

MINUTES

A Public Hearing and Regular Meeting of Walterboro City Council was held at City Hall on Tuesday, December 13, 2011 at 6:15 P.M., with Mayor Bill Young presiding.

PRESENT WERE: Mayor Bill Young, Council Members: Paul Siegel, Dwayne Buckner, Charles Lucas, Randy Peters, and Tom Lohr. City Manager Jeff Lord, City Clerk Betty Hudson, and City Attorney George Cone were also present. Council Member Bobby Bonds was absent. There were approximately 100 persons present in the audience.

There being a quorum present, Mayor Young called the meeting to order and gave the invocation. Council Member Siegel led the pledge of allegiance to our flag.

The Mayor welcomed everyone to the meeting stating that it's good to have such a big crowd and for a happy reason. (Note, on the agenda was the presentation of a proclamation recognizing the accomplishment of the Colleton Preparatory Academy War Hawks Football Team who had won the 2011 SCISA Class A State Championship. The football team members, coaches, parents and others were present to support the students).

The Mayor then thanked Jimmy Trippe, Charlie Sweat and all of the Rice Festival Committee Members on the excellent job they did with the Christmas Parade. It was outstanding this year, and we appreciate their efforts.

The Mayor announced that Council Member Bonds was unable to attend the meeting tonight due to the funeral of his father-in-law in North Carolina. Our thoughts and prayers are with the Bonds Family.

Mayor Young then announced that the City had been awarded a \$181,000 amendment to a CDBG grant which is tied to our Public Safety Initiative. We now have ownership of the Coastal Fruit property on Sanders Street and Memorial Avenue and also the old soy bean mill on Moore Street. We will be using that money to demolish those buildings which have been an eyesore for some time.

PUBLIC INPUT ON AGENDA ITEMS:

No public comments were received.

PROCLAMATION:

Proclamation # 2011-05, declaring December 13 as War Hawk Day and to recognize the Colleton Preparatory Academy 2011 State Championship Football Team, was approved on the motion of Council Member Peters, seconded by Council Member Siegel and passed unanimously. Mayor Young told the football team members that Council wanted to recognize them for their great accomplishment. He said, it is really special when you can be the best at something in your state. He said, we are very proud of you. The Mayor then read the proclamation in its entirety into the records. A copy of said proclamation is attached as part of these minutes.

PUBLIC HEARING:

Next, the Mayor announced a public hearing, duly advertised, to review program performance and accomplishments conducted under a Community Development Block Grant (CDBG) Project #4-V-10-012 to closeout the North Lemacks Street Revitalization Study Phase I Plan. A copy of the study was distributed to Council.

MINUTES/Page II

The public hearing was opened and Michelle Knight of Lowcountry Council of Governments conducted the hearing and provided the following description of the project:

The City of Walterboro established the North Lemacks Street Neighborhood committee in 2009. This committee has identified several needs related to the neighborhood and in 2010 the city applied for and was awarded \$25,000 in CDBG funds to prepare a formal revitalization plan for the neighborhood that addressed livability and community safety. The City hired a consulting firm Wood+ Partners to prepare this plan document and the firm worked with the committee to prepare recommendations. A draft of the plan was submitted to South Carolina Department of Commerce (SCDOC) for their review. The plan document includes three different cost estimate scenarios that were prepared by the firm. The first scenario is based on the firm's recommendation for the two phases of work as outlined in the plan. The second is based on geography with the first phase being the east side of Lemacks (park side) and the second being the west side of Lemacks. The third scenario looks at a first phase that addresses basic needs and a second phase that addresses aesthetics. Recommended work includes sidewalk repair, new sidewalks on the side of Lemacks that currently has no sidewalk (tying the east and west side together), water looping, security light, tree planting, exterior rehab to owner occupied units and pedestrian trails to tie the park to the neighborhood. The project benefits 1075 people of which 596 are Low-to-Moderate Income (LMI).

Ms. Knight stated that once this project is closed, and we submit our closeout documentation, our next step would be that the SCDOC would invite the City to make an application. We won't have to wait for a spring or fall round. As soon as they officially closeout this project, they will send a letter to the City inviting us to apply for a grant for our first phase.

Council Member Buckner then asked Ms. Knight what was the most critical need identified by the study. Ms. Knight replied, I don't think they would specifically say one need was more critical than the other. There are a number of needs that are addressed in the study. The purpose behind the study was to get us to the point to be able to apply for those needs. The idea that we had to work within is that we had to look at everything that was potentially a need.

The Mayor then asked for public comments. No public comments were received and the public hearing was closed.

PRESENTATION:

1. 2010-2011 Comprehensive Annual Financial Report - Baird & Company, CPAs, LLC - Mr. Rep E. Whiddon.

The Mayor called Mr. Rep E. Whiddon to the podium and announced that this report is a little different than what we have been doing in the past. He asked Mr. Whiddon to give an explanation on the difference between this report and what has been presented in the past.

Mr. Whiddon thanked Mayor and Council for continued support of his firm. He informed Council that city staff does a very professional job in providing information for his report.

Mr. Whiddon stated that the thing that is different this year is you have a Comprehensive Annual Financial Report, which is called a CAFR. There is a lot more information in the CAFR than what is included in basic financial statements. In prior years, you had basic financial statements. The basic financial statements are included

MINUTES/Page III

in the CAFR and you have additional information. He then identified the additional reports submitted in the CAFR. Mr. Whiddon pointed out that there is more detailed information in the CAFR than in the basic financial statements. He explained that the CAFR would put the city in a better position when seeking additional outside funding such as bonds. The bond issuing groups tend to want to have a CAFR, rather than the basic financial statements. He also stated, by having the CAFR, you are able to apply for the GFOA Certificate of Excellence. That's a pat on the back for the finance people and for City Council when that's awarded. I think that's going to be applied for this year, and it's quite an honor. There are only 28 municipalities in the state that have received that certification. This is a great step.

Mr. Whiddon then gave a brief overview of the Comprehensive Annual Financial Report to Council.

Council Member Buckner asked Mr. Whiddon, why his firm did not issue an opinion on internal controls. Mr. Buckner felt that internal controls is a very true concern in making sure everything is going the way it is suppose to be going. Mr. Whiddon responded, we don't give an opinion on all of the internal controls of the City, because it's not part of the engagement. If we were to do that, it would be another engagement that you have to go in and test. That type audit has a lot more testing and is a lot more expensive, but the governmental audit does not require that. However, we do test internal controls and give an opinion letter relating to that, but we don't give it entity-wide. We don't say "all of your internal controls are great and functioning, or all of them are not functioning." What we do is give an opinion on the ones that we test.

Council Member Buckner, then asked a question about the noted payroll and payroll related liabilities that were not reported for June 30th in the amount of \$14,000. He asked what was this figure about? Mr. Whiddon explained that this figure was accrued payroll. You have some timing differences in the payroll. It's not a significant amount, and we don't feel it would change our opinion.

Mayor Young asked how often do governmental entities check the internal controls? Mr. Whiddon responded he did not know any municipality that is doing it. The only people I know of who are giving reports on their internal controls are some of your service groups. The banks have traditionally used offsite data processing companies to record their transactions on a daily basis. It's also being done for some investment companies that are handling investments for a lot of people. That would be the purpose of it so that you would have assurance as a third party user of those services. I think, in your case, it's not something that's required. It would be something that you might want to do. I don't know that you would get a lot of value out of it.

Mr. Whiddon further stated, we don't give an opinion on all of the internal controls, but we do test internal controls. We take some 40 or 50 transactions, both revenue and expense and we test to make sure they are properly recorded, in the proper accounts and the proper amounts. What we do, I think, is sufficient to meet your needs.

Mr. Whiddon stated, after reviewing the financial statements, I think you have been good stewards for the taxpayer. I think the City is in a good financial position. You had an increase in net assets both in your proprietary fund and in your general government fund, and that's what you want. Mr. Whiddon reported that the City received an "unqualified" opinion on the audit and this is the opinion that you want. He further stated, I think that you should be proud of your accomplishments.

MINUTES/Page IV

Mr. Whiddon reported to Council that his firm did not identify any deficiencies in internal controls or financial reporting that we consider to be a material weakness. The results of our tests disclosed no instance of non-compliance.

Mr. Buckner then asked how much debt is the city in. Mr. Whiddon noted that the debt was around \$8,500,000. Council Member Buckner asked if this was a reasonable debt for a municipality the size of Walterboro. Mr. Whiddon responded that this is a management decision that you are going to have to make whether or not it's reasonable. I can't make that for you. Our standards won't allow us to make that decision. The only thing we can do is tell you what it is.

Mayor Young then asked Mr. Whiddon about the pension plan. He asked what, if any effect, is the state's liability to the retirement fund going to have on us as far as GASB goes or is that going to be passed on to the municipalities? It's like \$18,000,000, I think, in liabilities. And did you say that we are not required for any more contributions beyond what's in here? Mr. Whiddon stated, I promise you this, that the state is going to push as much down to you as they can. Finance Director Dennis Averkin responded that basically the GASB is looking at a new requirement which would then force retirement systems to push down the unfunded liabilities to counties and municipalities. How you determine what each municipality, county or school district share of that unfunded liability is really part of the problem. So, there is a lot of push back there, and we haven't heard what the retirement systems plan to do. I know they are hiking contributions and premiums starting in January, and there's another rate increase planned in a few years in terms of contributions from both employee and employer. Mr. Averkin further stated, the honest answer is we don't know yet, but it is coming.

Mayor Young then asked, is there anything that you see that we ought to be doing that we are not doing? Or, is there anything that we are doing that we shouldn't be doing that you know of.

Mr. Whiddon stated, Dennis and I have been talking about it earlier, I think that you have done a pretty good job of anticipating problems and solving problems. There is always some things that you can do to improve things. I think that you've got a good management team. I think you are quite fortunate. We are seeing some governments that aren't doing so well.

Mayor Young then thanked City Manager Lord, and Finance Director Dennis Averkin for the good job in managing the city's finances. City Manager Lord then said, I don't want it to be understated how important this Comprehensive Annual Financial Report is. What we did before was like going to the doctor and seeing how healthy you were. What we are doing now is not only that but also understanding the environment that you live. So, this report goes into the environment that we live in. Not only that, it analyzes us over a 10 year term. So, it's more in-depth. It's a much clearer picture of the health of the City. I do want to give recognition to Dennis and staff. Since working for the City, I have always wanted to get one of these reports done, but was always busy doing something else. Dennis, in his first year here, got it done. He deserves a lot of praise for that.

OLD BUSINESS:

There was no Old Business before Council.

NEW BUSINESS:

MINUTES/Page V

1. Consideration of Hampton Street Gateway Signage Plan

City Manager Lord reported that at a previous Council Meeting, Council asked staff to come up with a plan to improve the gateway on Hampton Street coming into the city. We talked with Wood+Partners because they had some plans in place for gateway signage regarding the Loop Project. So, we asked them to come up with a standardize plan that would work there and if we wanted to, we could replicate it in other areas. Our primary concern was we wanted to make sure we had something that DOT would improve, because generally you are working in their right-of-way.

City Manager Lord briefly went over the details of the design plans for the gateway signage submitted by Wood+Partners. He gave a brief summary of the different site locations to place the signage for the Hampton Street entrance. In conclusion, his recommendation was to place the new signage in the median area that we are already maintaining, next to Padgett Loop.

Mayor Young then entertained a motion to adopt the concept of the design of the plan. Council Member Buckner so moved and Council Member Lucas seconded the motion. In discussing the motion, Council Member Lucas asked if there were any cost estimates available. Mr. Lord reported there were two costs estimates, one is for aluminum tubing and the other is for wood on the columns. You can save \$5,000 by not doing the aluminum tubing. For the aluminum tubing it would be \$16,500.

Mr. Siegel asked if there were any funding available for the sign? Mr. Lord responded that there is no funding at this point. Further discussion was held. Mayor Young said, I think the sign looks good, I think it's a good idea. My only concern with it is - I don't want the approving of the concept to tie us into spending \$16,000 that we haven't budgeted yet. I would rather approve it at the time we have money to put it up. If we don't have the money to do something that extensive, I'd like us to have the option of doing something less, if we don't have the money. Although, I do like this.

Council Member Siegel then stated, I think in these two different options, they look the same. It's just that the columns is aluminum in one and wood in the other. I think you could adopt the concept and leave out the option of the funding. The funding issue doesn't have to be established now.

Mayor Young then clarified that he was not talking about whether we do aluminum or not. I am talking about whether we are going to have \$16,000 or not, or whether we are going to spend considerable less. That was my concern. I'd like to know how much money we have before we decide on that. I would vote for the concept, and I think it is a good idea. Mr. Young further stated, my concern about it is that we are binding ourselves to a specific design that we might not be able to afford. By adopting this, we might be tying ourselves to something that we can't afford.

Mr. Lucas then suggested changing the motion to say, we adopt this as a potential concept or one concept to be considered.

Council Member Siegel then asked the City Attorney to give his opinion. He asked, what is the obligation of Council accepting an esthetic concept for a sign? Are we obligating ourselves to build it and pay for it? City Attorney Cone responded, I don't think you are obligating yourselves to build it or pay for it, but it sounds to me that no specific wording has been set for endorsing a concept. But if you endorse the concept, it means IF you were going to go forward, this is the concept that you WOULD LIKE to follow. You can always change your mind on the concept.

MINUTES/Page VI

Council Member Siegel then stated, we own this concept, we paid for it, why can't we just accept this as information? Mayor Young responded, we can, but one Council Member wanted this placed on the agenda for endorsement of the concept.

Council Member Buckner gave a brief description of this project. He stated that this proposed project began with the City Beautification Committee. The committee decided it wanted to beautify the entrances coming into the City of Walterboro and the entrance coming from Charleston seemed to be the most prominent one. We talked about what we could do and we brought several proposals to the City Manager. He in turn, took that information and brought a concept that was doable, because we had a more extensive plan that we thought we could implement. The City Manager took that information, got with Wood+Partners to make it connect with the Loop Project that we already had in place and he came back with what was doable that would work. As to the issue of funding, our thoughts on the committee was that we would raise the money from the community to be able to fund this project or to find ways for part of the funds. I like the Mayor's comments on being able to approve this contingent on financing. If we can't get the financing for it, we just can't do the project. So, it could just be contingent on financing.

Council Member Buckner then **restated his motion with the approval of the second**, that Council approve the concept for the Hampton Street Gateway Signage contingent upon financing. Council Member Lucas seconded the motion. In discussing the motion Council Member Peters asked how much money had already been invested in this project? Mr. Lord guessed that the amount is probably around \$3,000.

Council Member Lucas then asked, does this now commit us to building this based on funding or can we still change our minds down the road and say we need something smaller based on funding? City Manager Lord stated, Council can direct us to act as you wish. Mayor Young stated, it is my understanding if we decide that it's too expensive later, then we can redesign. I mean that would be what the contingency is, be contingent upon us having the funding to do it. I hope we can do it, because it is good.

There was no further discussion and **the motion was approved with all members voting in favor.**

2. Notice of 2012 City Council Retreat, Location and Time

City Manager Lord announced that Walterboro City Council will conduct its 2012 City Council Planning Retreat beginning Friday, January 27, 2012 and running through Sunday morning, January 29, 2012, to be held at 520 North Jefferies Boulevard (the SCB&T building). No formal action will be taken at any time at this retreat. Any action items will be brought back to a regular Council meeting for Council's consideration.

3. Consideration to Allow a Second Permit for Placement of Temporary Advertisement Signs in City Limits for 7 Days in December

City Manager Lord explained that the current Zoning Ordinance only allows one 7 day permit for attention getting devices. However, each year for the past 4 years, we have received a request to allow a second permit in the year, and this primarily comes from the fireworks retailers. They would use their first one in July and the other one for New Year's. So, this is just to follow up on that. We anticipate the new Zoning Ordinance will be coming out next year, which will address this, but this is to get us through.

Walterboro City Council
Regular Meeting
December 13, 2011

MINUTES/Page VII

A motion was then made by Council Member Peters to allow the second seven-day permit for placement of temporary advertisement signs. Council Member Lucas seconded the motion. Mayor Young noted that this would be effective in the whole city. The motion passed unanimously.

COMMITTEE REPORTS:

There were no Committee Reports given.

There being no further business to consider, a motion was made by Council Member Buckner to adjourn. Mayor Young seconded the motion and announced that this is our last meeting in 2011. He wished everybody happy holidays. The Mayor adjourned the meeting at 7:32 P.M. Notice of this meeting was distributed to all local media and posted on the City Hall bulletin board at least twenty-four hours prior to meeting time.

Respectfully,

Betty J. Hudson
City Clerk

APPROVED: January 24, 2012