Tab | 1

WAYS AND MEANS

Agenda Item

WAYS & MEANS COMMITTEE MEETING

Kiawah Island Municipal Center
Council Chambers
February 28, 2022; 3:00 pm

MINUTES

I. Call to Order: ***Chairman Prickett called the meeting to order at 3:00 pm.***

II. Pledge of Allegiance

Present at the meeting: Dan Prickett, *Chairman*
John D. Labriola, *Mayor*
Maryanne Connelly, *Committee Member*
John Moffitt, *Committee Member*
Dr. Scott Parker, *Committee Member*

Also Present: Stephanie Tillerson, *Town Administrator*
Dorota Szubert, *Town Treasurer*
John Taylor, Jr., *Planning Director*
Petra Reynolds, *Town Clerk*

III. Approval of Minutes:

A. Ways and Means Committee Meeting of January 24, 2022

Committee Member Connelly made a motion to approve the minutes of the January 24, 2022 Ways and Means Committee meeting. Committee Member Moffitt seconded the motion, and it was unanimously passed.

IV. Old Business:

None

V. New Business:

A. Consideration and Recommendation to Town Council for Approval of the Tidal Trails Franchise Agreement

Ms. Szubert stated that Tidal Trails has a franchise agreement that allows for the rental of water sports equipment on the beach in the area in front of the Sandcastle for many years. In the renewal of the franchise agreement, Ms. Szubert proposed to modify the annual fee to 3% of the gross receipts to be consistent with the Town's other franchise agreements.

Committee Member Parker made a motion to recommend to Town Council the approval of the Tidal Trails Franchise Agreement. Committee Member Connelly seconded the motion, and it was unanimously approved.

B. Consideration and Recommendation to Town Council for Approval of the Proposal from Biohabitats for the Marsh Management Plan

Mr. Taylor stated that Marsh Management Plan (MMP) was derived from the 2018 Flood Mitigation and Sea Level Rise Adaptation Report. The report recommended that the marsh required a closer

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look as it was more likely a risk factor. Therefore, making it a priority, in 2019, the Town amended the Comprehensive Plan to include the formalization of a Marsh Management Plan.

Mr. Taylor stated the recommendation for the development of the Marsh Management Plan (MMP) being proposed is a collaborative effort between Biohabitats and Elko Coastal Consulting. The two firms partnered to develop a comprehensive scope of services responsive to the project goals. The scope of services includes project management and community engagement.

The cost of the proposal from the Biohabitats Team to prepare a Comprehensive Marsh Management Plan based on the outlined workplan is $50,399.00. With the suggested multi-day planning charette workshop for community engagement, the cost for the proposal is $61,331.00.

Mr. Taylor stated that the Town staff is requesting the Ways and Means Committee recommend to Town Council the approval to enter into a contract with the Biohabitats Team to include the planning charette workshop. He noted that $30,000.00 was budgeted as a placeholder for the Marsh Management Plan within the Environmental Department's Budget, and the balance of the total project cost would come from contingency.

Mayor Pro Tem Prickett agreed with the community engagement aspect and stated it might provide residents a better understanding of the risks faced by the marsh. Committee Member Parker added that community engagement brings the expertise of residents into the discussion. Committee Member's discussion included when the Town's MMP would be updated, if extra help would be needed to complete the plan and local projects completed by the Biohabitats Team.

Ms. Tillerson added that the Town would be only the second municipality to have a Marsh Management Plan, and once completed, it could be a model for other coastal communities. She stated that the Comprehensive Plan now requires a Resiliency Component. The Marsh Management Plan would provide the information to incorporate or reference in that component as the update starts.

Committee Member Parker made a motion to recommend to Town Council the approval of the Proposal from Biohabitats for the Marsh Management Plan. Committee Member Moffitt seconded the motion, and it was unanimously approved.

C. Consideration and Recommendation to Town Council for Approval of the Agreement with Kimley-Horn for the Kiawah Island Parkway at Beachwalker Drive Intersection Design

Mr. Taylor stated that the Town contracted with Kimley-Horn to conduct a study on Beachwalker Drive to improve safety for pedestrians, bicyclists, and motorists traveling this road. As part of the study, recommendations were made for the intersection of Kiawah Island Parkway and Beachwalker Drive. After several workshops, Kimley-Horn put together conceptual designs for improvements to this intersection. With the Beachwalker Drive improvement project scheduled to begin, Kimley-Horn will use the preferred conceptual improvement to provide design and construction-ready drawings developed for the intersection of Kiawah Island Parkway and Beachwalker Drive to create a bid package for construction.

Mr. Taylor stated that the Town staff is requesting the Ways and Means Committee recommend to Town Council approval of the Kimley-Horn proposal in the amount of $86,000.00. The project would be funded 80% from Restricted Funds, as a tourism-related project, and the balance from General Funds.

Committee Members discussed the need for a comprehensive communication plan providing details of the improvement project and the steps the Town has taken to mitigate the issues at the intersection. Also discussed was that the Community Association had similarly engaged Kimley-Horn for Kiawah Beach Drive. In addition, the Communication Associations intentions to make improvements around the Main Gate to mitigate traffic and safety issues without changing gate operations.

Committee Member Connelly made a motion to recommend to Town Council the approval of the proposal from Kimley-Horn. Committee Member Parker seconded the motion, and it was unanimously approved.

VI. Chairman's Report:

VII. Treasurer's Report:

A. Fiscal Year 2022-2023 Budget Discussion - Revenues

Ms. Szubert stated the preparation of the Budget is a multistep process over several months with the goal of approving the Budget at the second reading of the budget ordinance at the June Town Council meeting. The process begins with a discussion of the Revenues;

For the past few years, the Town has been in a challenging fiscal environment, facing high levels of uncertainty. The Town's reliance on tourism and business activity on the Island as its only revenue generators is very sensitive. Despite that, the Town maintains a stable fiscal position thanks to effective financial planning. In preparation for the revenue projections, we have used historical trends, running averages, and economic conditions; however, the pandemic has presented relatively new dynamics that are difficult to quantify. As a result, our current year annualized revenues of $12.4M are anticipated to exceed budgeted revenues of $9.3M by 33%, or $3M.

As we start to prepare next year's Budget, there is still a very high level of uncertainty. We are budgeting the majority of the revenues less than the current year, but still higher than the historical averages. Overall, the total budgeted revenues FY2023 of $11.7M are 6%, or $696K lower than current year projections.

Town of Kiawah Island
Budget FY2023 to Annualized Budget FY2022
All Funds Consolidated
Cash Basis

			Budgeted Sources & Uses	
Revenues*:	**Actuals FY 2021**	**Budgeted FY2022**	**Annualized FY2022**	**Budget FY2023**
Building Permits	$ 1,217,887	$ 900,000	$ 1,500,000	$ 1,200,000
Building Permits/Special Projects	322,051	100,000	305,197	625,000
Business Licenses	3,386,599	2,695,000	3,200,000	3,200,000
Franchisee Fees	964,496	880,000	950,000	950,000
Local Option tax	760,172	597,453	768,382	768,382
State ATAX	2,802,651	1,617,505	2,324,696	2,100,000
Local ATAX	1,384,691	986,392	1,296,920	1,050,000
County ATAX	484,000	200,000	518,768	420,000
Hospitality Tax	667,602	576,884	748,857	600,000
Solid Waste Fees	596,087	610,000	610,000	610,000
Interest	38,087	34,000	35,000	35,000
Other	160,585	160,000	174,000	177,000
Total Revenue	**$ 12,784,888**	**$ 9,337,234**	**$ 12,431,820**	**$ 11,735,382**

Ms. Szubert reviewed each of the revenue line items:

The comparisons below are made to FY2022 annualized.

- ✓ *Building Permits revenue is estimated to decrease 20%, or $300k*
  - *primarily due to a slowdown in new construction activity on the Island*
- ✓ *Business Licenses revenue is estimated to decrease 9%, or $300K.*
  - *Primarily attributable to the anticipated reduction in gross income for several businesses involved in real estate sales or one-time projects on the Island.*

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- ✓ *Franchise Fees with Berkley Electric Company, Beach Services, and Other Franchise fees are estimated with no change.*
- ✓ *Local Option Sales Tax is budgeted with no change.*
- ✓ *State Accommodation Tax revenue is projected to decrease 10%, or $225K.*
    - *It is predicted tourism-generated revenues having momentum in the current fiscal year and slightly reducing in the next year, however still exceeding pre-pandemic levels.*
- ✓ *Local Accommodation Tax revenue is budgeted with a 19%, or 247K decrease.*
- ✓ *County Accommodation Tax revenue is budgeted to decrease 19%, or $99K.*
- ✓ *Hospitality Tax revenue is budgeted to decrease 20% or $149K.*
- ✓ *Solid Waste revenue is budgeted with no change.*
- ✓ *Interest Revenue is budgeted with no change.*
- ✓ *Other revenues include the following sources:*
    1. *Aid to Subdivision - $44K, 25%, or $9K increase*
    2. *Planning Fees - $10K, no change.*
    3. *Court Fees & Fines - $30K, 20%, or $5K increase*
    4. *Beverage Permits revenue - $45K, no change.*
    5. *Victim's Assistance Fees - $10K, no change.*
    6. *Miscellaneous revenue - $35K, no change.*

Ms. Szubert presented and reviewed five-year revenue projections:

Town of Kiawah Island
Five Year Projections

Revenues:	Budgeted FY2022	Annualized FY2022	Budgeted FY2023	Projected FY2024	Projected FY2025	Projected FY2026	Projected FY2027
Building Permits	$ 900,000	$ 1,500,000	$ 1,200,000	$ 1,200,000	$ 1,000,000	$ 800,000	$ 600,000
Building Permits/Special Projects	100,000	305,197	625,000	-	-	-	-
Business Licenses	2,295,000	2,800,000	2,800,000	2,500,000	2,500,000	2,200,000	2,200,000
STR Application Fees	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Franchisee Fees	860,000	950,000	950,000	950,000	950,000	950,000	950,000
Local Option Tax	597,453	768,382	768,382	776,065	783,826	791,664	799,581
State ATAX	1,617,505	2,324,696	2,100,000	2,121,000	2,142,210	2,163,632	2,185,268
Local ATAX	986,392	1,296,920	1,050,000	1,060,500	1,071,105	1,081,816	1,092,634
County ATAX	200,000	518,768	420,000	424,200	428,442	432,726	437,054
Hospitality Tax	576,884	748,857	600,000	606,000	612,060	618,181	624,362
Solid Waste Fee	610,000	610,000	610,000	610,000	610,000	610,000	610,000
Interest	34,000	35,000	35,000	50,000	90,000	90,000	90,000
Other	160,000	174,000	177,000	177,000	177,000	160,000	160,000
Total Revenue	**$ 9,337,234**	**$ 12,431,820**	**$ 11,735,382**	**$ 10,874,765**	**$ 10,764,643**	**$ 10,298,020**	**$ 10,148,900**

Committee Members engaged in an in-depth discussion of the projected revenues and concerns with the budgeting revenues from special projects, the impact of build-out on future revenues, concerns with the base level of expenses, Council ability to adjust fees for business licenses, permitting, and hospitality taxes, and the impact of inflation and future development.

Ms. Szubert stated that at the next meeting, the projected expenses with be presented for discussion.

VIII. Citizen Comments:

None

IX. Committee Member's Comments:

Committee Member Connelly commented on Charleston County's plan to acquire 95 acres near Main Road and Humbert Road (Grayson Oaks) across from the Berkley Electric Offices. The intended use of the location would be as a debris, mulch, and burning site, to store dirt and a staging area for DOT (Department of Transportation) equipment. She indicated there would be a potential for air quality hazards, affect property values, and increase traffic in the area. In addition, the dirt for all 170 Johns Island dirt roads would come from the Grayson Oaks site. Committee

Member Connelly further discussed the issues with the site and those who do not support the project. She felt that the Town's support would be appreciated by the residents of Johns Island and asked that a position be taken.

Ms. Tillerson stated that the request requires Council consideration and recommended that Committee Member Connelly represent her request at the Town Council meeting. Mr. Taylor added that discussion of the Grayson Oaks plan was on the agenda for discussion at the County Council meeting.

X. Adjournment:

Committee Member Parker made a motion to adjourn the meeting at 3:53 pm. Committee Member Moffitt seconded the motion, and it was unanimously approved.

Submitted by,

_____
Petra S. Reynolds, Town Clerk

Approved by,

_____
F. Daniel Prickett, Chairman

_____
Date

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