

**TOWN OF KIAWAH ISLAND
WAYS AND MEANS COMMITTEE MEETING
Via Live Streaming
April 28, 2020; 2:00 PM**

Minutes

I. Call to Order: Chairman Widuch called the meeting to order at 2:00 pm.

Present at the meeting: Chris Widuch, Chairman
Craig Weaver, Mayor
Dan Prickett, Committee Member
Maryanne Connelly, Committee Member
Klaus Said, Committee Member

Also Present: Stephanie Monroe Tillerson, Town Administrator
Dorota Szubert, Town Treasurer
Stephanie Braswell Edgerton, Communications Manager
Petra Reynolds, Town Clerk

II. Approval of Minutes:

A. Ways & Means Committee Meeting of January 30, 2020

Committee Member Connelly made a motion to approve the minutes of January 30, 2020 Ways and Means Committee Meeting. The motion was seconded by Mayor Weaver, and the minutes were unanimously approved.

B. Ways & Means Committee Special Call Meeting of February 11, 2020

Committee Member Prickett made a motion to approve the minutes of February 11, 2020 Special Call Ways and Means Committee Meeting. The motion was seconded by Mayor Weaver, and the minutes were unanimously approved.

III. Citizens' Comments: (Agenda Items only)

None

IV. Old Business:

None

V. New Business:

A. Consideration and Recommendation for Approval of the 2020 Kiawah CCSO Permanent Deputy Contract

Ms. Tillerson stated the intergovernmental agreement with the Charleston County Sheriff's Office (CCSO) is an annual contract but is dated to begin in April due to the time taken to complete the necessary modifications. Those include cleaning up the implementation language from the first contract, along with a provision that will allow the contract to automatically renew annually on the condition that neither party provides notice of the intent to cancel.

Ms. Tillerson reviewed the cost of services stating the per deputy cost would only be incurred if the Town elects to add deputies to the four that are currently on staff. Also included is a 2% cost of living increase the Sheriff's Office provided their deputies. Ms. Tillerson addressed Schedule C of

the contract, listing reports or certificates that should be provided to the Town. She indicated that while some are received, she will be following up with the Sheriff's Office to make sure that all the reports listed are received.

Committee Member Said made a motion to recommend to Town Council the approval of the 2020 Kiawah CCSO Permanent Deputy Contract. The motion was seconded by Mayor Weaver.

With the first year of the contract expiring, Chairman Widuch confirmed that the Town is pleased with the arrangement, and there has been no feedback received to the contrary. Ms. Tillerson stated that she has only received positive feedback and explained that while the contract began at the first of the year, deputies have only been actively providing services for the last six months. Committee Member Connelly, Chair of the Public Safety Committee, stated the response from residents has been positive with the deputies on duty being recognized and called by name.

Following further discussion, the motion was unanimously passed.

B. Consideration and Recommendation for Approval of the Amendment to CCSO Off-Duty Deputy Contract

Mr. Tillerson stated the CCSO off-Duty Deputy Contract has already been approved by Council. When the contract was approved, the coordinators were only to cover second and third shifts, with the compensation adjusted accordingly. The amendment makes the adjustment to include the compensation for coordinators covering the first shift.

Mayor Weaver stated that as the deputy coverage model changes, the amount of coordination activity required for each shift should be reevaluated.

Committee Member Said made a motion to recommend to Town Council the approval of the 2020 Kiawah CCSO Permanent Deputy Contract. The motion was seconded by Mayor Weaver.

Following further discussion, the motion was unanimously passed.

C. Discussion of the FY 2020/2021 Budget

Chairman Widuch stated the austere budget presented had been revised from the first draft by cutting costs where possible to close the budget gap produced by revenue shortfalls. Since the budget numbers are not final, members were encouraged to making comments and question those items that may require further discussion and review.

Ms. Szubert reviewed the proposed FY 2021 budget noting many adjustments were made to revenues along with cuts to expenditures to create a balanced budget without using reserves. She began the discussion by reviewing and comparing the FY 2020 Budget, Annualized FY 2020 Budget, and FY 2021 Budget.

In the discussion of Revenues, Ms. Szubert stated all revenue sources are affected by the current pandemic situation and are now projected about \$2.3M less than previously projected. She reviewed line items in both revenues and expenditures, pointing out any cuts that were made.

Revenues:

- **Building Permits** revenue is estimated at 15%, or approximately \$117K decrease, mostly attributable to slow down in new construction activity on the island. There are no special projects permit revenue budgeted in FY21.

- The Town estimates a 17%, or approximately \$467K decrease in **Business License** revenue FY20-21 related to a major drop in revenues for the big entities on the island.
- **Franchise fees** show a 7%, or \$57K increase. Electric Franchise, ATT and Comcast franchise fees are budgeted with no change when compared to current year projections. Beach Service is budgeted as per contract at \$300K.
- *** Following assumptions were used to budget revenues:**
 - ✓ For 1st and 2nd Quarter of FY21, we use 30% of actual collection for those quarters in FY20
 - ✓ For 3rd and 4th Quarter of FY21, we use 100% of actual collection for those quarters in FY19
 - ✓ For current year projections, we use actuals collected plus 10%.
- **Local Option Sales Tax*** is projected to decrease by 31% or approximately \$140K.
- **State Accommodation Tax*** revenue is projected at 11%, or approximately \$135K decrease.
- **Local Accommodation Tax*** revenue shows 2%, or approximately \$14K decrease.
- **County Accommodation Tax** revenue is projected with no change
- **Hospitality Tax*** revenue shows 1%, or \$ approximately \$4K decrease.

Expenditures:

- The **personnel cost** shows 3%, or approximately \$54K increase compared to FY2020 projections. This increase is attributable to the following items:
 1. The budget includes funding for 19 regular, full-time employees compared to 18 employees for six months in FY19 (new position for STR clerk was created in late December 2019).
 2. The budget has \$17K for a one-time salary adjustment effective 1/1/21 to offset the increase in medical premiums. The increase would be a result of a change in funding in the premium structure to 20-employee, 80-employer and elimination of the current subsidy

Cuts made:

 - ✓ Eliminated the proposed enhancements to employee benefits.
 - ✓ Eliminated 5% for merit pay raises.
- This budget includes continued funding for law enforcement coverage on the island. The cost for the Off-Duty Deputies is showing a 4%, or \$16K decrease when compared to FY20 projections. Ms. Szubert presented the following item for discussion and consideration;

The current contract provides coverage for the island, as two (2) deputies on 2nd and 3rd shifts plus additional coverage on 1st shift during summertime. The budgeted amount for this line item is \$440K. The decrease to one (1) deputy on the 3rd shift will result in a decrease of approximately \$85K in the budget. Committee Members' discussion included a review of the proposal by the Public Safety Committee for their input, comments from the CCSO coordinators, and uncertainty on deciding to cut the 3rd shift deputy without additional data.
- **STR Code Enforcement** is budgeted with no change based on the contract with Island Services but could be adjusted after annual evaluation. Funded by rental business license fees.
- **Utilities and Supplies** show an increase of 19% or \$45K for normal operations.
- **Advertising** cost shows a decrease of 9%, or approximately \$500.
- **Communication** cost shows an increase of 12%, or approximately \$6K related to change to a new phone provider.
- **Waste management** shows an increase of 3% or \$30K related to a 2% CIP increase request from Carolina Waste contingent on performance improvements.
- **Insurance** cost shows an increase of 29%, or approximately \$32K attributable to the Insurance Reserve Fund premium increase.
- **Professional Services** show a decrease of 11%, or approximately \$14K and include the following:
 1. \$85K for Town Attorney
 2. \$25K for annual audit (\$1K increase)
- **Consultant** cost has decreased by 89%, or approximately \$513K.

Cuts made:

 - ✓ Postponed design project placeholder
 - ✓ Eliminated all other placeholders for unknown engineering services
- **Maintenance** cost shows 4%, or approximately \$19K increase when compared to FY2020 projections and consists of the following:

1. *Software Maintenance shows 1%, or \$2K increase when compared to current year projections.*
2. *Building and Vehicle Maintenance shows 4% or \$2K increase.*
3. *Island Maintenance shows 7%, or \$15K increase attributable to a request of \$15K for the speed tables on Beachwalker Drive for Council consideration.*

Cuts made:

- ✓ *Eliminated landscaping project for Municipal Center*
 - ✓ *Eliminated placeholder for repair work to garage*
 - *Travel & Training shows 15%, or approximately \$7K increase when compared to FY2019 projections.*
 - *Rental cost for the copiers and postage machine has no change.*
 - *Tourism & Recreation shows 2%, or approximately \$34K increase compared to current year projection.*
- Ms. Szubert discussed the following items;

Historically, the **Arts Council** has had an annual budget of \$300K. Due to uncertain times and to protect AC volunteers, patrons, and staff, the FY21 budget proposal assumes cancellation of 10 events planned through December 2020, which will result in a reduction of funding of \$140K funding, the remaining \$160K from different funds.

The Promotion Fund allocates to the **Charleston Visitors Bureau (CVB)** 30% of the State Accommodations Tax (SATAX) Funds received. FY21 budget proposal assumes a reduction of the anticipated SATAX funding resulting in a reduction of the allocation to the CVB.

Based on the assumption of anticipated **SATAX** funding, the FY21 budget proposal assumes \$700K available for SATAX applicants. As an applicant, the Town assumes funding of \$151K for deputy coverage, and \$52K for beach patrol services, a 50% reduction from the previous year.

The Town's **Wildlife Research and Programs** have a total budget of \$41.7K. These line items are funded from CATAX (County Accommodation Tax).

The Town continuously supports the **Kiawah Island Conservancy** by funding initiatives and projects submitted for approval. FY21 budget proposal assumes a 10% reduction in funding compared to last year, a total of \$63K.

- *Other Cost line item shows 10%, or \$30K decrease and includes banking, catering, community activities, and outreach, dues and subscriptions, contingency and miscellaneous expenditures.*

Cut made:

- ✓ *The \$50K contingency used for hurricane evacuation was reduced to \$20K*
- *The budget reflects requests for the following **Capital Expenditures**:*
 1. *\$700K- KI Parkway Landscaping*

Cut made:

- ✓ *Eliminated the request for the purchase of new vehicles*

Committee Members engaged in an in-depth discussion of the budget proposal, if using reserves is an acceptable means to create a balanced budget or if there should be additional recommendations on cuts to close the shortfall, expenditures of capital projects, along with if the elimination or decrease of non-essential funding programs should be considered while there is a deficit.

Ms. Szubert stated that for the current year, the Town Council had approved \$1.1M for the SATAX applicants in May 2019. As the Town awards the funds based on projected SATAX revenue for the next year, given the current situation and a significant decrease in that revenue source, there will be a shortfall in the funds that could be disbursed to the applicants. With the assumption, the Town will receive 10% of the amount collected in the 4th qtr. in 2019, the shortfall will be approximately \$240K.

Members discussed options of covering the shortfall and honoring all of the commitments, ask current recipients to reduce any pending reimbursement requests, honor the commitments this year and take the shortfall amount from the funding available in next year, or not fund for a year to base funds and the amount that was received. With the SATAX Committee meeting in May, Chairman Widuch asked for feedback from the members on the options. There was also an in-depth

discussion on if recipients allocated SATAX funding was aware that the funds are based on projections of future revenues that may not be received.

D. To Consider Recommendation to Town Council for Approval of Charitable Grant Funding Amounts

Chairman Widuch stated that Charitable Grant Funding being considered is budgeted in the current fiscal year and will be a recommendation to Town Council for approval.

Ms. Braswell Edgerton stated that three teams of two staff members divided the applications, met with or made site visits to gain insight into the organizations, and the use of the requested funds. The teams then collaborated to make the recommendations presented today. She indicated there was a total of 25 funding requests totaling \$217,125.00, with the staff recommending funding of the full \$150,000.00.

Ms. Reynolds and Ms. Fox recommended funding for:

Kiawah Women's Foundation

Requested: \$ 7,000.00
Recommended: \$ 7,000.00

- Chairman Widuch and Mayor Weaver recused themselves from the discussion on the request from Kiawah Women's Foundation.

Lowcountry Food Bank

Requested: \$ 10,000.00
Recommended: \$ 10,000.00

New St. James Bethel African Methodist Episcopal Church

Requested: \$ 3,600.00
Recommended: \$ 1,116.00

Operation Home

Requested: \$ 10,000.00
Recommended: \$ 6,500.00

Operation Sight

Requested: \$ 4,000.00
Recommended: \$ 4,000.00

Our Lady of Mercy Outreach

Requested: \$20,000.00
Recommended: \$20,000.00

Mr. Taylor and Ms. Szubert recommend funding for:

Amor Healing Kitchen

Requested: \$ 2,000.00
Staff Recommended: \$ 2,000.00

Arts, etc.

Requested: \$ 10,000.00
Staff Recommended: \$ 4,000.00

Backpack Buddies Seabrook Island

Requested: \$ 2,500.00
Staff Recommended: \$ 2,000.00

Barrier Islands Free Medical Clinic, Inc.

Requested: \$ 20,000.00
Recommended: \$ 20,000.00

Barrier Islands Little League

Requested: \$ 1,300.00
Recommended: \$ 1,300.00

Charleston Area Therapeutic Riding

Requested: \$ 7,084.00
Recommended: \$ 7,084.00

Ms. Braswell and Mr. Gottshalk recommend funding for:

Reading Partners

Requested: \$5,000.00
Recommended: \$5,000.00

Respite Care Charleston

Requested: \$10,000.00
Recommended: \$ 5,500.00

- Committee Member Connelly recused herself from the discussion on the request from Sea Island Habitat for Humanity.

Sea Islands Hunger Awareness Foundation - Blessing Basket

Requested: \$5,800.00
Recommended: \$4,500.00

Sea Island Habitat for Humanity

Requested: \$ 12,000.00
Recommended: \$ 10,000.00

- Committee Member Connelly recused herself from the discussion on the request from Sea Island Habitat for Humanity.

Sea Islands Water Wellness Mission

Requested: \$ 32,500.00
Recommended: \$ 25,000.00

Sweetgrass Garden Co-op

Requested: \$ 8,500.00
Recommended: \$ 4,000.00

Teacher's Supply Closet

Requested: \$ 7,000.00
Recommended: \$ 6,500.00

The Paraclete Foundation of Holy Spirit Catholic Church

Requested: \$ 8,025.00
Recommended: \$ 4,000.00

Mayor Weaver stated that during the previous discussion of a budget shortfall this year, the question of funding Charitable Grants was raised. He indicated that some options are to approve the recommended funding or to discuss and agree to an allocation based on the \$150,000.00 but defer the approval to the expenditure a later time.

Committee Member Said stated that in his opinion, Charitable Grants should not be funded while there are revenue shortfalls. While he has no concerns with the allocation amounts and the recipients worthy, in his view spending the money at this time would not be the right approach. Committee Member Connelly supported fully funding the recommended allocations at this time. She felt that not funding any Charitable Grants this year would severely impact some of the organizations along with the people they help. Committee Member Prickett agreed that some of the organizations are in dire need of the grants and supported expenditure of the \$150,000.00 along with further consideration of funding in the next fiscal year. Chairman Widuch, while aware

of the budgetary consideration, stated that he supported the expenditure. Mayor Weaver was also supportive of the expenditure this year with careful evaluation of funding the next FY budget.

Mayor Weaver asked that as part of the motion for recommendation to Town Council, any organization unable to carry out the funded activity do to Coronavirus restrictions, that funding should come back to the Town or the Town have an opportunity to reevaluate continued funding.

Committee Member Connelly made a motion to recommend to Town Council the approval of the staff recommended funding amounts with the caveat that any organization unable to carry out the funded activity do to Coronavirus restrictions, that funding should come back to the Town or the Town have an opportunity to reevaluate continued funding excluding the of the funding of the Kiawah Island Women's Foundation, Sea Island Habitat for Humanity, and Respite Care. Committee Member Prickett seconded the motion. The motion passed by a 4 to 1 vote with Committee Member Said voting "no."

Committee Member Prickett made a motion to recommend to Town Council the approval of the staff recommended funding amounts for the Sea Island Habitat for Humanity and Respite Care. The motion was seconded by Chairman Widuch. The motion was passed by a 3 to 1 vote with Committee Member Said voting "no." Committee Member Connelly recused herself from the vote.

Committee Member Prickett made a motion to recommend to Town Council the approval of the staff recommended funding amount for the Kiawah Island Women's Foundation. The motion was seconded by Committee Member Connelly. The motion was passed by a 2 to 1 vote with Committee Member Said voting "no." Chairman Widuch and Mayor Weaver recused themselves from the vote.

E. Kiawah Island Parkway Re-Pavement Update

Mr. Gottshalk stated the project was at the beginning of widening the Parkway for the turn lanes. He indicated that most of the clearing work had been completed with the balance to be done by the end of the week. Banks will then be able to create work a work schedule and begin the construction of the turn lanes.

Mr. Gottshalk indicated work is currently being done to raise the guardrail bringing it into compliance with DOT (Department of Transportation) standards. Still to be completed is the shoulder stabilization, scheduled to be completed after construction of the turn lanes, along with the installation of permanent striping and milled in rumble strip. He also stated that the installation of the bridge expansion joints would be completed taking care not to overfill to avoid bumps along the bridge. Mr. Gottshalk confirmed that the project is on track to be completed by May 18th.

Mr. Gottshalk reported the engineer (McCormick Taylor) informed the Town of a floating cost for additional work done on the project of \$185,000.00 to \$192,000.00. He explained that after the original engineering design was reviewed by Bank Construction and the engineer, Banks recognized an opportunity to expedite construction time along with potential cost savings for the Town. After discussions, the engineer redesigned the plans accommodating the recommendations made by Banks. During the repaving, the engineer decided to revert to the original engineering design, which incorporated the recommendations made by Soil Consultants for a deeper mill and full-depth patching in areas along the Parkway. He stated the work was completed before red-lined drawings were received due to communications between the engineer and Banks.

The floating cost for the construction and asphalt required for the full depth patching is being evaluated along with the project estimate and costs for any offsets that may be available. Without

a formal approval or change order authorization, the question of who is responsible for the floating cost has also come into question.

Mr. Gottshalk responded to questions from members by clarifying that the original engineering design did include the full depth patching as recommended by Soil Consultants, and the work would have been if not for the redesign.

VI. Chairman's Report:

None

VII. Treasurer's Report:

A. Budget Report for the First Nine Months Ended 3/31/20

Ms. Szubert presented the Town's Balance Sheet as of March 31, 2020, and Budget to Actual Report for the first nine months. The Budget to Actual Report is compiled on a cash basis, and all the funds are consolidated.

As of March 31, 2020, the Town's governmental funds combined have ending fund balance of approximately \$23M in reserves, an increase of approximately \$1.6M from June 30, 2019. Of this amount, approximately \$10.9M is available in the General Fund and \$3.9M in the Capital Fund.

Overall, for the first nine months, the Town's revenues appear reasonable for this time of the year; however, we are expecting a significant shortfall in the majority of the revenue sources in the 4th quarter related to the COVID19 pandemic. For the nine months, our consolidated revenues totaled \$7.5M. Due to restriction placed on rentals, retail businesses and restaurants, we are projecting to collect only 10% of the budgeted for the 4th quarter revenues generated by tourists and residents, such as accommodation and hospitality taxes, Local Option Sales tax, and beach franchise fees. Additionally, as the special projects on the island have been on hold, and we are experiencing a slowdown in the construction activity, the building permits revenue will be affected and lower than budgeted. We are projecting a \$1.9M shortfall in total revenues at the end of the fiscal year.

With 75% of the year lapsed at the end of March, expenditures to date are approximately \$5.9M, or 74% of total budgeted expenditures. Although the majority of the expenditures are expected to be in line with the budget at the end of the fiscal year, we are projecting the following line items to have a negative variance:

- Consulting cost is projected to be approximately \$250K over the budget due to HR&A contract being approved after budget adoption and the engineering contracts for KI Parkway resurfacing with McCormick Taylor and Dennis Co being higher than budgeted.
- Capital Outlay cost is projected 1.9M over the budget. This overage relates to KI Parkway resurfacing project being completed in this fiscal year. The construction is funded from capital reserves.
- STR Code Enforcement cost is a new line item, approved in December 2019, after budget adoption. This cost is offset by the STR license application fees.
- Unbudgeted cost for cleanup cost after hurricane Dorian in the amount of approximately \$765K.

The negative variances are partially offset by the positive variances in the cost for the CCSO contract related to the timing of invoicing the Town and Tourism and Recreation cost attributable to the reduction in SATAX and CVB funding.

Committee Members engaged in an in-depth discussion of the comparison figures presented along with projected fund balances for the end of the budget year. Mayor Weaver noted the very large variance that would be showing in the 4th quarter with the expense of the Parkway Project. The project was planned, and funding reserved but budgeted for the next fiscal year. He suggested a footnote to be added to provide better clarification of the variance or a budget amendment.

I. Citizen Comments:

None

II. Committee Member's Comments:

Committee Member Prickett thanked everyone for the hard work creating the proposed budget along with the continued work that will provide a final budget for a very difficult year.

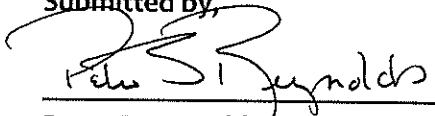
III. Executive Session:

None

IV. Adjournment:

Committee Member Said motioned to adjourn the meeting at 4:35 pm. The motion was seconded by Committee Member Connelly and carried unanimously.

Submitted by,



Petra S. Reynolds, Town Clerk

Approved by,



Chris Widuch, Chairman

6-15-2020

Date