. Recommendation from Real Property Advisory Committee related to the Marina Bond

MOTION: Councilwoman Rice moved for the City to go forward with re-financing the marina tax-exempt bond to a taxable bond; Councilman Buckhannon seconded.

Chairman Taylor repeated the advice from the City's bond attorney at the February meeting that to re-finance to taxable would allow the City to achieve more flexibility with the management agreement at the marina.

Councilman Piening asked if this action would cause the City's net annual costs to increase. Administrator Tucker replied that, under the current structure with the marina tenants, the City benefited from the profitability of these tenants; it has proven to be an advantageous financial position for the City. In order to maintain the integrity of that, the City needed to have a taxable bond, not a tax free bond. If the City were to change that structure with some of the entities working on the site, the City could keep the tax free bond but would likely lose some of the profitability that it currently has.

Councilman Loftus questioned that the City should hold off taking any action in anticipation of a much lower interest rate in three (3) to four (4) months. Chairman Taylor explained that action taken tonight was only a first step since an ordinance had to be passed as well; the process would take approximately three (3) months to complete.

Councilman Piening expressed his opinion that the marina manager did not appear to assume any risk to his operation. Chairman Taylor noted that the marina manager has a two (2) year contract; therefore, the risk to him was for the City not to renew his contract because he had not operated at the optimum capacity. Councilman Piening restated that he did not see the financial risk to the manager. Administrator Tucker responded that the marina manager has basically the same risk that any other business owner has. Mayor Sottile added that the marina manager is operating four (4) or five (5) businesses at the marina and he has made a significant investment in the marina store; he must be profitable to pay the City and himself.

Councilman Cronin reminded the Committee that the marina contract would be up for renewal this fall.

Call for the Question: The motion to re-finance the marina bond to a taxable bond PASSED ON A VOTE OF 8 TO 1, with Councilman Piening casting the dissenting vote.

B. Review of FY 2008-2009 Operating Budgets

Chairman Taylor commented that this was the Committee's first viewing of the City's operating budgets and that a revenue page was included as well.

Administrator Tucker directed the Committee's attention to the bottom of page 14 of the operating budgets; she stated that, as presented, the FY 2008-2009 budget had a

deficit of \$1,222,328. The Administrator then remarked that the budget had to be cut or an alternate source of revenue had to be found. She also noted that the current property tax law only allows an increase in taxes by the CPI and growth for money for bond issues or to fill a deficit from a prior year. Since a deficit was not anticipated for FY 2007-2008 so that taxes could be raised to cover it, the City would be very limited with how much the millage could be raised. Administrator Tucker asked that, as she reviews the departmental operating budgets, the Committee members look for ways either to generate additional review or to cut expenses.

Revenue

Property tax revenue was based on the latest available information on the collectible base adding in a four percent (4%) growth factor; there was also the addition of the 2.8% state allowed CPI – the result was an increase of \$131,906. Administrator Tucker informed the Committee of conversations between the City Treasurer and Charleston County regarding the impact of the under valuing of the properties adjacent to the erosion area; Treasurer Suggs explained that the completion of the renourishment project was expected to be within a few months in hopes of mitigating that impact. No final decision has been reached on that subject.

As the Treasurer mentioned earlier in the meeting, she plans to re-evaluate the projected revenue based on the collections rebound in February; the Administrator related that there was the possibility of capturing additional revenue there.

The revenue expected from *Building Permits and Fees* was reduced due to the fact that the FY 2007-2008 year had fees from the Villages included, plus the general climate has changed related to lending.

Administrator Tucker stated that Alcohol Permits revenue was also decreased; it is believed that the state has reduced the charge for this license. Other decreases were made to *Parking Lot Revenue* and to *Interest Income*. Since there was a significant increase in *Parking Meter Revenue* last year, that increase was reflected in the budget.

The Administrator reported that there was the possibility of having all two (2) of the four (4) Beach Services Officers paid for through accommodations taxes reducing expenses by \$20,624. She added that she thought justification could easily be made to pay all four (4) through municipal accommodations taxes that would double the figure to \$41,248.

Councilman Cronin asked if the parking fee was still five dollars (\$5) per day because the County has increased their parking fee to seven dollars (\$7) per day. Treasurer Suggs noted that Mr. Linville leased the parking lots from the City and that he would be

losing spaces due to the construction on the Public Safety Building. She did state that she thought the City would readily approve an increase should he choose to do so.

In a global statement, Administrator Tucker explained that, based on the compensation study, the staff had built into each departmental budget taking everyone that was recommended at least to the minimum and also taking some employees to fifty percent (50%) of the mid-point. Tonight's presentation would mean approximately \$200,000 less than was indicated in the budgets should Council decide to adopt that plan.

Copies of all of the revenue operating budgets discussed are attached.

Mayor and Council

The first point the Administrator made was that any increase to Mayor and Council could not take place until after an election. The large percent of increase was directly attributable to the increase in salaries and the related fringes.

General Government

Administrator Tucker pointed out that there were details to specific amounts in the two (2) pages following this budget. By way of explanation, she stated that the increase to *Debt Service – Principal and Interest* was a result of the Public Safety Building bond; *Vehicle Fuel & Oil* was another universal change in the operating budgets due to the increased cost. The Administrator recounted that the recodification process has been ongoing for over a year and that the invoice might come in this fiscal year that would remove \$25,000 from this line. Overall the General Government budget was lower by 2.9% than the previous year's budget. Administrator Tucker explained to the Committee that the City had not been informed of the change to health insurance premiums, but the definite figure should be known for the meeting of April 15th. She also commented that the property insurance carrier had recently re-appraised the City's property and that she expected the property to increase in value; therefore, the cost of the insurance was expected to increase. She added that this increase had been built into all of the budgets like the increase in fuel costs.

Police Department

The explanations for increases had been explained in the previous discussion; the overall increase for the Police Department was seventeen percent (17%).

Fire Department

Administrator Tucker called the Committee's attention to the additional column, **H**, that appeared on this budget; she stated that this column contained the expenses specific to Chief Graham's request for two (2) additional personnel per shift per station for a total of twelve (12) additional personnel. The total impact of the additional personnel is \$715,500 - \$639,900 to the operating budget and \$75,600 to the capital budget.

Other changes to the Fire Department Operating Budget were increases to *Vehicle Maintenance* to cover the higher costs of an older truck, *Maint & Service Contracts* to cover the cost of testing all of the systems and *Employee Training* for additional life safety training.

Chairman Taylor asked Chief Graham to come forward to address the Committee on the need for twelve (12) additional personnel. The Chief stated that the budget preparation had precipitated her bringing the subject to the table, but that she had been thinking about it for some time. She related the fact that the national standard was fifteen (15) personnel per shift; the Fire Department currently has nine (9) personnel per shift. The Chief stated that currently there were not enough personnel to cover provide all of the steps that were needed at a fire. She did comment that the new Public Safety Building and Fire Station 2 had been built mindful of future growth in manpower. She reflected that the fire at Sofa Super Store had caused her to review all areas of public safety that fell under purview, especially policy and procedures; her determination had been that she lacked personnel to do the job effectively. Chief Graham remarked that if the department were called upon to fight a fire today, there would not enough personnel to answer a beach emergency call or vice versa. She also referenced a study done in 2001 that recommended twelve (12) personnel per shift; at the time the City took the staffing level to nine (9) per shift. Chief Graham ended her comments saying that she had devised several ways to implement the requested increase, as well as various ways to reduce costs at every level.

Mayor Sottile did not understand why Chief Graham had not pushed harder in 2001 for the full complement of staff recommended by the study or had not requested additional staff in the years since.

Administrator Tucker stated that the Fire Department Operating Budget for FY 2008-2009 would increase by eighteen percent (18%) without additional personnel and would increase fifty-one percent (51%) with the additional personnel.

Public Works Department

The Administrator remarked that basically the same items were changed on this budget as on the others, i.e. salaries and fringe, vehicle fuel and insurance. She did direct the Committee's attention to the line *Temporary Labor*; she stated that one (1) method to reduce expense here would be move half of that expense to accommodations tax since it is the visitors to the island that create the volumes of garbage. As presented the increase in the Public Works Operating Budget for FY 2008-2009 would be eleven percent (11%).

Building and Planning Department

The explanations for increases had been explained in the previous discussion; the overall increase for the Building Department was five percent (5%).

Recreation Department

Other than the global changes already discussed, changes to the Recreation budget included increases to *Printing & Office Supplies* attributable to the new activities guide being produced at the urging of the Recreation Committee, *Maint & Service Contracts* reflected the reclassification from the Capital Budget and *Employee Training* to continue the employee wellness program into next year. This operating budget as presented has an eleven percent (11%) increase over the FY 2007-2008 budget.

Judicial and Legal

The Administrator reported that this would be the first full year to include both the municipal and livability judges' salaries. Again the universal changes were reflected in the budget figures. This budget had a six percent (6%) increase over the prior year.

Parking Lot Department

Administrator Tucker noted that the insurance had been increased because of the hut. The budget increase in this department is forty-one percent (41%).

Parking Meter Department

Again there were the global changes, plus an increase to *Professional Services* to cover the increases the City has received for the hand held devices and the Rover service. There was an increase of 3.8% in this budget.

Marina Budget

On the revenue side, there was the increase to the rent based on the CPI and the inclusion of a bond issue to cover the cost of the bulkhead replacement. Administrator Tucker noted that there were few changes to the expenses for the marina; the primary changes were the addition of the interest due on the marina taxable refinancing of the marina bond and the estimated cost of the bulkhead replacement. Other than the expected increase in the value of the property, there were no significant changes to the marina restaurant. A five thousand dollar (\$5,000) contingency was put in for the "Waverunner" operation because it has a new operator and a new relationship.

Treasurer Suggs stated that she would provide budgets for the City's other funds that would have the capital expenditures applied to them to the members before the next meeting.

8. Miscellaneous

Councilwoman Rice posed two (2) questions to the Committee for ATAX Committee Chairperson Julia Tucker; Ms. Tucker wanted to know if there were a way for the ATAX Committee to meet fewer times per year, possibly quarterly, and if the Committee could approve the repeated expenditures at one (1) meeting, rather than spread them over the year. Chairman Taylor answered that he thought the answers to both of her questions were that they were both doable.

Councilman Cronin asked that each department review its spending pattern for the balance of the year in hope of providing a glimpse into how FY 2007-2008 would end. Since FY 2006-2007 had ended in a million dollars surplus and since the City has three (3) major projects in the works, it would be good to know now if such a circumstance could to occur again.

Councilman Bettelli asked that, at the Committee level, the budget get another review to decide if there were items that the department could do without; if those decisions were made ahead of time, it "would make the April 15th meeting less painful."

Administrator Tucker asked the Committee for its recommendation on moving forward with salary changes based on the compensation study as it had been presented tonight or to leave them as shown in the budgets. Councilman Loftus responded that he found it hard to analyze; he asked that, for comparison, salaries be presented in one (1) column representing the Archer implementation plan and in another indicating salaries with the City's usual two percent (2%) merit and three percent (3%) COLA.

Councilman Bettelli expressed his concern that possibly there was some doubling up on increases with the COLA and merit and the need for there to be a plan – either Archer or merit plus COLA, just COLA or just merit. Chairman Taylor suggested tasking the Personnel Committee to generate a plan to submit to City Council for their debate.

9. **Executive Session** - deemed unnecessary.
10. **MOTION: With no further business to come before the Ways and means Committee, Councilwoman Rice moved to adjourn the meeting at 8:20 p.m.; Councilman Duffy seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland
City Clerk