

**WAYS AND MEANS COMMITTEE  
KIAWAH ISLAND MUNICIPAL CENTER  
DOWNSTAIRS CONFERENCE ROOM  
February 24, 2009, 8:00 AM  
Minutes**

**I. Call to Order: Mr. Orban called the meeting to order at 8:00 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:** G. Steven Orban, Chair  
Alan L. Burnaford, Mayor Pro Tem  
Charles R. Lipuma

**Also Present:** Kenneth Gunnells, Treasurer  
Tumiko Rucker, Town Administrator  
Catherine Wilson, Town Clerk

**Absent:** William G. Wert, Mayor  
Harry McHugh

**IV. Approval of Minutes:**

**A. Ways and Means Meeting Minutes of January 27, 2009**

**Mr. Burnaford motioned to approve the minutes of January 27, 2009. Mr. Orban seconded the motion. Mr. Gunnells corrected the parkway payment options to read “a cash payment of \$2Million and a financing of \$2.5Million.” With those changes the motion passed unanimously.**

**V. Old Business:**

A. None

**VI. New Business:**

**A. New Investment Policy**

Mr. Gunnells stated that the Town is attempting to update the Investment Policy by making the following changes: 1) The term of maturities from five years to seven years; and, 2) Striking language from the policy referring to the amount of liquidity required and including language that cash flow will be matched to investments on an aggregate

basis. Mrs. Rucker explained that this policy has been nationally certified and meets the investment requirements of the state. Mrs. Rucker stated that the Town is making changes because of the economy and extending the term of maturities will allow the Town to have possible higher yields. Mrs. Rucker stated that this change will allow the Town to invest in other instruments as they become available over time. Mr. Gunnells stated that to the extent possible, the Town will try to match investments with cash flow requirements.

Mr. Gunnells stated that he currently has \$2.4 Million in the Town's checking account gaining .5% interest. Mr. Lipuma asked why the Town has that much in checking at an interest rate below 1%. Mr. Gunnells explained that \$1.2 Million of the cash in checking is earmarked for the Parkway Project and that placing the money in a short term investment will yield only .6% and combined with payment of a management fee, the Town will earn less in a short term investment than what it is earning in the checking account. Mr. Lipuma recommended placing the excess funds in a one year CD with a higher yield. Mr. Gunnells stated that the CD rates advertised are for personal accounts, not commercial accounts, and by law, the Town requires collateralization of the funds, which would be another additional cost. Mr. Gunnells stated that he has checked around and has not found a better scenario for the \$1.2 Million earmarked for the Parkway. Mr. Gunnells explained that the Parkway Project payments are estimated to begin in June or July of 2009 and that does not allow adequate timing for investment purposes.

**Mr. Lipuma motioned to recommend to Town Council the approval of Resolution 2009-1. Mr. Burnaford seconded the motion. The motion carried unanimously.**

Mr. Gunnells noted that the Town's Wachovia Financial Advisor, Robert Vingi, was recently published as the number one financial advisor in the state. Mrs. Rucker stated that Mr. Vingi has advised the Town since the investment policy was written four years ago.

### **B. SATAX Budget Revision**

Mr. Gunnells stated that Council mandated a 30% projected reduction of revenues. Mr. Gunnells recommended that the Town cut \$118,733 from SATAX expenditures by cutting \$85,187 from the Deputies, \$33,546 from Equipment for Beach Maintenance, and \$38,300 from the KICA/KINHC Booklet line items.

Mr. Gunnells stated that the Deputies were budgeted "with a bit of a cushion" and that the hours budgeted were not worked. Mr. Gunnells stated that the remaining \$56,427 in the Deputy funding will cover wages through July 31. Mr. Burnaford asked how the Town can control Deputy staffing hours. Mrs. Rucker stated that the Town controls Deputy hours and can reduce them if necessary.

Mrs. Rucker stated that she would like to reduce the Equipment for Beach Maintenance by \$23,546 to leave \$10,000 for completion of the recycling initiatives on the beach. Mrs. Rucker explained that the money will allow for completion of all of the beach boxes and boardwalks. The Committee agreed to alter the reduction to \$23,546. Mr. Gunnells stated that Mr. Gary Erwin, American Music, contacted him to let him know that he is having a difficult time guaranteeing Mingo Point as a venue for the event. Mrs. Rucker stated that the American Music event takes place in October and that the original application was for an October 2008 event and that Mr. Erwin may have missed the time frame.

Mr. Gunnells stated that the Summer Concert Series has passed and that the only request for payment was for \$19,852 out of the approved \$35,000.

Mr. Gunnells stated that KICA and KINHC both submitted requests for booklet production. Mr. McIver recommended to the two groups that they combine their booklets and submit a single request for SATAX funding. Council approved \$38,300 for the KICA/KINHC booklet. Mr. Gunnells stated that KICA is planning on spending the money but have not submitted a request. Mr. Burnaford asked staff to speak with KICA to see what specific plan they have for spending the funds.

The Committee asked staff to contact American Music, KICA/KINHC and Summer Concert Series to gather their project details. Mr. Orban stated that staff should gather specific spending amounts from each group and advise them that the Town may have to reduce their budget. Mr. Gunnells stated that he would gather information before the Town Council meeting.

Mr. Orban stated that the target reduction amount is \$138,000 from the SATAX budget.

**Mr. Orban motioned to recommend to Town Council the target reduction of \$138,000 from the SATAX budget expenditures. Mr. Lipuma seconded the motion. The motion carried unanimously.**

### **C. Budget Process and Revision**

Mr. Gunnells stated that the Town is budgeting only what is absolutely necessary. Each department will develop their own budget and if the funding is not budgeted, the department will not get it. Mrs. Rucker stated that in the past, little attention was spent on individual department budgets. Mrs. Rucker explained that this process left the financial accountability with the Treasurer or Administrator and not with each department head. Mrs. Rucker stated that budgeting by department will force each department to closely monitor their spending.

Mr. Gunnells stated that at this time, it looks like the Town should reduce expenses by \$1Million or increase revenue by \$1Million in 2009-2010. Mrs. Rucker stated that

revenues should equal or exceed expenditures and any reduction in revenue will be matched with a reduction in spending.

Mr. Lipuma recommended that the Town consider all expenses for reduction, including CSO and Conservancy grants along with employee cost of living and merit increases. Mr. Orban stated that during the budget process that the Committee will review 100% of all expenses.

Mr. Gunnells explained that he recommends moving the solid waste fund into the general fund. Mr. Gunnells stated that as of this fiscal year, the Town has funded over \$700,000 of a \$900,000 enterprise fund. The Committee agreed to move the fund to the general fund.

Mr. Orban asked Mrs. Rucker to contact state officials for information on federal stimulus funding for the Parkway project.

The Committee stated that they did not agree with implementing impact fees.

The Committee discussed a possible increase on business license fees. Mrs. Rucker stated that the rates have not changed in the past five years. Mr. Lipuma stated that the Town's rates should be competitive or comparable to other municipalities of similar size. Mr. Orban asked staff to compare rates from Seabrook, Sullivan's Island, and Isle of Palms with the Town's rates.

The Committee also discussed charging a fee for the solid waste service. Mrs. Rucker stated that the Solid Waste contract is up in two years and that the Town should consider charging a rate for commercial recycling along with residential curbside. Mrs. Rucker explained that as the program expands, there will be additional revenues. Mr. Gunnells stated that if the Town charges a fee for the solid waste service that would account for \$700,000 of the \$1Million needed for next year's budget.

Mrs. Rucker stated that the Town will aggressively pursue grants for alternative sources of revenue.

Mrs. Rucker suggested forming a Capital Improvement Plan so that funding is set aside for major improvements or replacements. Mrs. Rucker stated that Capital expenditures should not come out of the Town's general operating fund and that the capital funds should be strategically reserved and invested. Mr. Orban suggested that staff present the Committee with items that will be included in the Capital Improvement Fund for further consideration.

The Committee discussed adding clarifying language to the budget ordinance that clearly portrays the legal level of financial control. Mr. Orban stated that the Ways and Means will review this additional language during the budget ordinance review period.

Mrs. Rucker stated that previously, the Committee had discussed hiring a solid waste consultant to review the feasibility of the Town performing the solid waste services internally. Mrs. Rucker asked if the Committee would like to pursue this issue further. The Committee directed staff to cancel the bid packet preparation until further notice.

**VII. Chairman's Report**

Mr. Orban stated that staff will work to develop a reasonable budget that assumes a 30% reduction in revenue.

**VIII. Treasurer's Report**

Mr. Gunnells stated that the Town's bond process is in review and staff should receive documents within the next week for approval. Mr. Gunnells stated that the potential first reading could occur in April. He stated that he did not want to borrow funds until after July 1 in order to not affect this year's audit.

Mrs. Rucker stated that the Town requested additional funding from the County for the Parkway project and that the application is under review. This would bring an additional \$200,000 for the project.

**IX. Committee Member Comments**

Mrs. Rucker discussed the need for language on the business license application requiring contractors to be held accountable for hiring illegal immigrants. Mr. Orban recommended that this item be referred to the Town Attorney for review.

Mr. Lipuma recommended changing the Ways and Means Committee meeting time to later in the day than 8:00am. Mr. Orban stated that the timing will be discussed at the next meeting.

**X. Adjournment**

**Mr. Burnaford motioned to adjourn the meeting at 9:47am. Mr. Lipuma seconded the motion. The motion was approved unanimously.**

Submitted by,

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Catherine Wilson, Town Clerk

**Approved by,**

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**G. Steven Orban, Chairman**

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**Date**

**cc: Town Council  
Dennis Rhoad, Town Attorney  
Kenneth Gunnells, Town Treasurer  
Tumiko Rucker, Town Administrator**