

**WAYS & MEANS COMMITTEE MEETING
KIAWAH ISLAND MUNICIPAL CENTER
1st FLOOR CONFERENCE ROOM
October 6, 2008, 8:00 AM**

Minutes

I. Call to Order: Mr. Orban called the meeting to order at 8:05 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: Steven Orban, Chairman
Alan Burnaford, Councilman
William G. Wert, Mayor

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

IV. Minutes

A. Ways & Means Committee Meeting – September 8, 2008

Mr. Burnaford motioned to approve the minutes. Motion seconded by Mr. Orban. Mr. Burnaford made non-substantive changes to the minutes. With those changes, the minutes were approved unanimously.

V. Old Business

A. Awarding of Landscaping Contract

During the September 8, 2008 Ways and Means Committee Mr. Orban requested that staff conduct interviews with the following three landscaping firms: Valleycrest, Sunburst, and The Greenery. Based on these interviews, staff recommended that the Ways and Means Committee forward a recommendation to Town Council to contract the Town's landscaping services with The Greenery. Mrs. Rucker explained that The Greenery has a 27 man crew and a home office located on Seabrook which would allow quick response for maintenance issues.

Mr. Gunnells stated that KICA originally submitted a bid for \$54,000. Once the bidding period ended, KICA submitted a revised bid for \$74,000. Mayor Wert explained that due to State and Town procurement laws, the Town cannot accept the KICA bid as valid because it was submitted after the close of bidding. Mr. Orban asked if the language in the Parkway deed pertaining to KICA being the

landscaper applied. Mrs. Rucker stated that the language also stated that the Town could look for other contractors at any time they were not satisfied with the landscaping performance of KICA.

Mr. Orban asked if the bids contained an escalation clause. Mrs. Rucker stated that none of the bids had an escalation clause and that staff recommended placing a one to two percent escalation on The Greenery's \$88,620, over the three year term. Mrs. Rucker also stated that Valleycrest's quote of \$95,736 was fixed for three years. Mrs. Rucker explained that no contract negotiations had taken place. Mayor Wert stated that the Town should tie the escalation clause with a number such as the CPI. Mr. Gunnells stated that his concern with tying it to the CPI is that the Town could effectively end up paying more than Valleycrest's quote of \$95,736. Mr. Orban suggested sitting down with all three companies in order to discuss the escalator and to establish a fixed escalator for the next two years. Mayor Wert stated that he would rather negotiate an escalator up front than have a company ask for an increase when the cost of living increases.

Mr. Orban asked why staff recommended The Greenery over Sunburst. Mrs. Rucker explained that after sitting down with them it was discovered that Sunburst has only eight employees and has lost a large number of their contracts over the last two years. Staff did not feel a company of that size is capable of maintaining the level of service expected by the Town.

Mr. Burnaford asked what the major difference was between The Greenery's quote with separately priced items and Sunburst's and Valleycrest's quote which priced everything together. Mr. Burnaford explained that in his opinion The Greenery's quote with separately priced items was not comparable to Sunburst and Valleycrest. Mrs. Rucker explained that the bids are represented equally because The Greenery's quote of \$88,620 included the pricing of those additional items along with their base quote of \$45,000.

Mr. Orban motioned to recommend to Town Council the approval of the landscape contract subject to successful negotiations of the escalator levels. Mayor Wert seconded the motion. Mr. Burnaford suggested that the awarding of the contract be delayed. The motion failed unanimously.

Mayor Wert motioned for staff to go back to The Greenery, Sunburst, and Valleycrest to determine an acceptable escalation clause for a three year contract and present those findings during the next Ways and Means Committee Meeting. Mr. Orban seconded the motion. Motion carried unanimously.

B. Off-Site Storage Proposal

During the September 8, 2008 Ways and Means Committee Meeting Mrs. Rucker presented a request for \$5,000 for off-site record storage provided by Iron Mountain Storage Company. Mrs. Rucker explained that storing the Town's permanent records off-site guaranteed their safety in the chance of a fire, natural disaster, and theft. Also, the State requires permanent retention of those documents, even after archiving. This requirement, along with limited space, makes offsite storage necessary. Mr. Orban requested staff to retrieve information from surrounding municipalities in order to compare their record storage practices.

Mr. Orban explained that it is a good idea for the Town to safely store their permanent paper records in an off-site storage facility. Mr. Orban stated that some surrounding municipalities store their records in locations that are as susceptible to natural disasters as their Town Halls and for that reason he feels it is wise for the Town to contract with an agency outside of the coastal region. Mr. Orban explained that Iron Mountain is located west of Columbia. Mr. Gunnells explained that the cost for the original year of storage with Iron Mountain is estimated to be \$3,500 or less. Each additional year is estimated to be approximately \$2,400.

Mayor Wert motioned to recommend to Town Council the awarding of the Town's off-site storage contract to Iron Mountain Storage Company. Mr. Orban seconded the motion. The motion carried unanimously.

VI. New Business

A. Presentation of Fiscal Year 2007/2008 Financial Statements

Mrs. Charlotte Allen, CPA with Bryan, Truesdale, Adkins & Williams, PA, presented the Committee with the basic financial statements, required supplementary information, other supplementary financial information, and the independent auditor's report for the year ended June 30, 2008. Mrs. Allen stated that Bryan, Truesdale, Adkins & Williams, PA has merged into Webster Rogers effective October 1, 2008. The merger had no effect on the Town's independent audit. Mrs. Allen explained that the Town does not receive any federal funding and was not audited under those standards. Mrs. Allen stated that the independent audit found no significant issues or auditing findings.

Mayor Wert thanked Mrs. Allen both professionally, from the Town, and personally, for the thorough and professional depth of the audit.

Mr. Orban stated that he would like to present the financial highlights to the Citizens noting the Town's net asset increase of \$1,682,666, no debt, and general fund balance of \$7,506,164 during the fiscal year. Committee members discussed at length the long-term definition of "strength" for Kiawah's economy. Staff explained that compared to other local economies, Kiawah has seen no significant change during the turbulent shifts in the national economy and based their prediction by comparing current economic indicators.

Mr. Orban asked about the remaining \$294,000 in the State Accommodations Tax Fund and Mr. Gunnells explained that the Town must expend those funds within two years from receipt. Mrs. Rucker stated that the financial statement will be available on the Town's website after it is presented to Town Council.

B. Amendment to Tidal Trails Beach Franchise Agreement

Mrs. Rucker stated that the Town is currently in a non-exclusive franchise agreement with Tidal Trails which expires October 31, 2008. Tidal Trails presented a letter requesting the renewal of the agreement and the Town has prepared an amendment for renewal set to expire December 31, 2010. Mr. Orban stated that he had heard no complaints regarding Tidal Trails and that they provide a service for renting kayaks.

Mayor Wert motioned to recommend to Town Council the approval of the Tidal Trails Beach Franchise Agreement for a term commencing November 1, 2008 and expiring December 31, 2010. Mr. Burnaford seconded the motion. Mayor Wert stated that his granddaughter worked in coordination with Tidal Trails during the summer season of 2008 while taking campers kayaking. Mayor Wert explained that she was extremely positive in the professionalism and courtesies provided by Tidal Trails Staff. Mayor Wert also stated that Tidal Trails is a small, local business and that no other company has offered their services for consideration. The motion carried unanimously.

C. Amendment to Island Beach Service, Inc. Beach Franchise Agreement

Mrs. Rucker stated that the Town is currently in a non-exclusive franchise agreement with Island Beach Service, Inc. for the purpose of conducting certain commercial activities on the beach. This agreement expires October 31, 2008. Mrs. Rucker explained that Island Beach Services presented a letter requesting the renewal of the agreement and the Town has prepared an amendment for the renewal set to expire December 31, 2010. Mrs. Rucker explained that two additional companies, The Kiawah Island Golf Resort and the Charleston Beach Chair Company, submitted letters to the Town offering their competing services for consideration on the beach franchise agreement. Mrs. Rucker recommended that the Committee review each letter of intent on their merit.

Mayor Wert motioned to recommend to Town Council the extension of the Island Beach Services agreement for a term commencing November 1, 2008 and expiring December 31, 2010. Mr. Burnaford seconded the motion. The motion failed unanimously.

Mayor Wert suggested that the Town publish a competitive bid for the franchise agreement because several companies have shown their interest. Mayor Wert suggested that the RFP allow respondents to bid both on sections of the beach or the beach in entirety. Mr. Burnaford asked if there have been instances of overlap in the vendor areas. Mrs. Rucker stated that there have been no problems with beach vendors overlapping their service boundaries. Mr. Roger Warren explained that the Kiawah Island Golf Resort would like to offer their services to extend along the beach at the Sanctuary and other KIGR rental properties.

Mayor Wert motioned to recommended to Town Council that the Town publish a competitive bid for the purpose of receiving bids for the services of commercial beach activities which are currently franchised in an agreement with Island Beach Service, INC. Mr. Burnaford seconded the motion. The motion carried unanimously.

D. Executing Feasibility Study Agreement-The Big Picture Company

Mrs. Rucker explained that the Town budgeted \$5000 to assist a group of property owners to facilitate a feasibility study to determine the feasibility of hosting an antique car show on Kiawah Island. Mayor Wert stated that prior Councilmember Don McIver, former KICA president Russ Warren, and Arts Council Member Bill Blizzard had presented this idea to Council a few years before and that funding was discussed as a line-item during the budget workshop.

Mayor Wert explained that funding was supposed to be a match of \$5000 to meet the total cost of \$10,000 for the study and that he does not remember what group agreed to pay the remaining \$5000 but believes Mr. McIver thought that KIGR would be the second partner.

Mayor Wert motioned to recommend to Town Council the approval of the expenditure not to exceed \$5000 to the Big Picture Agency, LLC. Mr. Orban seconded the motion.

Mr. Orban asked who the signing party will be on the contract. Mrs. Rucker stated that the contract is written as the Town as the signing party. Mr. Orban stated that he did not want the Town to be the authorizing agent on the contract. Mr. Burnaford asked if the Arts Council will plan the event.

Mayor Wert amended his motion to include that the Town will not be the contracting party. Mr. Burnaford seconded the amendment to the motion. The motion passed unanimously.

E. Maintenance of Town Hall exterior railing

Mr. Gunnells presented a memo from Mr. Lameo addressing the deteriorating condition of the front hand railings. Mr. Burnaford stated that the rails have gotten to the point where they are so rusted that if someone rubs their hand along the railing they may be injured. The last repairs were done in 2004 by sanding and painting. Mrs. Rucker recommended making needed repairs and budgeting for a complete replacement during the next budget year. The informal quotes obtained by Mr. Lameo estimated the replacement cost to be \$17,350. Mr. Orban recommended that staff develop a well defined scope of work in order to publish an RFP for the replacement.

Mr. Burnaford motioned for staff to develop a scope of work for the replacement of the exterior hand railings with aluminum, or some other weather and rust resistant material and to publish the scope in an RFP for the replacement and painting of the hand rails. Mayor Wert seconded the motion.

Mr. Orban asked how long repairs, rather than replacement, to the railings would last. Mayor Wert asked if the Town would paint the aluminum replacement. Mrs. Rucker stated that it would be painted to coordinate with the exterior color theme of the building. Mr. Orban stated that painting would be necessary over the years with normal color fading. Mr. Burnaford explained that he has been through a process similar and that a final painted and primed aluminum product has an estimated color life span of ten years.

Mr. Gunnells suggested the Town issue a bid package allowing for two bid options: 1) Price for replacement with aluminum and defined specifications, and; 2) Repair of existing rails. Mrs. Rucker stated that is similar to the process which Mr. Lameo followed and that the price of \$17,350 was the lowest.

Mr. Orban suggested obtaining recommendation from the aluminum companies as to what type of aluminum they recommend for the project. Mayor Wert asked for Mr. Lameo to contact Creative Metal and Welding Company, LLC to obtain their recommendation.

The motion carried unanimously.

VII. Chairman's Report

No report.

VIII. Treasurer's Report

Mr. Gunnells stated that the Town's has a budgeted item for Logics Software (Business License Automation). The price of the item was budgeted at \$20,000 and actual cost is \$19,750. Mr. Gunnells explained that this will automate the payment and delivery process of business license renewals and allow more time for staff to uncover business license offenses. The end product generates additional business license revenues. Mr. Gunnells also stated that this is a one time fee.

Mayor Wert stated that his item must come before Council because it involves the expenditure over \$10,000 and requested that it be discussed during the October 7, 2008 Town Council meeting.

Mr. Gunnells also explained that the Town's funds are held by Wachovia and are 100% collateralized. However, do to the recent economic shifts and Wachovia's near failure during the first week of October, Mr. Gunnells recommended that the Town withdraw \$250,000 from Wachovia to place with Bank of America. Mr. Gunnells explained that this would remove the chance that the Town's operating funds be unavailable for a period of time in the event that Wachovia fails.

Mayor Wert motioned to transfer \$250,000 from Wachovia to Bank of America. Mr. Burnaford seconded the motion. Motion carried unanimously.

IX. Committee Member Comments:

None

X. Public Comment:

None

XI. Adjournment

Mr. Orban motioned to adjourn the meeting at 9:31 AM. Mr. Burnaford seconded the motion. Motion carried unanimously.

Submitted by,

Catherine Wilson, Town Clerk

APPROVED:

G. Steven Orban, Chairman

Date: _____

CC: Ways and Means Committee
Town Council
Tumiko Rucker, Town Administrator