

**WAYS AND MEANS COMMITTEE MEETING
KIAWAH ISLAND MUNICIPAL CENTER
COUNCIL CHAMBERS
APRIL 26, 2011 AT 9:00 AM**

Minutes

- I. Call to Order:** Mr. Lipuma called the meeting to order at 9:00 am.
- 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

Charlie R. Lipuma, Chairman
G. Steven Urban, Mayor
Alan L. Burnaford
Greg A. VanDerwerker
Fran Wermuth

Also Present

Tumiko Rucker, Administrator
Kenneth Gunnells, Treasurer

- IV. Approval of Minutes**
Mr. Burnaford motioned to approve the minutes of April 26, 2011. The motion was seconded by Mayor Urban.

Mayor Urban requested to know the status of the Officers and Directors Insurance. Mr. Gunnells responded that Staff will meet with the insurance company next week to discuss quotes.

Mayor Urban requested a follow up on his request to obtain a quote for a substructure and superstructure inspection of the Kiawah Bridge. Mr. Gunnells stated that he would follow up on the request.

The Committee unanimously approved the minutes of April 26, 2011 as amended.

- V. Old Business**
None

VI. New Business:

A. Presentation of Kiawah Island Proposed Heritage Festival

Mrs. Rucker provided an overview of the proposed Kiawah Island Heritage Festival. She stated that this would be an opportunity to introduce a festival on Kiawah which would be funded partially through SATAX funds. She stated that the proposal was reviewed by the SATAX Committee; however, funding was not recommended. Mrs. Rucker commented that the proposed event does meet the requirements for SATAX funding and would attract tourist and visitors from more than 50 miles away. She stated that because Beachwalker County Park is a public park, it has been proposed as the location for the event.

Mrs. Rucker stated that this would be a two day event that would provide a variety of activities including: music, art, food vendors and exhibitors. The total estimated cost of the event is \$125,000. The revised request from state accommodations tax is \$75,000, and the remaining funds would be secured through sponsorships. Mrs. Rucker commented that the event would be a means of encouraging tourism on the Island during the off peak season.

Mr. Lipuma asked if Mrs. Rucker has given any thought to possibly partnering with the Kiawah Island Club or the Sanctuary. Mrs. Rucker responded that a few of the Resort properties were considered, and Freshfields has offered to provide financial support for the event.

Mr. Lipuma stated that he is concerned with the amount of lead time for the proposed event and suggested that the event be rescheduled for October 2012 to allow adequate time for planning.

Mrs. Wermuth expressed her concerns regarding the proposed event. She questioned the venue of Beachwalker Park, as it is said to be in disrepair. Mrs. Wermuth also commented that starting off the event with a private dinner may give the impression that the event is not for everyone. She further commented that access to the Island may be blocked if the event is held off Island at venues such as Beachwalker County Park and Mingo Point. She added that this could open the Town up for criticism.

Mr. Burnaford suggested that all Island entities be involved in the planning of the proposed event.

Mr. Lipuma commented that he would be more likely to propose and support allocating funds in the Town's budget to do the definitive planning to bring forth resources to plan the proposed event for 2012. The Committee discussed allocating \$5,000 in the General Fund to support a planning group for this event.

Mrs. Wermuth suggested that the request be tabled until the questions raised are answered. She also expressed concern with having an event in which people will be stopped at the gate. Mrs. Rucker responded that the two day event proposal is to encourage visitors to stay overnight on the Island.

Mr. Lipuma motioned that a planning group be established to review what is necessary for such an event and report back to Town Council within 3 months. This group would include the professional planner and representation from all Town entities. The motion was seconded by Mr. Burnaford.

The Committee agreed to allocate \$5,000 in the General Fund for necessary professional services to plan the event.

Following discussion, The Committee voted 4-1 to approve the motion. Mrs. Wermuth voted no.

B. Municipal Code Conversion and Codification

Mrs. Rucker stated that the Town currently has a Municipal Code; however, it has not been recodified. The recodification would allow the Town to receive the Municipal Code in a uniform format that can be revised as needed as well providing a fully searchable version on the Town's website. There would also be a \$500 yearly maintenance of posting fee, and costs for any additional page inserts. The total cost to have a full conversion and recodification of the current Municipal Code and the Article 12 Zoning Ordinance would be \$13,000.

Mrs. Wermuth requested to know if any other quotes were received for codification services. Mrs. Rucker responded that no other quotes were received and she is unaware of any other companies in the state who provides this service. Mrs. Wermuth stated that there are other companies who provide this type service. She further referenced the Town's Municipal Code Section 4-403 which states "Purchases \$10,000 - \$20,000, no less than 3 written quotes from qualified vendors, unless on State contract, shall be obtained. The quotes will then be presented to the Ways and Means Committee who will review the results and approve the expenditure." Mrs. Wermuth provided information on three companies to include: General Code, Code Publishing Company and American Legal Publishing Corporation who all provide such services. She stated that the Town would be in violation of its own Municipal Code if the 3 quotes are not received. Mrs. Rucker responded that Municipal Code is the only company she is aware of that specializes in the South Carolina, and they are highly recommended by the Municipal Association. She stated that she is certain they are under State contract; however, she will verify that information.

Mayor Orban requested explanation of the codification process. Mrs. Rucker responded that codification is a legal review and formation of the laws of an entity. For the Town, it would be a review of the various ordinances that make up the Municipal Code or the laws of the Town. Mayor Orban requested to know if there would be any changes to the language. Mrs. Rucker stated that there may be some changes to language depending on how the state code has evolved. There would have to be public hearings and the Municipal Code would have to be readopted.

Mrs. Wermuth clarified that the definition of codification is “a means to arrange and systematize, it’s a collection and organization of Ordinances of a general or permanent nature into a numbered and spiralized document.”

Dr. VanDerwerker requested that more input be received from the Town Attorney regarding this request. He stated that if the Town’s ordinances are turned over to Municipal Code for legal review, there attorneys would review them and make comparisons to the state code and suggest changes. He stated that they would then post it on their website. Dr. VanDerwerker asked if this process could be down by the Town.

Mrs. Rucker stated that this request was discussed with Mr. Rhoad during the Council Retreat and he is in support of having the codification done. She stated that there is some older language in the existing code which needs to be updated. Mrs. Rucker stated that Municipal Code’s legal review would be submitted to the Town Attorney for final review and approval.

Mr. Lipuma motioned that \$15,000 be included in the budget for the Municipal Code Conversion and Codification and to have Mrs. Rucker follow up with answers to the questions raised by the Committee. The motion was seconded by Mayor Orban.

Mrs. Rucker noted that the vote today is not to approve the Municipal Code conversion and codification, but it is to approve the expense into the budget. She noted that the request would have to be brought before the Committee again before any procurement is done.

Dr. VanDerwerker requested to hear the Town Attorney’s opinion of the conversion and recodification process. He also requested that the Committee have an opportunity to ask the Town Attorney questions about the process.

After much discussion, the Committee voted unanimously to approve the motion.

C. Fund Balance Policy

Mr. Gunnells explained the Governmental Accounting Standards Board has adopted a new rule which requires the Fund Balance to be identified in a

different way than it has been over the previous years. This new rule GASB 54 rule will go into effect this upcoming year. The Town must adopt the Fund Balance changes this year to be in compliance. Mr. Gunnells stated the Fund Balance will include the following new categories: Nonspendable, Restricted, Committed, Assigned and Unassigned. He provided examples of each category. The goal of the new changes is to make the Fund Balance more understandable to someone who is not an accountant. **Dr. VanDerwerker motioned to approve the Fund Balance Policy. The motion was seconded by Mr. Burnaford, and carried unanimously.**

D. Capital Budget

Mrs. Rucker stated that the Capital Budget and the Fund Balance Policy would work together to place funds into a category for projects as defined by Council. She commented that the State required that a new element be included in the Comprehensive Plan which is the Priority Investment Element to encourage governing bodies to plan and indemnify funding for priority investments. This element has been included in the Town's Comprehensive Plan. The proposed Capital Budget Fund would be specific to allocating financial resources for capital improvement projects, equipment acquisitions and the like as defined by Council. The Capital Fund would generally be funded by the General Fund. Staff recommends that this year's Capital Fund be funded by a portion of the General Fund and the Local Accommodations Tax Fund in the amount of \$500,000. The funds will be specifically committed by Council for the following purposes: Vehicle acquisition or replacement, infrastructure, equipment, information technology, facilities and contingency. A proposed 2011-2012 Capital Budget to be Funded was presented to the Committee for approval.

Dr. VanDerwerker motioned to approve the Capital Fund. The motion was seconded by Mayor Orban.

Mayor Orban expressed several concerns with the Capital Budget. He feels that a Capital Fund should be for expensive items that have a longer useful life. Mrs. Rucker explained the Town's Asset Policy states that any item over \$500 with a useful life of over a year is considered capital, and the proposed items are within the requirements of the policy.

The Committee discussed several funding options for the Capital Fund Budget as well as possibly adjusting the minimum amount to be considered as a capital project.

Mr. Gunnells noted that since the existing Fixed Asset Policy states that anything over \$500 is capital, it would be a violation of the policy to propose another amount. He stated that Council would have to approve an increase in the capitalization limit in the policy.

Dr. VanDerwerker commented that the Capital Fund would be a great source of future planning.

Mrs. Wermuth suggested that the Fixed Asset Policy be reviewed before a Capital Budget is considered.

Dr. VanDerwerker amended his motion and moved that Council endorse the concept of the Capital Fund and review the Fixed Asset Policy to identify if there are any necessary adjustments to affect the Capital Fund. The motion was seconded by Mrs. Wermuth.

Mrs. Rucker commented that the concept of the creation of a Capital Improvement Fund is in the Comprehensive Plan; therefore, the Comprehensive Plan may need to be reviewed along with the Fixed Asset Policy so that they are both consistent.

Mr. Gunnells explained that a Capital Budget can be approved and not funded for that current budget year. Mrs. Rucker noted that the proposed funding in the current General Fund excludes the items listed on the Capital Budget; therefore, this year's budget would not be balanced if the Capital Budget is left unfunded.

The Committee voted unanimously to approve an unfunded Capital Budget.

E. Proposed Invasive Plant Survey (Environmental Committee)

Dr. VanDerwerker provided a copy of the proposed Kiawah Invasive Plant Survey and Management Plan to the Committee.

Mr. Lipuma requested to know if there have been any indications that there are issues with invasive species on the Island. Dr. VanDerwerker responded that there are indications of invasive plants and the goal of the survey is to identify what invasive plants are out there and how much of a threat they are to the Island. The survey will also help to prioritize what needs to be done to address the issue.

Dr. VanDerwerker stated that the Tree of Heaven, which is an invasive plant, was discovered a few months ago on Cougar Island as he toured the Island along with Mr. Given and Mr. Gramling. They were unaware that this plant existed on the Island. He stated that KICA is forming a committee to address this issue also.

Mr. Lipuma requested to know if any other entities have offered to help fund the study. Dr. VanDerwerker responded no and commented the environment is the responsibility of the Town. He suggested that the Town complete the

study and then decide how the problem will be addressed before requesting funding from other entities.

Mr. Jordan commented that the Town is charged with maintaining the overall environment on the Island. He stated that the last study of this kind was done in the 1976 and the plant community has changed. He noted that the study will deliver a lot more than just an invasive plant survey; it will also produce a habitat map of the Island which would be useful to the wildlife staff in reviewing bobcat and bird data. The habitat map would also be integrated into the GIS maps. Mr. Jordan stated that the study would generate a best management plan for vegetation on the Island. He further commented that Mr. Gramling is very knowledgeable of the issue and his price is very reasonable.

Mr. Lipuma motioned to budget \$25,000 for the invasive plant study subject to legal review and commitment from other entities such as KICA and the Conservancy for participation and funding. The motion was seconded by Dr. VanDerwerker and Mayor Orban.

The Committee discussed the importance of the Town overseeing the proposed study.

Following discussion, the Committee unanimously approved the motion.

F. 2011-2012 Town of Kiawah Island Budget

Mr. Gunnells stated that the Committee must recommend the proposed budget prior to the first reading by Town Council. He noted that the Capital Fund will remain in the budget as unfunded.

Mrs. Wermuth suggested edits to the Budget Ordinance.

Mr. Gunnells provided an overview of the notable changes to the budget. The contribution to KINHC was corrected to show \$75,000 budgeted, as previously approved. As a follow up from the Budget Workshop, Mr. Gunnells explained that the \$15,000 cost for aerial photography covers the normal photography that is submitted for the Beach Renourishment Project. The funding was listed separately since the budget now includes an Aerial Photography line item.

The following adjustments were made to General Fund:

Consultants – professional

The Committee approved \$5,000 for consulting services for the proposed Kiawah Heritage Festival. The total budget for this line item is \$30,000.

Repairs/maintenance

The \$52,000 for Information Technology was increased to \$55,000 since it was transferred from the Capital Budget to this line item.

Net Increase (Decrease) in Fund Balance

As a result of the adjustments, this line item totals -\$97,696.

Mrs. Wermuth questioned the \$24,000 in the General Fund for miscellaneous and suggested that the expenses be listed into separate categories. Mr. Gunnells explained that these funds are used for several things such as the Town Christmas Party and purchasing flowers for ill or bereaved persons on the Island.

Mr. Gunnells explained the adjustments made to the following budget funds:

State Accommodations Tax Fund

Mr. Gunnells stated that since the Kiawah Heritage Festival was not funded, there is additional \$150,000 in state accommodations tax that is not allocated.

Mr. Lipuma proposed that \$18,000 be allocated to the Charleston Ballet Theater for two performances and the rental of the East Beach Conference Center. Mrs. Rucker suggested that \$20,000 be allocated to the Charleston Ballet Theater. The remaining \$130,000 will remain in the fund and can be reallocated at a later time.

Mrs. Rucker asked if the Committee if they would like to apply any of the additional surplus funds to any of the partially funded SATAX requests. Dr. VanDerwerker suggested that all partially funded SATAX requests be reviewed instead of certain requests.

Mrs. Rucker stated that the availability of Hospitality and County Accommodations Funds will be adjusted since those funds were used to fund items that were previously requested through SATAX funds. She stated that this could be an opportunity to shift those requests into the State Accommodations Tax Fund and free up other funds.

The Committee recommended that the following amounts be funded from the State Accommodations Tax Fund:

Holiday Decorations -	\$15,000
Beach Debris and Removal -	\$14,000
The Wildside Pocket Guide -	\$15,000
Off the Wall and Onto the Stage -	\$15,000
2012 PGA Championship -	\$150,000

Local Accommodations Tax Fund

Mr. Gunnells stated that this fund will need to increase by \$40,000 to include the Kiawah Bridge repairs and the Beachwalker and Parkway Drainage Maintenance line items that were moved from the Capital Budget. Mayor Orban stated that the drainage maintenance has been completed.

The following adjustments were made to the Local Accommodations Tax Fund:

Repairs/Maintenance – Roads

The Committee recommended that \$10,000 be added for the Kiawah Bridge repairs.

Beverage Fund

Mr. Gunnells suggested replacing the \$75,000 previously allocated for the 2012 PGA Championship with \$70,000 for vehicles.

Hospitality Tax Fund

Mr. Gunnells noted that the \$15,000 for Holiday Decorations was removed from this fund.

Capital Budget

Mr. Gunnells stated that the Capital Budget will be unfunded. He asked if the Committee recommends budgeting the \$208,000 from the Facilities/Other line item into another fund in case that the ADA Compliance costs more than \$50,000. Mr. Lipuma suggested that \$100,000 be funded for the ADA Compliance. Mr. Gunnells suggested that the \$50,000 be transferred to the Local Accommodations Tax Fund. Mr. Gunnells further suggested that the \$100,000 for ADA Compliance be added to the Local Accommodations Tax Fund, and the Reserved for Contingency be reduced to \$25,000. These adjustments will result in a positive net balance of \$2,440.

Mr. Lipuma motioned to recommend the budget as amended to Council for approval. The motion was seconded by Mayor Orban.

Dr. VanDerwerker noted that he has recused himself from discussion regarding the Natural Habitat Conservancy due to his wife's employment with the organization (see attached). He asked that the approval of the \$75,000 for the KINHC be voted on separately from the entire budget so that he may recuse from the vote.

Mr. Lipuma withdrew his original motion. He then motioned to approve the \$75,000 for the KINHC. The motion was seconded by Mr. Burnaford. Dr. VanDerwerker recused himself from the vote for valid reasons. The motion carried.

Mr. Lipuma motioned to recommend to Town Council the approval of the budget. The motion was seconded by Mr. Burnaford, and carried unanimously.

Mr. Lipuma stated that there was a list of questions submitted following the budget workshop with request to be addressed. The questions have been answered by staff and delivered.

G. Greenery Landscape Contract

The Greenery, LLC has requested to extend their maintenance warranty for an additional year to expire in July 2012.

Mr. Burnaford motioned to recommend the approval of the Greenery Landscape Contract. The motion was seconded by Dr. VanDerwerker. The motion passed unanimously.

H. Employee Handbook Proposal

Mr. Lipuma stated that a Committee of Mrs. Rucker, Mrs. Wermuth and himself have met to review the Town's Employee Handbook. He stated that they were asked to review holidays, work week, work hours, vacation schedules and paid time off. A proposal of their recommendations was presented to the Ways and Means Committee. The proposal and suggested changes to the text will be discussed with the Town's Labor Attorney. Mr. Lipuma stated that the Committee surveyed other organizations and prepared a comparison of the reviewed items. Mr. Lipuma explained the Employee Handbook Proposal. The proposed holiday schedule includes the following 13 paid holidays:

Holidays

New Year's Day
Martin Luther King, Jr. Day
Presidents Day
Memorial Day
Independence Day
Labor Day
Veterans Day
Thanksgiving Day
Christmas Day
2 Personal Days

The following holidays were deleted:

Good Friday
Day After Thanksgiving
Day After Christmas

Dr. VanDerwerker suggested that the Town’s holiday schedule coincide with the Federal holiday schedule which includes Columbus Day as a holiday. Mrs. Rucker commented that the Town currently follows the State’s holiday schedule.

Mr. Lipuma motioned to adopt the new list of holidays as presented. The motion was seconded, and carried unanimously.

Mr. Lipuma explained that there were no changes to the work week schedule. The work week will remain as follows:

<u>Work Week</u>	
Operating Hours	8:00 am – 5:00 pm
Hours/Work Day	7.5
Hours/Work Week	37.5

Mr. Burnaford motioned to maintain the 37.5 hour work week. The motion was seconded by Mrs. Wermuth, and carried unanimously.

Mr. Lipuma stated that paid time off was reviewed in two parts which include vacation time off and other time off. Other paid time off includes time for personal illness, family illness, healthcare, personal business, death in the father and etc. Mr. Lipuma explained the proposed vacation paid time off as follows:

<u>Vacation Schedule</u>	<u>Days/Hours</u>
6 months – 1 Year	5 Days
1-4 Years	10 Days
5-9 Years	10 Days
10-14 Years	15 Days
15-19 Years	15 Days
20+ Years	20 Days

Mayor Orban motioned to approve the vacation schedule as presented. The motion was seconded by Mr. Burnaford, and passed unanimously.

Mr. Lipuma then explained the proposal for other paid time off as follows:

<u>Other PTO</u>	<u>Days/Hours</u>
6 Months – 1 Year	5/37.5
1-4 Years	5/37.5
5-9 Years	10/75
10-14 Years	10/75
15-19 Years	10/75
20+ Years	10/75

Mayor Orban motioned to approve the other paid time off as presented with the exception of that the 1-4 year column be increased to 10 days/75 hours. The motion was seconded by Dr. VanDerwerker.

Dr. VanDerwerker asked if record is kept of the reasons why employees use other paid time off. Mr. Lipuma stated that this is managed by Mrs. Rucker. Mrs. Rucker explained how the request for paid time off is managed.

Dr. VanDerwerker requested that the items in the previous motion be voted on separately.

Mayor Orban motioned to amend the 1-4 year other paid time off to 10 days/75 hours. The motion was seconded by Mr. Burnaford. The Committee voted 3-2 to approve the motion with Mr. Burnaford and Dr. VanDerwerker voted in opposition.

Mayor Orban motioned to approve the total other paid time off as presented with the change. The motion was seconded by Mrs. Wermuth, and passed unanimously.

Mayor Orban requested to know how paid time off is tracked. Mrs. Rucker explained that hourly employees paid time off is deducted by the hour, and paid time off for salary employees is deducted by the day.

Mr. Lipuma provided an overview of the Town's new total paid time off schedule versus the competitors. Mrs. Rucker emphasized the comparison and stated that factors such as employee travel distance to work is one of the reasons for the 37.5 hour work schedule. She stated that the approval of the paid time off schedule has reduced the Town's operating PTO below all other municipalities in the Tri-County area. Mrs. Rucker stated that when a taking of benefits is proposed, it is often offset by another type of benefit so that the taking does not damage the Town's ability to attract employees. She further stated that there are other benefits provided by the competitors that are not provided by the Town, and suggested to that some of the benefits provided by other local governments be considered.

Mayor Orban stated that he and Mrs. Rucker have discussed additional benefit options such as programs that provide healthcare insurance for employees who retire from the Town before age 65. He recommended that the Town research the Municipal Association's Post-Employment Benefits Plan. Mr. Lipuma suggested that Mrs. Rucker present a proposal to the Committee regarding this benefit.

Mr. Lipuma motioned that the maximum total paid time off carryover be 20 days/150 hours and that any amount above this within a given

calendar year which is not taken will be forfeited. The motion was seconded by Mr. Burnaford, and carried unanimously.

Mr. Lipuma further motioned that the change go into effect on January 1, 2012 subject to any legal requirements. The motion was seconded by Mr. Burnaford, and carried unanimously.

Mr. Burnaford commented on a previous discussion, and stated that the ability to hire a consultant for the Municipal Code recodification was questioned and it was suggested that the request go out for bid; however the hiring of the consultant for the Environmental Committee study was not addressed in the same manner. He commented these issues should be addressed the same across the board.

VII. Chairman's Report

No report

VIII. Treasurer's Report

Mr. Gunnells stated that there will be more activity within the Finance Department since the Town's audit year is approaching the end.

IX. Citizen Comments

Wendy Kulick, 38 Marsh Edge Lane

Mrs. Kulick commented on the Town receiving legal advice before spending money on a study of invasive plants behind the second gate. She requested clarification of how this is different from the money the Town has spent over the years for bobcat and deer studies, all of which have been done behind the second gate.

X. Committee Member Comment:

None

XI. Adjournment:

Mr. Burnaford motioned to adjourn at 12:30 PM. The motion was seconded by Dr. VanDerwerker. The motion passed unanimously.

Submitted by,

Lakesha Shannon, Town Clerk

Approved by,

Charles Lipuma, Chair

Date