

**WAYS AND MEANS COMMITTEE MEETING
KIAWAH ISLAND MUNICIPAL CENTER
APRIL 27, 2010; 9:00AM**

MINUTES

- I. Call to Order: Mr. Orban called the meeting to order at 9:00am.**
- II. FOIA:** Notice of this meeting has been published and posted in accordance with the Freedom of Information Act and the requirements of the Town of Kiawah Island.
- III. Roll Call:**
- Present:** **G. Steven Orban, Chair**
 William G. Wert, Mayor
 Harry H. McHugh
- Also Present:** **Tumiko Rucker, Town Administrator**
 Kenneth Gunnells, Town Treasurer
 Catherine Wilson, Town Clerk
- Absent:** **Alan L. Burnaford**
 Charles R. Lipuma
- IV. Approval of Minutes:**
- A. Minutes of March 30, 2010**
Mayor Wert motioned to approve the minutes of March 30, 2010. Mr. McHugh seconded the motion. The motion carried unanimously.
- V. SATAX Presentation-Jill Bahr-Charleston Ballet Theatre**
Jill Bahr, Resident Choreographer and CFO of the Charleston Ballet Theatre, stated that three years ago she committed to a three-performance partnership with Kiawah for \$25,000 of ATAX funds. She stated that her original application for ATAX funds was for \$50,000 and she committed to the \$25,000 knowing that the actual production costs will be nearly the \$50,000. She stated that if she had been at the ATAX meeting this year she would have spoken about the attendance of the prior ballets and the quality of the ballets even though no profit was made with performances on Kiawah. She explained that she enjoyed the partnership and loved being able to perform on Kiawah.
- Mayor Wert stated that the ballet performances were very entertaining and well attended. He stated that there are very clear state rules and regulations for what ATAX funding can be used for and that the State ATAX committee

audits the Town funding every year. Mayor Wert stated that the Town will not spend money on a performance facility outside of the gate at Freshfields. He also explained that the Town cannot legally spend money past the front gate and that a permanent performance facility would have to be funded by the Resort or the Community Association. ATAX funding is also required to draw tourists from outside the local tri-county area. He explained that they would have to show that the attendees traveled from outside 50 miles away.

Mayor Wert explained that the ATAX committee reviews individual items and recommends them on their merit. During the ATAX meeting, a member stated that if a representative was not in attendance then that application would not be granted. Mayor Wert stated that after further review, attendance was not a legal requirement. He also explained that the ATAX committee has made their recommendations and if funding were to be redistributed they would have to reconvene.

Mr. Orban stated that the ATAX Committee is a group of citizens with various interests and that in order for them to fund an application, a representative should be in attendance to answer questions of the Committee. Mr. Gunnells stated that when Mrs. Bahr contacted him about the application, she told him that she would be unavailable during the ATAX meeting because she had a board meeting that day and he told her that it was ok. Mr. Orban asked the cost of each ballet performance. Mrs. Bahr responded that the cost is \$14,000 per event. She stated that the Ballet loves being on Kiawah and has garnered a tremendous amount of supporters. She stated that they want to be on Kiawah and if there is a way, they would appreciate continuing the relationship.

Mayor Wert asked that when they make a presentation next year, that they quantify how many people come from further than the 50 mile radius. Angela Powell, Charleston Ballet, stated that she completed a few surveys and could provide that data.

VI. New Business:

A. Beach Solid Waste and Recycling Collection Contract

Mrs. Rucker stated that the Town went out for bid for the Beach Solid Waste and Recycling Contract and received the following proposals: Carolina Waste Services at \$40,500 annually, Natures Calling at \$73,695.91 annually and Sunny's Pool and Spa at \$27,300 annually. Mrs. Rucker stated that Carolina Waste included all forms of insurance but Sunny's Pool and Spa did not. Mrs. Rucker stated that based on the analysis of the proposals it is her recommendation to award the contract to Carolina Waste Services as they are the lowest, most qualified and responsive bidder. Carolina Waste will not need the dumpster at Sora Rail and will haul all garbage off island. The Town currently pays a cost of \$10,000 annually for the dumpster.

Mayor Wert asked if Sunny's Pool and Spa would be considered responsive. Mrs. Rucker responded no because they did not supply all of the necessary bid items. Mrs. Rucker explained that she followed up with Sunny's Pool and Spa and they have yet to provide the Town with proof of automobile insurance coverage at the required limits. Mr. Drake, owner of Sunny's Pool and Spa, sent Mrs. Rucker an email stating that, "he would like to insure the vehicle at an added cost of \$2,400."

Mr. Orban asked if the Town should consult with Butch Neal to see if they would like to do the service since they already have insured beach vehicles and are on the beach. Mayor Wert responded that the Town should not seek additional quotes since the RFP did go out and bids have been received.

Mayor Wert motioned to recommend to Town Council the approval of Carolina Waste Services, LLC, to provide Beach Debris Services. Mr. McHugh seconded the motion. The motion carried unanimously.

Mrs. Rucker asked if Sunny's Pool and Spa is currently operating without insurance how she should proceed. Mayor Wert asked Mrs. Rucker to find out if they are operating without commercial grade insurance and if so to let them know that they are not compliant with the Town's contract and to contact Carolina Waste to see if they would like to begin early.

B. Quarterly Financial Report

Mr. Gunnells stated that the Town is below last year in expenditures. He stated that the Town is on budget on all revenues. Mr. Gunnells stated that the transfers shown are for work on the Parkway. The general fund is almost \$200,000 better than it was at this time last year. This year's budget is based on a 30% reduction from the FY08-09 budget.

Mr. McHugh expressed concerns with the ATAX budget forecasting process and how it may lead to the Town under-optimizing those funds. He stated that he does not think the objective should be to add to the surplus. Mayor Wert stated that during the workshop the Town will take the surplus and accrue those funds for charitable organizations that were not funded during the current fiscal year. He stated that there are a lot of charities that need funding and the Town will not fund reserves this year.

Mr. Orban asked if the total fund balance is around \$12-14 Million dollars. Mr. Gunnells responded yes.

C. Budget Workshop

Mayor Wert motioned without objection to move item new business C to after Committee Member Comments.

Mr. Gunnells stated that revenues are budgeted based on previous years and show an increase in the BEC franchise fee. Those fees are passed along to residents in their electric bills and submitted to the Town.

Mr. Gunnells also noted that the annualized projection column is based on the current nine month's data. Committee members expressed concerns about an annualized projection and asked that Mr. Gunnells provide a different forecasting method for the Town Council and Budget Public Hearing.

The Committee members discussed the proposed budget at length and made the following changes:

Salaries-Regular

Mayor Wert stated that the budget should reflect a possible \$30,000 as a separate line item for salary adjustment if necessary after the salary study.

Mayor Wert motioned to break down salaries to show a 3% merit increase, a 3% COLA and a \$30,000 salary adjustment as separate line items. Mr. McHugh seconded the motion. The motion carried 2-1 with Mr. Orban voting no.

Mr. McHugh stated that a 6% salary increase seems above what is being offered in the corporate world. Mayor Wert stated that the quality of people working is much higher than when Council first started and that good people are not cheap to find and that those that do good work should receive a merit. He stated that he defends the salary increases because he is charged with the administrative responsibility of the Town. Mr. McHugh stated that he is interested in seeing the results of the study.

Mr. Orban stated that he feels the Town should run as a small business and if employees are not getting enough pay then they will leave and that only one person left in the past year. He stated that he does feel that Kiawah salaries should be in the upper 75% percentile. Mayor Wert stated that overall, salaries represent a very low percentage of the Town's budget.

Mr. McHugh stated that it seems like several of the job descriptions have changed dramatically and that he is not sure that the salary structure has changed to reflect the additional duties.

Salaries-Temporary

Will be placed as a separate budget line.

Unemployment-Worker's Compensation

The Town had a large Worker's Compensation claim last year resulting in an increase in the upcoming budget.

Printing and Binding- Town Notes

Mrs. Rucker stated that an option of having Town Notes printed off-site has been presented and the previous printer has offered a rate of \$15,000 for two years. She recommends having the Town Notes completed in-house but printed off-site.

Mayor Wert stated that he would like to defer this item for a presentation from staff.

Photography Services

The \$31,000 is for a five-year aerial photos and flight of the island. Mr. Orban asked if KICA has agreed to cover half of the cost because it is supposed to be 50/50. Mrs. Rucker explained that KICA has agreed to pay their share. Mr. Gunnells stated that the total cost is near \$60,000. Mayor Wert asked Mrs. Rucker to find out if the Community Association is agreeing to pay \$31,000 also. Mr. Orban also questioned if the Town is required to perform aerial photography every five years.

Solid Waste Disposal

Mrs. Rucker explained that all additional customers and charges are reflected. Mr. Gunnells stated that \$50,000 of the cost is reflected in the County ATAX fund. Mayor Wert stated that the total is over \$1 Million for solid waste and recycling services.

Mr. McHugh stated that the Town is reducing garbage and increasing recycling and that Mrs. Rucker is to be highly commended for her work.

Beverage Permits Fund

A Turtle Patrol truck purchase was budgeted for in the Beverage Permits fund. Mayor Wert stated that the Town will not buy a new truck this year.

Mr. Orban motioned to remove the Turtle Patrol truck from the beverage permit budget. Mayor Wert seconded the motion. The motion carried unanimously 3-0.

General Fund-Vehicle Maintenance

Mrs. Rucker asked if they can increase the general fund vehicle maintenance line item since a new truck will not be purchased and known maintenance costs exist. Mr. Orban stated that they can increase the fund by \$5,000.

County ATAX

Mayor Wert stated that the County decided to cut local government funding in half. The expenditures are all under the guidelines of County ATAX funds. The revenues will not increase in the next budget year for County ATAX.

Mr. Orban asked if the funds are being used properly. Mrs. Rucker stated that all funds are being used properly for services provided.

Mr. Gunnells stated that an option for the future for raising funds for beach renourishment is to create an accommodations tax that funds directly the beach renourishment fund. He stated that Hilton Head uses a similar method. The Committee stated that they will not consider taxing for a source of beach renourishment funds at this time.

VII. Chairman’s Report:

None

VIII. Treasurer’s Report:

None

IX. Citizen Comments:

A. Wendy Kulick, 38 Marsh Edge Lane

Mrs. Kulick stated that she remembers from the ATAX meeting that if more funding becomes available the first funding priority would be the PGA. Mayor Wert responded that it is a correct recollection.

X. Committee Member Comments:

Mayor Wert

Mayor Wert stated that in regard to questions from the last committee meeting, the Town did not support the Conservancy’s request for Greenbelt funding because it would be behind the first gate and those funds must be spent on projects that are open to the public.

XI. Adjournment:

Mayor Wert motioned to adjourn the meeting at 10:50am. Mr. McHugh seconded the motion. The motion carried unanimously.

Submitted by,

Catherine Wilson, Town Clerk

Approved by,

G. Steven Orban, Chairman

Date

