

WAYS & MEANS COMMITTEE MEETING

Municipal Center Council Chambers

March 5, 2024, 10:00 am

Minutes

I. Call to Order: *Chairman Heidingsfelder called the meeting to order at 10:00 am.*

II. Pledge of Allegiance

III. Roll Call:

Present at Meeting: John D. Labriola, Mayor
Russell Berner, Committee Member
Brad Belt, Committee Member
Madeleine Kaye, Committee Member

Present via Zoom: Michael Heidingsfelder, Chairman

Also Present: Stephanie Tillerson, Town Administrator
Dorota Szubert, Finance Director
John Taylor, Jr., Planning Manager
Jim Jordan, Town Biologist
Brian Gottshalk, Public Works Manager

IV. Approval of Minutes:

A. Minutes of the Ways and Means Committee Meeting of February 6, 2024

Committee Member Belt made a motion to approve the minutes of the Ways and Means Committee meeting of February 6, 2024. Committee Member Berner seconded the motion, and it was unanimously approved.

B. Minutes of the Special Call Ways and Means Committee Meeting of February 21, 2024

Committee Member Kaye made a motion to approve the minutes of the Special Call Ways and Means Committee meeting of February 21, 2024. Committee Member Berner seconded the motion, and it was unanimously approved.

V. Citizens' Comments (Agenda Items Only):

None

VI. Old Business:

None

VII. New Business:

A. Review and Recommendation to the Town Council for Approval of the Planning Fee Schedule (Tree Preservation)

Mr. Taylor stated that with the proposed adoption of the landscape and tree preservation standards, the planning fee schedule would be amended to incorporate fees that would be applicable to the review process, particularly those that would include Tree Preservation Board consideration review and approval. Mr. Taylor stated that separate from normal plan review, fees are incurred if a project requires Tree Preservation Board approval, site plan review approval, Board of Zoning Appeals approval, and a public hearing process. An example of a permitting application was also provided, which provided a snapshot of applicable zoning application fees related to proposed tree preservation standards and the review process.

To clarify the proposed fees, Committee Members discussed hypothetical situations and the fees that would be applicable. Additional modifications included that under the review of protected trees for single-family properties, changing the word “protected” to “specimen,” adding a footnote that the removal of a dead tree would not require a permit, and a footnote clarifying “post-occupancy” in point three.

Committee Members engaged in an in-depth discussion.

Committee Member Berner made a motion to recommend to the Town Council the approval of the Planning Fee Schedule. Chairman Heidingsfelder seconded the motion.

Chairman Heidingsfelder stated that in comparison to other municipalities around the country, the fees related to commercial projects are very low. When looking at a comparison of the work hours the Planning Department has spent on the Upper and Lower Beachwalker Drive Parcels with the associated fees, he felt that at some point, there could and should be an increase in the fees for commercial projects, suggesting the creation of a task force to look into the fee structure relating to commercial projects in more detail to see if fees could be increased to cover more of the workload.

Following the discussion, the motion was unanimously approved.

B. Review and Recommendation to Town Council for the Approval of the Proposal from Coastal Science and Engineering for Beach Monitoring

Mr. Jordan stated that the request is to approve an additional three-year contract with Coastal Science and Engineering (CSE) for beach monitoring. The annual survey, done in October, includes about 60 profile lines perpendicular to the beach, starting beyond the primary dune and going out into the ocean, and includes some aerial photography every year. The survey calculates sand volume to provide data on erosion and accretion rates. The data collected is used to create an annual report, typically received in February or March. The proposal cost of \$149,585.00 is an increase from the last three-year contract and is mostly attributed to an increase in the hourly rate for the individuals doing the work. He noted that there was no hourly rate increase in the last contract.

Committee Member Belt made a motion to recommend to the Town Council the approval of the Proposal from Coastal Science and Engineering for Beach Monitoring. Committee Member Kaye seconded the motion.

Committee Member Berner questioned if the proposed contract was a fixed price, expressing his concern that wording in the proposal describing a proposed budget could mean a potential increase. Ms. Tillerson stated that any additional work requested by the Town or increases to the proposed budget would have to come back to the Ways and Means Committee for approval. Committee Member Belt pointed out that the not-to-exceed provision in the proposal needed to be added to the contract itself.

Committee Members discussed the direct expense line item on page 8 of the proposed budget, clarifying what those items are and whether the Town would be receiving invoices for them. Mr. Jordan stated that CSE had worked for the Town since 2005 and always stayed within the amount in their proposal. While doing the work, CSE bills the Town quarterly, and every invoice is itemized.

Following the discussion, the motion was unanimously approved.

C. Review and Recommendation to Town Council for the Approval of the Compensation and Benefits Study by Evergreen

Ms. Tillerson stated that periodically, the Town engages a firm to do a Compensation and Benefits Analysis Study. The responses submitted to the RFP released in 2021 were reviewed and evaluated by a selection committee, which felt that the proposal from Evergreen Solutions, LLC was the most comprehensive and inclusive in terms of what the Town was looking for in the compensation and benefits study.

Based on industry standards, an update should be done every three to five years to ensure that benefits are competitive and employees are at least at the minimum of their salary range. The request for consideration is to engage Evergreen Solutions to review the Town's current compensation and benefits plan and recommend necessary updates to remain competitive with other municipalities in and around the Charleston area.

Committee Member Belt made a motion to recommend to the Town Council the approval of the Compensation and Benefits Study by Evergreen. Committee Member Berner seconded the motion.

Committee Member Berner asked if, in the previous study, the benefit package was deemed to be in line with the surrounding community. Ms. Tillerson stated that the benefit package was in line. While some municipalities or competitors offer benefits that the Town does not, the Town's benefits now include paternity leave and an optional 401k in which the Town matches up to a maximum of \$3,000.00.

Committee Member Belt asked for clarification on the basis of not recompeting the services. Ms. Tillerson explained that Evergreen already has the benchmarks because of their work for the Town, but she would rebid the service in three years.

Further discussion included Town ordinance requirements in the purchasing and reacquisition of professional services regarding the bidding process and that since the ordinance does not provide the discretion to utilize a consultant firm based on history and knowledge, there is a need to revise the purchasing ordinance to address those situations.

The study is expected to take approximately 90 days to complete and, once finalized, will be provided to the Council.

Following the discussion, the motion was unanimously approved.

D. Review and Recommendation to Town Council for the Approval of Solid Waste Fees

Ms. Szubert stated that in December 2023, the Town Council approved a new contract with Trident Waste and Recycling for solid waste collection on the Island, starting July 1st, 2024. This contract is for approximately \$2 million, a 53% increase compared to the current contract with Carolina Waste. This significant increase relates to efforts to improve the service, such as hiring full-time employees and training employees so that they will be knowledgeable about the Island and the different types of services offered.

Historically, the Town has provided property owners with curbside service at no cost and provided a contribution of \$180 to each property owner, which is equal to the cost of the curbside service. Any additional service, such as backdoor pickup and two times-a-week service, is funded partially, and the corresponding service cost is reduced by 50% of the contribution amount, except for rental properties that pay 100% of the cost. In recent years, the Town contributed approximately \$425,000 annually. Additionally, the Town funds entirely solid waste collection from the beach in the amount of approximately \$60,000 annually and public solid waste stations in the amount of \$70,000.

With the new increased pricing for the solid waste collection services, the staff proposes to continue the same approach to fully contribute curbside service (\$288), partially contribute additional services for the residents (50% of the curbside subsidy), and pass the full cost to the rental properties' owners. The schedule will result in an annual increase of:

- \$258 for backdoor collection
- \$328 for twice a week collection
- \$304 for multifamily twice-a-week collection
- \$347 for twice-a-week collection for rental properties
- \$323 for multifamily twice-a-week collection for rental properties
- \$53 for collection in regime neighborhoods for rental properties

Ms. Szubert stated that if the Council approves the same approach and the proposed contribution, the amount that the Town will contribute will increase by about \$125,000 and about \$550,000 annually.

Committee Member Berner made a motion to recommend to the Town Council the approval of the Proposed Solid Waste Fees. Committee Member Kaye seconded the motion.

Committee Member Belt questioned the increases in the provided services and why the full contribution does not apply to trash collection. Ms. Szubert stated that the pricing was based on the unit cost provided by the company in the contract. The previous mayor and council took the approach of fully contributing to curbside service and applying 50% of that contribution to all the other services.

Committee Members engaged in an in-depth discussion of applying the same curbside contribution to all services provided to single-family property owners, which would increase the overall cost of the Town's contribution and decrease the additional contribution of homeowners (excl. renters) for their special services.

Committee Member Belt made a motion to table the recommendation for solid waste fees. Committee Member Kaye seconded the motion, and it was unanimously approved.

E. Review and Recommendation to Town Council for the Approval of the Proposal from Truluck Construction for Beachwalker Drive/Kiawah Island Parkway Construction

Mr. Gottshalk stated that the Town has spent a considerable amount of time looking at the intersection at Beachwalker Drive (BWD) and Kiawah Island Parkway (KIP) and how to make improvements to the flow of traffic and pedestrian safety.

The Town contracted with Kimley-Horn to design traffic improvements to the intersection of BWD and KIP, replacing the white bollards currently in the intersection. The design improvements include constructing a curbed channelized left turn outbound past the gate onto Beachwalker Drive and reworking the curbing to the existing island to increase the radius for traffic to turn left from Beachwalker Drive onto the Parkway.

A Request for Proposals (RFP) for construction services was released for qualified contractors to perform the work as explained in the RFP and per the design documents generated by Kimley-Horn. The RFP was posted publicly for two weeks, and we received the following bids:

Truluck Construction:	\$186,469
First Construction Management:	\$261,000

Staff and the consultants from Kimley-Horn reviewed both bids received, considering cost and experience. Town staff is requesting that the Ways and Means Committee recommend to the Town Council that Truluck Construction's bid of \$186,469 be approved to perform the services as described in the scope of work in the RFP.

Committee Member Belt made a motion to recommend to the Town Council the approval of the Proposal from Truluck Construction for Beachwalker Drive/Kiawah Island Parkway Construction. Committee Member Berner seconded the motion.

Committee Member Berner indicated that despite the bollards being unsightly, he felt there was a need for something to keep traffic turning out of BWD onto the Parkway and immediately merging into the travel lane. He suggested some raised half-spherical buttons that stand above the ground and would be uncomfortable for a car to drive over.

Committee Members discussed Committee Member Berner's concerns and his suggested solution, along with the other options of removing some of the bollards and having Kimley-Horn extend the triangle shown on the construction drawings. Chairman Heidingsfelder expressed concerns about whether there was enough room for those drivers to stay in lane, and the lack of directional signage to notify drivers that there is a necessity to merge. Also discussed was that this project seemed to be a band-aid fix and whether there was a plan to fix the problem more broadly, as well as having the traffic control officer at the intersection in the mornings and evenings when construction traffic exited Beachwalker Drive.

Committee Member Belt amended his motion to recommend to the Town Council the approval of the Proposal from Truluck Construction for Beachwalker Drive/Kiawah Island Parkway Construction is contingent upon staff discussing various issues raised with Truluck. If there is a material change in the cost (10%), then it will come back to the Ways and Means Committee.

Following the discussion, the motion was unanimously approved.

F. Review and Recommendation to Town Council for the Approval of the Proposal from EAS Professionals for Beachwalker Drive/Kiawah Island Parkway Consulting, Engineering, and Inspection Services

Mr. Gottshalk stated that the Town doesn't have in-house engineers, so for road projects and bigger capital projects, it prefers to engage a consulting firm to help ensure that the contractors or construction crews are doing everything appropriately.

In conjunction with the release of the RFP for construction, an RFP was also publicly released for Consulting, Engineering, and Inspection (CE&I) services. The one proposal received was from EAS professionals at \$55,850.

Staff reviewed the proposal with the consultants from Kimley-Horn, determining that it met the town's request for the scope of work. Town staff is requesting that the Ways and Means Committee recommend to the Town Council that the bid from EAS Professionals for the CE&I on the intersection project be approved.

Committee Member Berner made a motion to recommend to the Town Council the approval of the Proposal from EAS Professionals for Beachwalker Drive/Kiawah Island Parkway CE&I services. Committee Member Belt seconded the motion.

Committee Member Berner stated that percentage-wise, the proposal cost is unusually high for a relatively small construction cost. His experience is that engineering firms such as Kimley Horn would provide the same construction inspection service for a cost. Commonly, the cost of small construction jobs like this would be much lower because somebody from the engineering firm would already be at the site and asked if a cost was solicited from Kimley Horn. Ms. Tillerson stated that a price was not requested from Kimley Horn because the company that designed the work should not inspect its work.

Committee Member Berner made a motion to table the approval of the recommendation and request that Kimley Horn provide a proposal.

Following the discussion, the motion was unanimously approved.

VIII. Chairman's Report:

Chairman Heidingsfelder stated that there had been quite a few complaints from community members about the further decline in services provided by Carolina Waste, which lost the Solid Waste contract at the end of June. He asked if the staff had looked into this and could confirm a decline in service performance. Ms. Tillerson stated that there had definitely been an increase in complaints, and staff is constantly notifying Carolina Waste of the issues. She noted that Carolina Waste is also trying to get out of their contract early and has tried negotiating with Trident to start as early as April 1st, but Trident can only start on May 1st. Chairman Heidingsfelder recommended getting written confirmation from Trident that they can start their contract on May 1st and, once in hand, cancel the contract with Carolina Waste for lack of performance.

IX. Treasurer's Report:

A. Monthly Budget Report

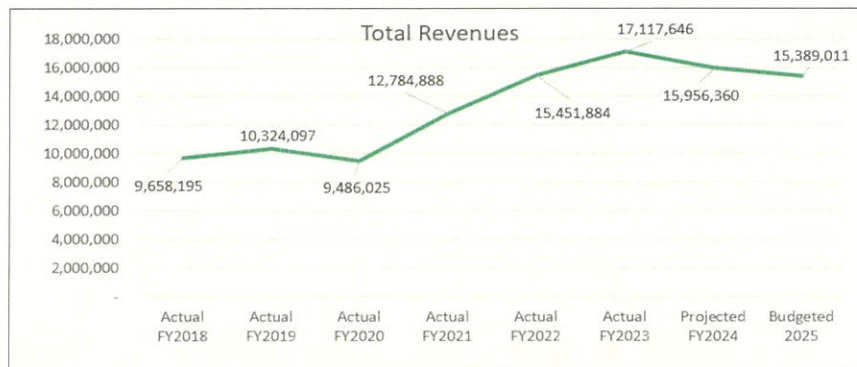
Ms. Szubert stated that there was not enough time to close February to prepare the monthly budget report and that the report in the materials had already been presented to the Ways and Means Committee.

Chairman Heidingsfelder asked if the amounts included revenue accruals in the year-to-date column in the budget report spreadsheet. Ms. Szubert stated that expenditures were accrued only since revenues are hard to estimate. Chairman Heidingsfelder asked that a footnote or commentary be included to clarify where accruals have been made in the future.

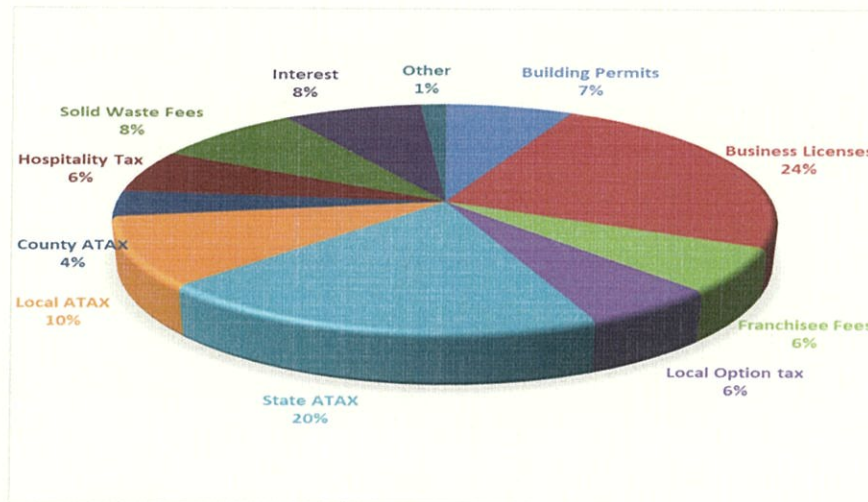
Ms. Szubert stated that the Fiscal Year 2024-2025 Budget discussion would begin today with a review of revenues, followed by a review of expenditures in the next month. In May, the consolidated budget will be reviewed for the first reading of the budget ordinance, a public hearing, followed by the second reading and approval of the budget at the June Town Council meeting.

Fiscal Year 2024-2025 Budget Discussion - Revenues

Ms. Szubert began the discussion by stating that, historically, the Town's fund balance has been healthy. Since 2020, the beginning of the COVID-19 pandemic, the Town has continuously analyzed its impact on revenues. The Town temporarily experienced a sharp drop in revenues at the end of the fiscal year FY2020. However, revenues returned to normal in early fiscal year FY2021 and continued to rise to record-high revenue collection in fiscal year FY2023. The Town remains well-positioned to enter the next fiscal year to provide the highest level of services for the residents and customers while continuing to build reserve balances for future events that may require emergency funds.



The total FY2025 budgeted revenues of \$15.4 million are 4%, or \$567,000 lower than current year projections. The chart below represents a makeup of the Town's budgeted revenue sources for FY2025.



Ms. Szubert reviewed and answered Committee Member questions on the projections for each revenue source, indicating that comparisons were made to FY2024 projected revenues.

- ✓ Building Permit revenue is estimated to decrease by 8%, or \$100,000, primarily due to a slowdown in new construction activity on the Island and no plans for one-time special projects.

The five-year average for new construction permits is approximately \$10,000, and for renovation projects, it is \$650. Based on the same averages, we anticipate a decrease in permits for new construction and a slight increase in renovation projects.

Building Permits from Special Projects are budgeted to decrease by 100%, or \$960,000. At this time there are no special projects planned for the next fiscal year.

- ✓ Business License revenue is budgeted to increase 6%, or \$200,000. The increase is primarily attributable to the increasing cost of goods and services. Based on the historical averages, we are budgeting to issue 2,000 standard business licenses with an average cost of \$1,200 per license and about 1,400 short-term rental licenses with an average cost of \$350 per license, collect approximately \$400,000 in short-term rental application fees, and \$500,000 from Municipal Association of SC Collection Program for the insurance companies.

Ms. Szubert stated that the revenue increase is based on the Finance Department's plan to increase its efforts in business license compliance and a review of business license fees at the Retreat. Chairman Heidingsfelder added that with the help of KICA (Kiawah Island Community Association), an audit of the companies entering the island has identified many companies without a proper business license. Ms. Szubert stated the Finance Department has been following up with the companies, explaining the process that two notices will be sent, and those that are nonresponsive will be sent a citation in a certified letter.

- ✓ Franchise Fees with Berkley Electric Company, Beach Services, and Other Franchise fees are anticipated with no change at \$970,000. The chart shows seasonality in collecting those fees over a 5-year period.

Committee Members discussed the franchise fees paid, noting that the fees did not seem to reflect the number of people on the island. Ms. Szubert stated that the audit committee is looking into applying a better schedule for auditing these firms. The Town is also looking at engaging a firm to conduct license and fee audits or an additional team member to focus on these audits.

- ✓ Local Option Sales Tax is budgeted 1%, or \$7,000 higher than projections for the current year based on the recent years' averages and the inflation on goods sold.
- ✓ State Accommodation Tax revenue is anticipated to increase by 2%, or \$63,000. We predict the volume of tourists on the island will be comparable to the current year. However, the higher accommodation prices should increase tourism-generated revenues.

- ✓ Local Accommodation Tax revenue is budgeted with a 2% or a \$23,000 increase.
- ✓ County Accommodation Tax revenue is budgeted to increase 2%, or \$12,000.
- ✓ Hospitality Tax revenue is budgeted to increase by 1%, or 7,000.
- ✓ Solid Waste revenue is budgeted to increase 100%, or \$640,000, due to changes in the garbage collection contractor and an increase in the contract price. It is budgeted at \$1.3 million.
- ✓ Interest Revenue is budgeted to decrease by 20%, or \$300,000, based on the forecasted slow, gradual decrease in the rates of return on the Town's investments. It is budgeted at \$1.2 million.
- ✓ Other revenues include the following sources:
 1. Aid to Subdivision – \$52,000, an increase of 5%, or \$2,000.
 2. Planning Fees - \$10,000, no change.
 3. Court Fees & Fines - \$30,000, no change.
 4. Beverage Permits revenue - \$45,000, no change.
 5. Victim's Assistance Fees - \$10,000, no change.
 6. Miscellaneous revenue - \$35K, 83%, or \$165,000 decrease due to a one-time reimbursement from Charleston County Sheriff's Office for the book value of the deputies' vehicles and equipment in the amount of \$161,000 in the current fiscal year.

Committee Member Belt clarified that the revenue sources that the Town has some control over, at least in terms of the rate, would be business licenses, building permits, solid waste fees, and maybe franchise fees. Ms. Szubert stated that state law sets franchise fees at 3%, except for the beach because that's a contract with the Town. However, there is also a state law that states that Local Accommodation Taxes and Hospitality Taxes can be 2%. Right now, the Town is collecting 1%, so the Council has the option to increase those taxes by 1%.

X. Citizens' Comments:

None

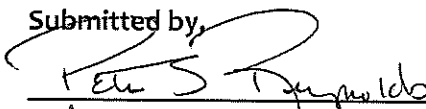
XI. Committee Member's Comments:

None

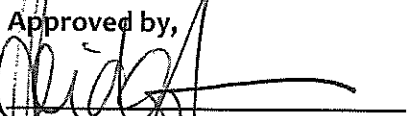
XII. Adjournment:

Committee Member Belt made a motion to adjourn the meeting at 12:43 pm. Committee Member Kaye seconded the motion, and it was unanimously approved.

Submitted by,


Petra S. Reynolds, Town Clerk

Approved by,


Michael Heidingsfelder, Chairman

04/09/2024
Date