

**WAYS AND MEANS COMMITTEE  
KIAWAH ISLAND MUNICIPAL CENTER  
DOWNSTAIRS CONFERENCE ROOM  
OCTOBER 27, 2009; 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  
Alan L. Burnaford, Mayor Pro Tem  
Charles R. Lipuma  
Harry M. McHugh
- Also Present:** Kenneth Gunnells, Treasurer  
Tumiko Rucker, Town Administrator  
Catherine Wilson, Town Clerk
- IV. Approval of Minutes:**  
**A. Ways and Means Minutes of September 29, 2009**  
Mayor Wert motioned to approve the minutes of September 29, 2009. Mr. Burnaford seconded the motion. Mr. Lipuma inserted the word “drain” on page three to read “storm drain line.” With that change the minutes were approved unanimously.
- V. Old Business:**
- None
- VI. New Business:**  
**A. 2010 Employee Insurance Subsidy**  
Mrs. Rucker stated that based on 2010 insurance rates, staff recommends that the employee only insurance subsidy rates remain at \$150 per employee, not to exceed the monthly employee only premium. She explained that in previous years, the vision care was included in some of the health plans but the vision plan has been removed from the State plan, effective January 2010. The vision plan is an additional \$7.76 per subscriber.
- Mayor Wert asked why an employee would choose Cigna over the other plans. Mrs. Rucker stated that different doctors are available for different programs and

that the co-pays are generally lower with Cigna. Mrs. Rucker stated that no employees are currently subscribed to Cigna insurance.

**Mrs. Rucker stated that staff recommends keeping the employee insurance subsidy at \$150. Mr. Orban called for a vote on staff's recommendation and the Committee agreed unanimously to keep the subsidy at \$150.**

#### **B. 2010 Cost of Living Adjustment**

Mr. Orban stated that the CPI shows no upward adjustment for the Southeastern region. Staff recommends no Cost of Living adjustment for 2010 based on the Southeastern CPI.

**Mayor Wert motioned to recommend to Town Council no Cost of Living adjustment for 2010. Mr. Lipuma seconded the motion. The motion carried unanimously.**

#### **C. Carpet Replacement**

Mr. Gunnells stated that the process began by looking at Mrs. Rucker's office because of the presence of mold. There was a leak in the window and it caused the carpet to become wet and led to the growth of mold. Mayor Wert stated that the carpet in Mrs. Rucker's office must be changed because of a health issue and that the Committee must decide whether to replace the other office carpet at this time.

Mr. Gunnells stated that funding is available in the Beverage Fund. Quotes were received from the following companies: Beasley Carpet, Precision Carpet, Williams Carpet, Designer Carpet, and Palmetto Carpet. Beasley provided the lowest quote at \$4245.00 to replace all downstairs offices. The Council Chambers' and Judges' office carpets can be replaced at an additional cost of \$3,350.00. Mr. Gunnells stated that the upstairs office carpet is not in need of replacement at this time.

Mayor Wert stated that the carpet downstairs is fifteen years old and the Committee should decide if it is time to replace all carpets or to replace only the carpet in the Town Administrator's office that is molded. He stated that it is his opinion that it would be best to replace all carpets downstairs at one time based on the age.

Mayor Wert asked for a two-minute adjournment to allow members to survey the condition of the carpet in the downstairs' offices and Council Chambers. Mr. Orban adjourned the meeting for two minutes

**Mr. Orban motioned to authorize the Mayor to approve an expenditure of up to \$8,000 to replace the carpet in the downstairs offices, the Council Chambers, and the Judge's Chambers.**

**Mayor Wert amended the motion to allow him to award the contract to Beasley Carpeting to replace the carpets in the downstairs offices, the Council Chambers, and the Judge's Chambers.**

**Mr. Burnaford amended the motion to include authorization to treat the flooring for mold in the areas where mold is present.**

**Mr. Orban reread the motion to clarify that the motion is to authorize Mayor Wert to award the contract to Beasley Carpeting to replace the carpets in the downstairs offices, the Council Chambers, and the Judge's Chambers for an amount of \$7,595.00 and to authorize Mayor Wert to direct staff to hire a mold treatment company to treat the areas where mold is present. Mr. Lipuma seconded the motion. The motion carried unanimously.**

Mr. Orban stated that this item does not need to go to Council because it is below \$10,000.

Mayor Wert asked if the rodent specialist has been contacted and the problem taken care of. Mayor Wert stated that a rodent exterminator should be called as soon as possible to deal specifically with the rodent problems.

#### **D. Solid Waste and Recycling Contract Amendment**

Mrs. Rucker stated that this amendment adds to the Town's existing Fennell/Suburban contract the allowance to collect the garbage in the regimes via dumpsters. When the contract was originally bid, the Town did not offer the service for regimes. The amendment will also extend the current contract term by one year and change the new expiration date to June 30, 2012.

Mr. Orban asked why the recycling prices were not included on "Exhibit A." Mrs. Rucker stated that the recycling component was dealt with four months ago and not affected by this amendment.

Mr. Orban asked if the prices shown reflect once a week service. Mrs. Rucker stated that the service is different for each regime and that the Town is assuming the current costs included in each regime contract.

Mr. Orban asked if the regimes are receiving service that is more beneficial than an average homeowner is receiving since the Town currently subsidizes only once a week pickup. Mrs. Rucker stated that the most expensive is \$58 dollars a unit and this does not exceed the current subsidy. Mrs. Rucker explained that the value is in the volume.

Mr. McHugh stated that the regimes are concerned that in a few years, the Town will negotiate a poor contract, cancel the subsidy, and leave the regimes to pay increased service costs. He stated that he wanted to present the concern to the

Committee for information only. Mr. Orban stated that there is nothing guaranteeing the subsidy or that the next Town Council will keep the subsidy. Mayor Wert stated that it would have to be defined that the subsidy is not an entitlement and that it is not guaranteed to last forever.

Mr. Orban stated that he would like to see "Exhibit A" specify the weekly pickup schedules. Mrs. Rucker stated that when the Town assumes the contracts there will be a supplemental document that specifies each individual regime's pick up specifications. Mr. McHugh stated that getting that contract together is the next big issue that staff will be working on.

**Mayor Wert motioned to approve staff's recommendation of "Exhibit A," Fee and Schedule, and to extend the existing contract for one year until June 30, 2012. Mr. Burnaford seconded the motion. The motion carried unanimously.**

#### **E. Quarterly Financial Report**

Mr. Gunnells stated that the Town is on budget and revenues exceeded last year's. Investments have been adjusted to open market value and they are doing well. Mr. Gunnells stated that the best rates, at this time, are 3.5% for investments less than ten years. Business License is down \$17,000 from last year. State Accommodations funds are 16% lower than this time last year. Expenditures are on budget and are tracking ahead of where we are from last year. The Town's revenue is roughly \$70,000 ahead of last year and doing very well compared to budget.

The General Fund balance is nearly \$8 Million and reserves are near \$15 Million.

Mr. McHugh stated that the Town's investments could decrease in the future. Mr. Gunnells stated that he does not expect to have much of a fluctuation in market value within the next quarters. Mr. McHugh stated that interest rates could go up within the next 12 months and negatively affect the Town's portfolio. Mr. Gunnells stated that the interest rates are not expected to go up unless everyone pulls from bonds and reinvests in the stock market. Mr. Gunnells stated that he shares the opinion of investors with Robert Vinji's that the stock market is going to stay as it is for awhile. Mr. Orban stated that the Town is limited in their investment options. Mr. McHugh stated that he just wants to make the point that interest rates are going up and he hopes that the Town's portfolio is positioned so that it does not experience a negative affect associated to the changes. Mrs. Rucker stated that the Town's portfolio is staggered. When the rates are higher the Town can take advantage of those staggered terms. Mr. Gunnells stated that almost all of the Town's funds are callable on a daily basis.

The Town received \$429,000 in the Accommodations Fund; it was \$516,000 this time last year. Local Accommodations are tracking ahead of what they were this

year. The \$250,000 has been received from the County for Parkway Project expenses. The checking account has nearly \$3 Million.

Mayor Wert stated that there was a disturbing comment made during the POPS dinner that the Sanctuary would not have a tree lighting ceremony due to budget reductions. Mayor Wert asked if the Town's ATAX monies were used to subsidize the Christmas tree lighting ceremony. Mr. Lipuma stated that the Town's funding is used for Christmas Decorations and that they have the ability to determine what decorations and festivities will be selected. Mr. Lipuma stated that the Resort will most likely have a Christmas Tree but will not have free snacks and punch during the lighting. Mr. Lipuma explained that the POPS group got a much better deal at the River Course.

#### **F. Business License and Code Enforcement Change**

Mrs. Rucker stated that the Town did very well in the past two years in exceeding the business license budget. Mrs. Rucker stated that part of the reason for the successful business license budget is that Mr. Juan Martin has been very successful and aggressive with finding businesses that do not have their license but are buying business passes for access to the island. Mrs. Rucker stated that she received notice from Joe Croughwell, KICA Security, that the Town could no longer receive the list of businesses that receive passes, based on their attorney's opinion. Mayor Wert requested that Mrs. Rucker ask Mr. Rhoad to speak with Mr. Trenholm Walker about the decision. Mayor Wert stated that the Town should go to the board if this issue is unresolved because it could very negatively affect the Town's income.

Mayor Wert stated that when the PGA comes in 2012, the Town should expect the request to waive business license fees for PGA vendors and subcontractors. Mrs. Rucker stated that during the Senior PGA, the Town passed a revision to the Business License Ordinance and only charged the PGA \$1,000 and requested a list of all subcontractors and vendors. Mrs. Rucker stated that this worked very well. Subcontractor fees were based on their contract amount and not actual amounts.

#### **G. Parkway Construction Change Order Update**

Mr. Orban stated that two change orders exceed \$50,000 and need Town Council approval. These changes will approve the guardrails on the bridge ends and at Mingo Point and Little Rabbit. The storm drain line pipe may be unable to be replaced due to existing utilities. The contractor does not think they can replace it due to the existing location. The contractor is providing a price to insituform the existing pipe. This is an epoxy lining that creates a new pipe but use the old pipe for form. The original plan was to replace the pipe with a new concrete pipe. The other option is to dig up the old pipe and Mr. Orban prefers not to dig due to the proximity of the road and the chance of losing utilities. Mr. Orban stated that the third option is to do nothing.

Mayor Wert stated that he does not want it to be left and wait for a sinkhole. Mr. Orban stated that the pipe is five feet off of the road and about seven feet deep. Replacing the pipe would take at least three weeks and postpone the paving of the roadway. Mr. Orban stated that he is confident with the insituform option.

The project is still under \$4 Million including landscaping.

**Mayor Wert motioned to approve the change orders as presented and to forward them to Town Council. Mr. Burnaford seconded the motion. The motion carried unanimously.**

**VII. Chairman's Report:**

Mr. Orban stated that there is a meeting on December 29 and recommended rescheduling it for the morning of January 5<sup>th</sup>, 2010 at 9:00am. Mr. Gunnells stated that the November meeting is scheduled for the Tuesday, before Thanksgiving. The Committee agreed to reschedule the November meeting for December 1, 2009 at 9:00am and the December 29 meeting for January 5, 2009 at 9:00am.

**VIII. Treasurer's Report:**

None

**IX. Committee Member Comments:**

Mayor Wert stated that if a staff member works with a Committee, he would like to have that Committee Chair review the performance appraisal completed by Mrs. Rucker.

**X. Adjournment:**

**Mr. Lipuma motioned to adjourn the meeting at 10:38am. Mayor Wert seconded the motion. The motion carried 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