

WAYS & MEANS COMMITTEE MEETING

Kiawah Island Municipal Center

October 27, 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
Maryanne Connelly, Committee Member
Dan Prickett, Committee Member
Klaus Said, Committee Member

Also Present: Stephanie Monroe Tillerson, Town Administrator
Dorota Szubert, Town Treasurer
Stephanie Braswell Edgerton, Communications Manager
Brian Gottshalk, Public Works Manager
Michael Sosnowski, Island Beach Services
Jan Fox, Code Compliance Clerk
Jim Jordan, Town Biologist
Bruce Spicher,
Petra Reynolds, Town Clerk

II. **Approval of Minutes:**

A. Ways & Means Committee Meeting of July 28, 2020

Mayor Weaver made a motion to approve the minutes of the July 28, 2020 Ways and Means Committee Meeting. Committee Member Said seconded the motion, and the minutes were unanimously approved.

III. **Old Business:**

None

IV. **New Business:**

A. Consideration and Recommendation to Town Council for Approval of the 2021 Charleston County Off-Duty Deputy Contract

Ms. Tillerson stated the current 2020 Charleston County Off-Duty Deputy contract expiring at the end of December 2020 was amended earlier this year for a COLA (Cost-Of-Living Adjustment) and an increase of the coordinator's compensation. The contract submitted for 2021 shows no changes in services provided from the current amended contract. She stated she was pleased with both the deputies' performance and their coordination with the permanent deputies.

Ms. Tillerson and Committee member Connelly supported the recommendation to Town Council. Committee members discussed the percentage of shift coverage provided throughout the year and if there had been any issues with obtaining shift coverage.

Committee Member Prickett made a motion to recommend to Town Council the approval of the 2021 Charleston County off-duty deputy contract. The motion was seconded by Committee Member Connelly and was unanimously passed.

B. Consideration and Recommendation to Town Council for the Approval of the Island Beach Services Code Enforcement Services Contract Amendment

Ms. Tillerson began the discussion by briefly reviewing the events that led to creating a Short-Term Rental (STR) Ordinance, the need for an STR Compliance Clerk, and the extension of the services provided by Island Beach Services to include evening or after-hours STR Code Enforcement. Since the scope of the code enforcement roles, responsibilities, and services required were unknown at the time, the decision was made to review the contract in one year. Ms. Tillerson indicated the service provided over the past year had included documentation of STR Ordinance and violations of the Town's Municipal Code and those of the Community Association.

Mr. Sosnowski presented and reviewed in detail:

- A quarterly table of all logged activity showed a total of 5679 violations that included;
 - 2731 STR violations
 - 1061 Non-STR violations
 - A detail of the remaining violations

Mr. Sosnowski reviewed the process used to document an STR violation. A photograph of the noted violation is logged into the Citizen Serve platform, where the property owner or manager is notified by email or by Ms. Fox, the STR Compliance Clerk so that the violation can be brought to the attention of the renter. He noted that the non-STR violations, which are not rentals, are also logged into the system and passed on to the appropriate entity as necessary.

Committee Members engaged in a detailed discussion and posed questions on the documentation process, the detailed breakdown of the remaining violations, the violations that are noted as a Community Association (KICA) covenant violation and passed on to the Livability Department, staging of emergency services and the number of tickets written and processed through the courts.

Committee Member Connelly made a motion to recommend to Town Council the approval of the amendment of the Island Beach Services Code Enforcement Services Contract Amendment. The motion was seconded by Committee Member Said and was unanimously passed.

C. Consideration and Recommendation to Town Council for Approval of the Proposed Budget Amendment

Ms. Szubert stated when the FY 20-21 budget was passed in June, it was agreed that some of the items that were tabled at that time would be reconsidered later in the year after a review of revenues. She noted that conservative predictions were made with income generated from local and state accommodations taxes during the budget process. After the first quarter, the income is \$450,000.00 higher than budgeted and is expected to exceed the predicted budgeted income for the year. With only three months into the year, no other adjustments were made, but she felt comfortable with the first quarter income adjusted figure.

In detail, Mrs. Szubert reviewed the items discussed during the regular budget workshop meetings that were held in reserve for reconsideration.

1. Personnel Cost:

- **Optional Deferred Compensation Match Program - 401(k) or 457(b)**
 - Proposed changes:
 - Add an option of 457(b) plan as offered by PEBA
 - No monetary change
 - Currently, the Town contributes 50% of eligible (after one year of employment) employee's contribution to 401(k) plan up to \$3,000. Increase the Town contribution

from 50% to 100% and increase contribution amount from \$3,000 to \$5,000.

- The current cost to the Town (for FY2020) was \$19,256. The change would result in an approximately \$20K increase in the Town's cost, with the assumption employees will double their participation.

Committee members engaged in an in-depth discussion on the number of employees participating in a deferred compensation program and the level of contribution.

Committee Member Prickett stated the Committee looking at employee compensation options viewed the compensation match as a driver to increase the amount contributed into a program since many employees can not contribute the maximum.

Committee Members agreed that more work would be required on this topic.

- **Maternity/Paternity Leave**

- New policy: The Town will offer paid parental leave for up to 8 weeks to enable employees to care for and bond with their newborn or newly adopted child.

Committee Members agreed to support the addition of the Maternity/Paternity Leave policy.

2. Website Redesign

- An estimate for the Town's website redesign \$100k.

Ms. Braswell Edgerton gave a presentation reflecting website analytics showing the number of visits to the Town's website and the top ten pages visited in 2019 and 2020. She indicated the last website site redesign was in 2016, which transitioned from a basic government website to one that could be used as a community resource and tourism asset. She reviewed some of the redesign's strengths and shortfalls, noting the greatest problem was the website being too large and needing content consolidation.

Ms. Braswell Edgerton indicated the last redesign proposals ranged from \$40,000.00 to \$300,000.00. She estimated a placeholder of \$100,000.00 due to the anticipated costs incurred by the technology required and the different components that require custom databases, such as the meeting calendar and online portals, which will affect pricing.

Committee members discussed that a website is usually redesigned every three to five years, companies that specialize in government websites are not as creative, and the inclusion of video is a critical tool to capture visitors' attention to the site.

Committee members agreed to support the placeholder of \$100,000.00 for website design.

3. Environmental Projects- a total of \$16,400:

- Dolphin Stewardship Program – Collect data on dolphin behavior at Captains Sams inlet and educate beachgoers about proper dolphin viewing etiquette. (\$4,400)
- Shorebird Stewardship Program – Volunteers educate beachgoers regarding nesting and migratory shorebirds. Provide equipment and T-shirts (\$1,000)
- Bluebird Box Program – Volunteers build, maintain, and monitor more than 200 nesting boxes on the island. Materials and equipment (\$1,000)
- Bobcat SGA Research and Outreach – Provide funding for videos and other educational materials as well as SGA lab tests (\$10,000)

Committee Members discussed Chairman Widuch's questions on the funding of the Dolphin Stewardship Program. He indicated the beach observation expense was essentially salaries and as

a 501(c)(3) why it was not submitted under the Charitable Grants Program. Mr. Jordan explained the expense of paying for the time to complete the beach observations. In the past, the Environmental Committee had a program budget which received applications for consideration and recommendation for funding. The Dolphin Stewardship Program was one of the programs funded.

4. Kiawah Island Conservancy-

- The current year budget had a 30%, or \$21,000 reduction for Conservancy's projects.

Committee members discussed the requested increase for the Conservancy's projects agreeing to leave the funding at the current rate. The Conservancy will still have to present funding proposals for consideration.

These are new items for consideration:

5. Portable Radios

The Town Staff radios' unit price is \$2,381.19, which totals \$5,078.88 after adding the batteries and charging stations for two (2) radios. The unit price for the Beach Patrol radios is \$4,709.52, which brings the total to \$54,220.20 after adding batteries, lapel adapters, and charging stations for ten (10) radios. After the programming fee and estimated tax, the total comes out to approximately \$66,544.00. The vendor offers financing to help spread the cost at the lease rates of 3.96% to 4.79%.

Mr. Gottschalk stated the current communication radios are between twelve and fifteen years old and can no longer be upgraded or repaired as they quit functioning. He reviewed the request of ten radios for Beach Patrol and two for Town Staff to allow communication with other island entities along with the EMS, fire department, and the sheriff's department. It is also the best and fastest way to disseminate information to a large group of people.

Committee members discussed the number of radios designated to Beach Patrol considering the number of employees and trucks on the beach, and radios being considered a continual repurchase item. Committee members agreed that they would like more detail on the radios before consideration.

6. LED UV REME Halo Air Purification System.

The LED UV is an air scrubber system with UV lighting to help remove airborne viruses. The total cost of the project is \$23,433 (\$13,390 for administration office, \$10,043 for lobby and council chambers)

Mr. Spicher stated that air purification systems that remove contaminants and viruses have become more prevalent as the Coronavirus continues. They are used in hospitals and are now being seen more in homes and businesses. He explained the two systems; the UV had a small device with a bulb installed in the twenty-one supply ducts in Town Hall at the cost of \$23,433.00. The system's maintenance would require replacing the bulb every two years at the cost of \$200.00 per bulb. The second ionization system has no bulb, is just as effective, does not require maintenance, has a fifteen-year lifespan, at the cost of approximately \$16,000.00.

Committee Members discussed the two systems and asked questions on the system preference, the ability to kill the Coronavirus, and the system installation. Ms. Szubert added that the Town could be reimbursed for the system installation through the State Cares Act. Committee members agreed to recommend the expenditure to Town Council.

Ms. Szubert gave a summary of the different fund balances with the proposed expenditures.

Chairman Widuch gave a summary of the items given consideration:

1. Optional Deferred Compensation Match Program - 401(k) or 457(b) was tabled
2. Maternity/Paternity Leave was supported
3. Website Redesign of \$100,000 was supported
4. Environmental Projects - a total of \$16,400 was supported
5. Kiawah Island Conservancy funding remaining at \$49,000.00 was supported
6. Portable Radios was tabled
7. LED UV REME Halo Air Purification System installation expenditure of approximately \$16,000.00 was supported.

Committee Member Said made a motion to recommend to Town Council the budget amendment to reflect the summarized dollar figures. The motion was seconded by Committee Member Connally and was unanimously passed.

D. Discussion of Compensation for the Mayor, Town Council, and Municipal Court Judge

Mayor Weaver indicated in previous assessments of risks affecting the Town and Council was the importance to ensure the long-term stability of the Council by attracting members wanting to serve who bring strong skills, interests, energy, capabilities, and talents. The assessment discussion pointed out two specific potential considerations: changing the term limits from two to four years, which has been accomplished. The other was a recommendation to consider the potential of putting in place a moderate level of compensation to the Mayor and members of the Council.

Mayor Weaver stated the intention was to make the recommendation earlier this year, but the decision was made to delay due to the Coronavirus onset and concerns with budget shortfalls. With issues relative to the budget looking differently, he wanted to bring up again the concept of putting in place a moderate level of compensation to the council members and the Mayor. The primary reason for the recommendation was not the need to compensate council members or a necessity, but highly symbolic of the importance of the job and the significance of contributions made by those who are willing to take their time to give back to the community. Council Members, considered having volunteered, have run for the position, been elected by their neighbors, and take on some legal responsibilities; therefore, appropriate that there should be a recognition of the important contributions made. When comparing Kiawah to the data from several different communities of relative size, most communities provide some level of compensation to the Mayor and Council, with only two to three communities that provide no compensation.

Mayor Weaver explained that the Town ordinance provides that a council can approve compensation or a change in compensation, but that compensation cannot come into effect until after there has been an election. If the recommendation is not considered at this time, it would be the next Council in two years that could consider taking action. He also indicated that he did not want to cause any unnecessary election putting candidates in a position to defend or deal with the controversy of making the recommendation. Conversations with the candidates pointed toward that conceptually; they all agree that the recommendation makes sense but may choose not to accept the compensation.

Mayor Weaver indicated that he did not want to take any action that the future member of the Council and Candidates did not support. He asked for some discussion level to help determine whether to move forward with a specific recommendation at next Tuesday's Town Council meeting. Based on a methodology using the number of meetings required to be attended, the starting compensation for discussion would be a recommendation of \$4000.00 annually for Council members and \$8000.00 annually for the Mayor. The compensation is based on a methodology using data from other municipalities and governmental entities who pay for the number of

meetings attended. The compensation for the Municipal Court Judge would be competitively appropriate at a recommendation of approximately \$4000.00 annually.

Committee Member Prickett commented that in his assessment, without qualified candidates, it put the Town at great risk and was compounded by the potential of a complete turnover of Council. The recommendation of the compensation would make the commitment to a four-year term more appealing and bring a commitment to working on the community's challenges. He also indicated that this was the best time to change when there is a possibility that it could be four years before the change is considered again. He stated that the dollar amount is not as important as it is symbolic, and he hopes that the Town gets the type of excellence it has now into the future.

Committee Member Said stated that Committee Member Prickett summed it up perfectly and that in his mind, the word compensation, while linguistically accurate, is not. He indicated that the job is not taken for money but as a community service. He expressed that having served as a member of the Council for the past two years, the job is more involved than he imagined, and as a candidate for Mayor, he most certainly did not base his decision on the compensation. He felt it was the right message to send with similar towns making the same decision to provide a stipend and also the right time to enact the change.

Committee Member Connelly stated she was not in support of the recommendation and felt there was no need for the compensation. She felt that the people running for Council or Mayor have to want to do the work truly, and a stipend will not make a difference in the quality of people wanting to run.

Chairman Widuch commented that there is strong support with one opponent. Still, in his opinion, it is a close call, and he will support the recommendation on the totality of the question but has concerns for the future members that may want to increase the compensation.

Mayor Weaver stated that he would consider all the comments while making his decision.

V. Chairman's Report:

None

VI. Treasurer's Report:

A. Budget Report for the First Three Months Ended 9/30/20

Ms. Szubert Presented the Town's Balance Sheet as of September 30, 2020, and the Budget to Actual Report for the first quarter. The Budget to Actual Report is compiled on a cash basis, and all the funds are consolidated.

As of September 30, 2020, the Town's governmental funds combined have an ending fund balance of approximately \$19.9M, a decrease of approximately \$669K from June 30, 2019. Of this amount, approximately 57%, or \$11.3M, is available for spending at the Town's discretion (unassigned fund balance).

Due to COVID-19 pandemic uncertainties, the Town Council adopted the FY2021 budget with very conservative revenue projections. The first-quarter revenues were projected with the assumption the Town will receive 50% of the actual collection from the first quarter of last year in the tourists generated revenue sources. However, the actual collection has exceeded our projections. The only revenue source that falls below the budget is interest revenue. Overall, \$1.5M consolidated revenues were approximately \$64K or 4% higher than budgeted.

With 25% of the year lapsed at the end of September, expenditures to date are approximately \$2.2M, or 28% of total budgeted expenditures, and approximately \$429K greater than budgeted for the first three months. The negative variance is mostly attributable to the KI Parkway re-pavement cost. The project was scheduled to finish and was budgeted in the last fiscal year. Overall, expenditures are reasonable and in line with the budget.

Ms. Szubert indicated that interest revenues are below budgeted due to higher interest rates when the budget was adopted. All savings are currently in a local short-term investment pool, and through January, rates have fallen 200 basis points. Looking at cash in and outflows, she looked into moving half of the money, approximately 10M, to a longer-term investment. She contacted Fin Trust Capital Advisors, a small company in Greenville, with municipality and school district references. She reviewed rules of investment are legality where the state mandates the instrument that can be used, safety, liquidity, and yield. An example of a ten-year bond in a governmental sponsored enterprise the interest rate would be 125, giving an additional 100 points going long-term. The firm has a set fee of one basis point at \$10,000.00 for the 10M investment.

Committee Members engage in an in-depth discussion of investing in long-term bonds, the risk involved if the money would be needed in the case of an emergency such as a hurricane in that time, the need for further discussion, and looking at other alternatives.

Chairman Widuch asks that Committee Member Said, Committee Member Prickett and Mayor Weaver from a subcommittee work with Ms. Szubert and Ms. Tilleson to review the investment alternatives.

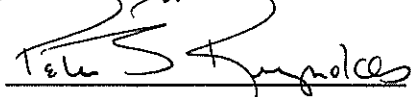
VII. Committee Member's Comments:

None

VIII. Adjournment:


Committee Member Prickett motioned to adjourn the meeting at 5:00 pm. The motion was seconded by Committee Member Connelly and carried unanimously.

Submitted by,



Petra S. Reynolds, Town Clerk

Approved by,



Chris Widuch, Chairman

12-4-20

Date