

WAYS AND MEANS COMMITTEE

5:45 p.m., Tuesday, June 16, 2009

The regular meeting of the Ways and Means Committee was held at 5:45 p.m. on Tuesday, June 26, 2009 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. In attendance for the meeting were Council members Bergwerf, Bettelli, Buckhannon, Duffy, Loftus, Rice, Chairman Taylor and Mayor Cronin, City Administrator Tucker, City Treasurer Suggs, Assistant to the Administrator Dziuban and City Clerk Copeland. The absence of Councilman Piening was excused. 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: Mayor Cronin moved to approve the minutes of the regular meeting of May 19, 2009 as submitted; Councilman Loftus seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Recreation Director Page thanked the Council for their avid participation in the volleyball game at the Windjammer on Thursday, June 11, 2009. She stated that, as she and the Recreation Staff reflected on the game and the awards that were given, they agreed that one person had "performed quite well," but had not received an award. With that said, the Recreation Department presented the Double Mint Gum Award, "in recognition of outstanding performance for doubling the pleasure and the fun" to Administrator Linda Tucker.

The Administrator expressed her appreciation for the award and stated that she was sure that Lollie, the Volleyball Queen, would make another appearance in the future.

Sandy Stone stated that he had been reviewing the budgets and was concerned that the millage was to be increased in the current economic atmosphere. He pointed out that, from 2003 through 2008, there has been a thirty-three percent (33%) in revenues to the City – from six million to eight million dollars (\$6,000,000 to \$8,000,000), but he remarked that he has not seen a thirty-three percent (33%) in City services to the residents.

4. Financial Statement – City Treasurer Suggs

The financial report presented is for May 2009, the eleventh month of the fiscal year; Treasurer Suggs noted that there will be a great deal of financial activity in the month of June. She pointed to the fact that General Fund revenues are at seventy-five percent (75%) of budget. She reminded the Committee that there had been an unbudgeted transfer of \$589,000 from debt service millage for the Public Safety Building; the money was budgeted and collected before the bond closing. City Council decided to reduce the amount to be borrowed by this \$589,000; the transfer was from the General Fund to the Capital Projects Fund where the Public Safety Construction Account is found. The effect of this transfer is a reduction to revenue in the General Fund and an increase to revenue in Capital Projects Fund. Treasurer Suggs stated

that, by factoring out the impact of this transfer, the General Fund would be at eighty-two percent (82%) of budget.

In reviewing the key revenue accounts, Treasurer Suggs noted that Property Tax Revenue was tracking ahead of budget with collections through April, so there are two (2) additional months' collections to be added. For Insurance Licenses Revenue, there is five hundred thousand dollars yet to be collected; the City typically receives this money late in June, some may not arrive until July. The Treasurer commented that the City had collected two hundred twenty-nine thousand dollars (\$229,000) in June, and she anticipates meeting that budget. Public Utilities indicate three hundred six thousand dollars (\$306,000) to be collected, but the SCE&G check will be three hundred thousand dollars (\$300,000) and there are six (6) months' franchise fees from Comcast to be received. She noted that Court Generated Revenues list zero (0) because she had not made the transfer from the Court Escrow Account into the General Fund; if it had been made, the revenue would be fifteen thousand dollars (\$15,000). There remains a substantial shortfall in the budget, but, with increased activity on Front Beach, June should have significant parking ticket revenue. Finally, the Treasurer pointed out that the State Accommodations Tax Administrative Fee Revenue (the percentage that the General Fund receives of the quarterly payment) shows a negative amount that was the result of a correction of a calculation error; the year-to-date figure is correct. This statement shows a twenty-six thousand dollar (\$26,000) shortfall, but Treasurer Suggs is confident that the fourth (4th) quarter will be very close to that amount.

Mayor Cronin stated his understanding of Local Option Sales Taxes as a portion of sales taxes that the City receives then the City gives credit on property taxes against everyone's individual property tax line in a like amount; the City credits out one hundred percent (100%) of the Local Option Sales Tax it receives. Treasurer Suggs stated that the City has to determine what its Local Option Sales Tax credit is going to be prior to collecting; the City usually takes the budgeted amount or the last twelve (12) months actual whichever is most beneficial to the taxpayer.

The Mayor continued that last year the City credited out approximately five hundred thirty thousand dollars (\$530,000) in property taxes; this year the City has collected three hundred seventy-two thousand dollars (\$372,000). If the City were to receive only one (1) additional month at forty thousand dollars (\$40,000), the City would have total collections for the year of four hundred twelve thousand dollars (\$412,000). Treasurer Suggs noted that the figures on the financial report only go through April, so there are three (3) more months coming in. Mayor Cronin was trying to determine how short the Local Option Sales Taxes was going to be and, therefore, how short the property tax credit was going to be. The Treasurer explained that the credit to taxpayers is given prior to the collection by the City; should the City not collect as much as budgeted, the City will have a shortfall, but the taxpayers got a credit larger than the City collected. When the City sets the Local Option Sales Tax credit in the fall, then the City will look back over the most recent twelve (12) months collections, and, despite the amount in the FY 10 budget, will adjust the Local Option Sales Tax credit factor accordingly. When the tax bills go out in the fall, if it appears that the City will not recapture the credit, the City will adjust. Mayor Cronin stated that he feared that the credit next year would be less than the credit this year; the Treasurer said that situation could occur.

On expenditures for these eleven months of the fiscal year, The Treasurer stated that the target would be ninety-two percent (92%) and the actual in the General Fund overall is eighty percent (80%) – a great position to be in.

Treasurer Suggs indicated that there are significant expenses yet to be paid in this fiscal year, i.e. six months of property and liability insurance and three (3) additional payrolls. On the plus side, fuel is under-budget. The Debt Service Principle and Interest budgets included the best estimates of the debt service on the Public Safety building, since the City did not borrow as much as was anticipated and because the City got a better rate than expected, the actual payments are much less than budgeted - savings of two hundred thirty-three thousand dollars (\$233,000).

The Treasurer explained that Municipal Accommodations Tax Fund revenues are only twenty-six percent (26%) of budget and the Beach Restoration Funds revenues are considerably over what was budgeted. The first debt service payment on the beach restoration project was made and City Council decided to fund the project debt through Municipal Accommodations Taxes. When transfers are made, they flow through revenues; the transfer for debt service was in the amount of three hundred fifteen thousand dollars (\$315,000) that came out of Municipal Accommodations Taxes and went into the Beach Restoration Fund.

Treasurer Suggs the addressed the tourism related revenues as follows:

- State Accommodations Taxes have not changed since the last meeting because the City has not received the fourth (4th) quarterly payment; in comparing three (3) quarters in 2009 versus three (3) quarters in 2008, revenue is off approximately sixteen thousand dollars (\$16,000) or three and one-half percent (3.5%).
- Municipal Accommodation Fees are also received on a quarterly basis; comparing 2009 to 2008, the City has experienced a fifteen thousand dollar (\$15,000) decline in revenues or three point one percent (3.1%). The May payment was received today in the amount of fifty thousand eight hundred thirty-one dollars (\$50,831), which is slightly higher than May 2008.
- Hospitality Taxes is tracking fifteen thousand dollars (\$15,000) less in 2009 than 2008 for a decline of three point eight percent (3.8%).

In composite, the tourism revenues are down approximately forty-seven thousand dollars (\$47,000) or a decline of three point four percent (3.4%). Treasurer Suggs reminded the Committee that the FY 10 budget reflects a decline of fifteen percent (15%) from the 2009 actual revenues.

The last schedules to be reviewed by Treasurer Suggs were those for the special projects the City is and has been involved with:

- Beach Restoration – The expenses were for sand fencing and post-project monitoring; it was noted that the fencing and planting have been completed.

Councilman Loftus commented that a resident had told him that some of the plantings appear to be "in pretty bad shape;" therefore, he questioned if the City had been given any kind of guarantee on the plants. Administrator Tucker did not remember the specific language, but she was certain that warranty information in the contract. She stated that she would contact the resident to determine the location to take care of the issue.

- Marina Bulkhead – The City has made two (2) reimbursement payments to Marina Joint Ventures for work done on the fuel lines and electrical services from the bulkhead to the dock. Mr. Berrigan told Treasurer Suggs that he anticipated submitting reimbursement requests for only five thousand dollars (\$5,000) more.

Councilman Loftus asked if the situation with Dewees Island had been resolved; Administrator Tucker responded that it had been resolved and that the easement document would be on the agenda for the June City Council meeting.

Councilman Duffy asked what would be done with the balance of the money that was budgeted for the bulkhead. Treasurer Suggs stated that she expected for the money to remain in the Marina Fund balance, because the total of the bond proceeds were spent on the project, the City is not required to use the money to make future bond payments. Mayor Cronin reminded the Committee that the marina must be dredged in the near future.

- Public Safety Building – The largest expenditure was Mashburn's application for payment #10 in the amount of nearly seven hundred fifteen thousand dollars (\$715,000); the Treasurer noted that the City has paid Mashburn an additional five hundred ninety-six thousand dollars (\$596,000) in June.

Mayor Cronin asked if the punch list would be satisfied before the City would issue final payment to Mashburn; Administrator Tucker stated that the City would withhold Mashburn's retainage until all items on the punch list were satisfied.

As the City has moved into hurricane season, Councilwoman Rice was interested in knowing the balance in the Disaster Preparedness Fund; Treasurer Suggs stated that the assets in the fund total one million seven hundred seventy thousand dollars (\$1,770,000).

Before moving into *Old Business*, Administrator Tucker commented that Treasurer Suggs had begun to provide the Real Property Committee a rent report related to marina tenants; since there was no Real Property Committee meeting in June, she thought it useful to give the report at this time. The Administrator stated that all of the tenants at the marina site are up-to-date on their current monthly rent; the City is continuing to collect the additional rent (the portion of the rent that is in excess of a specific gross revenue amount). She also reported that all tenants are current with the solid waste fees, etc. The City is also collecting the financial statements that are required in some of the rental contracts. According to the Administrator, the situation is much improved over the one that existed three to four (3-4) months ago; the City will continue to monitor the leases and reminding them of what is owed to the City according to the terms of the lease.

5. Old Business - None

6. New Business

A. Recommendation from the Public Works Committee to award the Post-Disaster Debris Removal contract to Bamaco of Bunnell, Florida

Since Assistant Dziuban has handled the RFP for debris removal, she reviewed the RFP and the bid results for the Committee. She explained that the RFP had taken longer than usual to prepare to ensure FEMA compliance, therefore, FEMA reimbursement for debris removal after a storm event. She stated that fifteen (15) bidders had responded to the RFP that contained bids for forty-one (41) line items making the bid evaluation a complicated process. Assistant Dziuban noted that Director Pitts had worked with Treasurer Suggs together to determine the most likely storm scenarios for the island as a way to assess the bidders and to reduce the number of bidders to a workable number. She further explained that, when the recommendations were presented to the Public Works Committee, both the scenarios and references were taken into consideration. The recommendation from the Public Works Committee to the Ways and Means Committee is to award the contract to Bamaco of Bunnell, Florida; this recommendation is based on the facts that they were the low bidder on three (3) of four (4) scenarios considered to be the mostly likely to occur and the fact that they received glowing references, including one (1) from the City of New Orleans for their post-Katrina work.

In response to Chairman Taylor's question about just what the contractor would do for the City, Assistant Dziuban repeated that the bid had been very complex in that it presents all types storms, the types of debris the storms would produce, the varying distances the contractor would have to travel to dispose of the debris and the possible need for a temporary debris reduction site. She stated that the RFP is unique because the City does not know at the outset what the contract is worth because there is no way to predict what type of storm or what type or how much debris could occur. She added that, if a storm event occurs, the contractor would be sent a Notice to Proceed, and they have less than twenty-four (24) hours to arrive on the island.

MOTION: Councilman Bettelli moved to award the contract for post-disaster debris removal to Bamaco of Bunnell, Florida; Councilman Duffy seconded and the motion PASSED UNANIMOUSLY.

B. Recommendations from the Public Safety Committee

- 1. Approval of Change Order #11 to Mashburn Construction in the amount of \$16,378 and the addition of sixteen (16) days to the contract making the date for substantial completion June 29, 2009.**
- 2. Approval of Change Directive to Mashburn Construction for changes required for 911 service.**

Administrator Tucker commented that Change Order #11 is for time negotiated between Cole+Russell and Mashburn Construction; Mashburn gains sixteen (16) days toward substantial completion, but this does not include the site work associated with the removal of the trailers and the completion of the work once they are moved. She stated that Mashburn is working very hard to meet the City's goal of occupancy by July 4th, but she voiced her doubt that the goal

could be met primarily due to the recent weather. The value attached to Change Order #11 is sixteen thousand three hundred seventy-eight dollars (\$16,378).

The Administrator commented that, at the June 2 Public Safety Committee meeting, the Committee had approved the Change Directive related to additional retrofitting to accommodate the 911 service. AT&T arrived at the construction site later than requested to provide the specifications for the 911 system; the result is this directive to add outlets, conduits and grounding to support the operation of the 911 system. Administrator Tucker stated that the Police Department cannot occupy their portion of the Public Safety Building without the 911 system being operational; therefore, the Change Directive is very time sensitive. As the Administrator related via emails in the afternoon, the most accurate cost related to the directive has been determined by the contractor to be a figure not to exceed ten thousand dollars (\$10,000). Administrator Tucker explained that the purpose of the Change Directive is to enable the contractor to proceed with the work before the legal approval of the actual Change Order; to wait on a change order would delay the work resulting in additional costs to the City for additional days because the City has been the force behind the delay. There will be a change order that contains the actual cost of the work.

MOTION: Councilwoman Rice moved to approve Change Order #11 to Mashburn Construction in the amount of \$16,378 and sixteen (16) additional days and to approve the Change Directive to make the 911 system operational; Councilman Loftus seconded.

Councilman Buckhannon remarked that the sixteen days negotiated by Cole+Russell is far fewer than Mashburn had requested.

Councilman Bettelli was most complimentary of Dave Johnson with Cole+Russell for the work he has done on the City's behalf. He also voiced his disappointment with AT&T's response time to the City's request for 911 specifications.

Councilman Duffy asked if the City had not contacted AT&T on a timely basis; Administrator Tucker said that the City has had not received the same level of service from the electrical sub-contractor that it has from other sub-contractors, but this directive has more to do with the 911 provider. She stated that AT&T had been requested early in the project to provide these specifications; the Administrator noted that AT&T had been contacted right after the June 2 Public Safety Committee meeting to do the survey work – they arrived on Friday, June 12.

Chief Buckhannon stated that he had originally contacted AT&T in February of this year to perform the site survey; they arrived in mid-May. Their electrical contractor gave the City the list of requirements some two (2) weeks later – around the first of June.

Chairman Taylor asked about the details of the actual move to the Public Safety Building. Administrator Tucker stated that the Fire Department may have some things in the building by the target date of July 4th; on the other hand, the Police Department cannot move in until everything is functioning as it does in this building. The Administrator explained the substantial completion is the time when the construction process goes to the punch list; the Certificate of Occupancy should be issued at about the same time.

The fire equipment will move into the apparatus bay as soon as possible because they do not have protection from the weather. When questioned, the Administrator assured the members of the Committee that the City would do nothing to violate its own rules and regulations.

Call for the Question: The motion to approve the Change Order and Change Directive PASSED UNANIMOUSLY.

Chairman Taylor announced that the next progress meeting will begin with a walk-through of the building, and it will be on Tuesday, June 23 2009. Administrator Tucker stated that the Committee members are invited, but she asked that they inform her to ensure that hardhats are available. The Administrator informed the Committee that Dave Johnson has been asked to attend the June City Council meeting and will give the construction update.

7. Miscellaneous Business

Mayor Cronin explained that the Isle of Palms has been allocated four hundred seventy-four thousand three hundred five dollars (\$474,305) in Charleston County Greenbelt funds; the problem is that the funds can only be used to purchase property that will be green space in perpetuity. On the island, the amount of money is not sufficient to purchase property. He stated that he has a meeting with the mayors of Folly Beach and Sullivan's Island in a week; these municipalities have smaller allocations than the Isle of Palms, so they, too, do not have enough money to buy land. He has thought to propose to the mayors that these municipalities pool their funds so that one community reaps the benefits of the money.

Discussion continued with various proposals being set forth; in the end, Mayor Cronin asked that the members keep this subject in mind and to include him in any creative ideas.

Councilman Loftus asked for an update on the new pumper truck; Chief Graham explained the inspection process and stated that the truck is to be delivered the second or third week of July. The Chief stated that Assistant Dziuban is in the process of writing the RFP for the sale of Engine 2; she noted that there are several interested parties.

8. Executive Session - None

9. Adjourn

MOTION: Councilman Bettelli moved to adjourn at 6:50 p.m.; Councilman Buckhannon seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk