

WAYS & MEANS COMMITTEE MEETING

Kiawah Island Municipal Center

Council Chambers

March 27, 2023; 3:00 pm

Minutes

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

II. **Pledge of Allegiance**

III. **Roll Call:**

Present at Meeting: John Moffitt, *Chairman*
John D. Labriola, *Mayor*
Brad Belt, *Committee Member*
Russell Berner, *Committee Member*
Michael Heidingsfelder, *Committee Member*

Also Present: Stephanie Tillerson, *Town Administrator*
Dorota Szubert, *Finance Director*
Craig Harris, *Public Safety Director*
Brian Gottshalk, *Public Works Manager*
Evan Brandon, *Principal, Outdoor Spatial Design*

IV. **Approval of Minutes:**

A. Ways and Means Committee Meeting of February 27, 2023

Approval of the Minutes of the February 27, 2023, Ways and Means Committee meeting was deferred to the next meeting.

V. **Citizens' Comments: (Agenda Items only)**

None

VI. **Old Business:**

None

VII. **New Business:**

A. Review and Recommendation to Town Council for Approval of the Beach Services Franchise Agreement with Island Beach Services

Mr. Gottshalk stated that a chair and umbrella rental company operating on the beach helps enhance the resident and guest experience but also helps keep the beach in a more organized and orderly setup. The Town has had a franchise agreement in place for chair and umbrella rental services on the beach since the late 1980s. The first franchise agreement was awarded to Butch Neal of Island Beach Service, and they have provided uninterrupted service on Kiawah since then.

Town staff released a Request for Proposals to invite companies to bid on the services listed in the scope of work. The RFP was posted publicly on the Town's website and in the Post and Courier. Town staff received one inquiry from a Georgia-based company, and only one bid was submitted. This bid comes from the current franchise holder, Island Beach Service, Inc DBA

Barrier Island Beach Service, LLC. The proposed Franchise Fee from Barrier Island Beach Service is \$330,000 or 30% of sales, whichever is greater.

Committee members discussed the proposal with Committee Member Belt and pointed out that the proposal should be revised to be \$330,000 or 30% of “gross receipts,” whichever is greater.

Committee Member Heidingsfelder made a motion to recommend to Town Council the approval of the franchise agreement proposal from Island Beach Services. Committee Member Berner seconded the motion, and it was unanimously approved.

B. Review and Recommendation to Town Council for Approval of the Landscape Proposal from Outdoor Spatial Design

Committee Member Berner made a motion to recommend to Town Council the approval of the landscape proposal from Outdoor Spatial Design. Committee Member Heidingsfelder seconded the motion.

Mr. Gottshalk stated the Town entered into a contract with Outdoor Spatial Design (OSD) to provide landscape architect services along the Kiawah Island Parkway following the road resurfacing project. Since then, OSD has provided design services for projects at the Municipal Center, the Kiawah Island Parkway, and Beachwalker Drive to increase safety and showcase native plant landscapes.

During the Council Retreat in February, OSD presented a proposal for a landscape enhancement plan for the Municipal Center, Parkway, and Beachwalker Drive. Following discussion, Council agreed that some adjustments needed to be made, particularly to Beachwalker Drive, where potential development could damage or change the landscape.

The current proposal from OSD for the amount of \$29,500 includes design services for the three areas and has incorporated the Council’s comments:

1. Parkway Comprehensive Landscape Enhancement Plan
2. Town Hall Rain Garden and Grow Native Trail
3. Beachwalker Drive Landscape Enhancements
4. Construction observation for Beachwalker Drive Landscape Enhancements

Committee Members engaged in an in-depth discussion of the four elements of the proposal, including the following:

- approval of the design services/plan development for all three elements as a whole, selecting in which order the elements are completed,
- the construction phase of each element would require presentation and approval,
- timeline for the design of Town Hall Rain Garden and Grow Native Trail - approximately two to four weeks from approval, with an additional two weeks for Parkway Comprehensive Landscape Enhancement Plan design, Beachwalker Drive Landscape Enhancements has a different scope of work

Committee Member Heidingsfelder pointed out the landscaping consistently damaged by vehicle in the curves on the Parkway and asked that any recommendations to mediate the issue be incorporated into the landscape enhancement plan and requested that a timeline for the start and completion dates for each element is provided at the presentation to Town Council. He also asked for clarification of why “construction observation” was not needed for elements one and two and what was removed from the first proposal to reduce the cost of the current proposal.

Committee Members engaged in an in-depth discussion of Committee Member Belt's concerns with eliminating the need for construction drawings in the Beachwalker Drive Landscape Enhancements element of the current proposal and asked for a comparison to what was originally proposed. Mr. Gottshalk explained that the project was scaled back from the construction project originally proposed. While still highlighting the areas needing attention, the project cost was reduced by eliminating the creation of detailed landscaping construction drawings and approval process, opting for making decisions with the landscaper in the field.

Further discussion included the crumbling edges of the roadway, the installation of curbing, the intention to scale back the cost of the landscape project, but not the resulting appearance, a review of the bubble diagrams when they are completed, and the use of native plantings in the design.

In addition to the items discussed for the Parkway, Committee Member Heidingsfelder suggested mitigating the two areas of almost permanently standing water during the wetter season. He also discussed if consideration should be given to curbing Beachwalker Drive and adding landscaping on Betsy Kerrison from the roundabout to the Municipal Center entrance.

Committee Member Belt commented on the complaints received that the landscapers do not remove the debris from the maintenance done; they shove it back in the treescape. Mr. Gottshalk indicated that the issue had been noted and addressed with the landscaper.

Following the discussion, the recommendation of the OSD proposal was unanimously approved.

C. Review and Recommendation to Town Council for Approval of the AirMedCare Contract Renewal

Mr. Harris stated that in 2016, the Town entered into a one-year contract with AirMedCare Network (Meducare) to provide air medical transport services for Kiawah Island residents, and it has been renewed annually for the past five years. Under the terms of the agreement, the cost of a resident's medical transport to a Charleston County location would be covered. In this plan, residents can also upgrade to a full coverage membership for an additional \$45.00 annually, covering individuals at 320 locations across 38 states.

The Public Safety Committee considered the renewal at its March 15, 2023, meeting and voted to recommend that the AirMedCare Municipal Site Plan Membership be renewed for another year at the same cost of \$8,163.00 annually.

Committee Member discussion included no change in the rate or conditions of the agreement and communication of AirMedCare and the optional full coverage membership.

Ms. Tillerson stated In 2018, AirMedCare Network stopped offering the Municipal Site membership; however, those with an active Business/Municipal Site membership plan are grandfathered in with the option of renewing. If the contract lapse, the membership plan option we now participate in will no longer be available.

Mr. Harris stated that air medical transport services were used twice in the past year and once in the current year. The individuals that were airlifted to the hospital were not Town residents; therefore, the Municipal Site Membership plan was not activated.

Committee Member Heidingsfelder made a motion to recommend to Town Council the approval of the AirMedCare contract renewal. Committee Member Berner seconded the motion, and it was unanimously approved.

VIII. Chairman’s Report:

None

IX. Treasurer’s Report:

A. Monthly Budget Report

Ms. Szubert stated that for the first eight months, the Town’s consolidated revenues of \$9M are slightly higher, \$831K, or 10% when compared to YTD for the last fiscal year FY2022 and 75% of total budgeted revenues for the current year.

Committee members discussed the variance in business license revenues attributed to licensing renewals moving from January to April, a new requirement for all Municipalities.

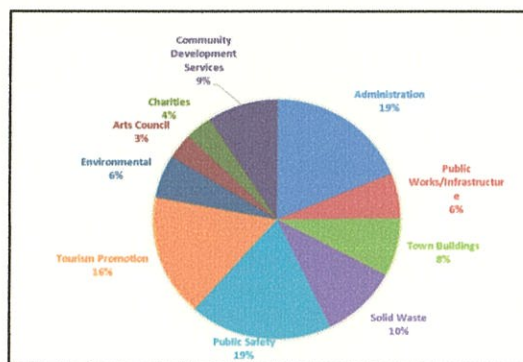
At the end of February 2023, the expenditures are \$980K, or 18% higher than for fiscal year FY2022 and 56% of the current year’s budget. The major contributors to the variances when compared to last year are as follows:

1. Personnel cost- the higher cost in the current year is mostly related to increased staffing. FY2022, the equivalent of the full-time employee on February 28, 2022, was 18.8 compared to 22.7 in the current year. Respectively, the benefits and payroll taxes are higher in the fiscal year FY2023.
2. Beach Patrol cost is higher in the current year as the new contract approved by Town Council in February 2022 increased by \$251K annually.
3. Waste Management- the higher cost in the current fiscal year relates to a 9% CPI adjustment effective 7/1/2022.

B. Fiscal Year 2023-2024 Budget Discussion – Expenses

Ms. Szubert began the discussion by reviewing the FY 2023-2024 draft budget expense line items and items/requests for consideration, answering questions posed by Committee Members.

Overall, the total budgeted expenditures of approximately \$11.5M are 12%, or \$1.2M, higher when compared to the current year and 18%, or \$1.8M, higher than FY2022 expenditures. The following chart presents the total budgeted FY2024 expenditure by function.



The following table shows efficiency ratios and 3-Year averages for the past five years.

	FY2019	FY2020	FY2021	FY2022	FY2023	Budget FY2024
Revenues	10,324,097	9,486,025	12,784,888	15,451,884	15,305,153	14,594,151
Expenditures	7,446,234	10,254,897	10,450,225	9,705,930	10,285,774	11,482,074
Efficiency Ratio	72%	108%	82%	63%	67%	79%
	FY17-FY19	FY18-FY20	FY19-FY21	FY20-FY22	FY21-FY23	FY22-FY24
3-Year Revenue Average	9,721,115	9,792,772	10,865,003	12,574,266	14,513,975	15,117,063
% Change		1%	11%	16%	15%	4%
3-Year Expenditure Average	8,233,844	9,206,710	9,383,785	10,137,017	10,147,310	10,491,259
% Change		12%	2%	8%	0%	3%

✓ The personnel cost shows a 14%, or \$328K, increase compared to FY2023 projected. This increase is attributable to the following items:

1. The draft includes an aggregated total of 8%, or \$150K, for salary increases included in the Administration department.
2. The budget includes funding for 24 regular, full-time employees and an intern for Planning Department, compared to 23 employees in FY23.
3. The budget includes a 1%, or \$28K increase in SC Retirement System, effective July 1, 2023.
4. This budget includes a 3.7%, or \$39K increase in Town's health insurance contributions effective January 1, 2024.
5. The budget includes a request to increase tuition reimbursement from \$5K to \$10K.

The following chart shows the history of the Town's employee's salaries for five years.

	FY20	FY21	FY22	FY23	FY24
Total salaries	1,228,786	1,392,561	1,646,923	1,822,912	2,020,809
FTE	18	19	20	23	24
Average \$ per FTE	70,216	73,293	82,346	79,257	84,200
Average % change per FTE		4%	12%	-4%	6%

- ✓ The Public Safety cost is budgeted with no change.
- ✓ STR Code Enforcement shows 188%, or \$59K, due to the contract increase in February 2023.
- ✓ Beach Patrol is budgeted with no change; a new 3-year contract was signed in February 2022.
- ✓ Utilities and Supplies show an increase of 6%, or \$14K, and consist of the following line items:
 1. Utilities are budgeted with no change.
 2. Supplies show an 11%, or \$9k, decrease.
 3. Minor Assets show a 160%, or \$23K increase mostly related to requests for laptop replacements.
- ✓ Communication cost is budgeted with no change.
- ✓ Waste management cost is budgeted with no change.
- ✓ Insurance cost is estimated to increase by 10%, or \$17K.
- ✓ Professional Services are budgeted to decrease by 11%, or \$22K, and include the following:
 1. \$130K for Town Attorney (\$120K -contract and \$10k for additional services not covered under contract)
 2. \$10K for the Town Prosecutor
 3. \$27K for annual audit
 4. \$10K for Misc.
- ✓ Consultant cost shows a 14%, or \$70K, decrease. Under the line-item Consultants, funding was budgeted for various services, including:
 1. \$45K for the comprehensive plan (the contract was approved in FY 2023, remaining balance)
 2. \$150k placeholder for Zoning Code update with Municipal Code review
 3. \$50k for traffic engineering
 4. \$30k for structural consultants to be used for upcoming commercial projects.
 5. \$80k for a public safety study
 6. \$43.5K for annual actuarial evaluation and miscellaneous consulting services
 7. \$8.5K for deer removal/ processing
 8. \$15k for tallow tree control
 9. \$6K for stenographers
 10. \$10K for documents management
- ✓ Maintenance cost shows a 3%, or \$13K, decrease.
- ✓ Travel & Training shows a 26%, or approximately \$15K increase, compared to the current year's projections. The increase relates to the increase in the Town's employees.
- ✓ Rentals are budgeted with a 10% or \$4K increase.
- ✓ Tourism & Recreation shows a 29%, or approximately \$561K increase, compared to the current year's projections. The line item consists of funding for the following items:

Funding Sources:	GF	SATAX	CATAX	LATAX	HTAX	Total
Arts & Cultural Same as the current year	\$115,000			\$140,000	\$22,000	\$297,000
Promotional Fund An increase of \$16k when compared to the current year's projections.		\$827,630				\$827,630
SATAX Applicants* An increase of \$380k when compared to the current year's projections.		\$1,058,833				\$1,058,833
Beach monitoring An increase of \$10K when compared to the current year's projections.			\$50,000			\$50,000
Wildlife An increase of \$14K when compared to the current year's projections.			\$150,600	\$7,000		\$157,600
KI Conservancy An increase of \$52K when compared to the current year's projections. The increase relates to \$75k for land acquisition.			\$125,000			\$125,000

* Total for SATAX applicants does not include funding for deputies and beach patrol as included in other cost categories. We are assuming 70% of the total cost for the deputies and beach patrol will be funded from SATAX; therefore, SATAX applicants included in the Tourism and Recreation line item is reduced for those two applications.

- ✓ Charitable Contributions are budgeted with no change.
- ✓ Other Cost line item shows a 50%, or \$118k increase and includes the following:
 1. Contingency-\$100K
 2. Advertising-\$16K
 3. Printing-\$18K
 4. Catering-\$40K (includes Christmas party and 35th Town's Anniversary)
 5. Community Activities- \$19K (includes Disaster Awareness and Volunteer Appreciation Events)
 6. Bank Cost-\$75K (includes banking and merchant fees)
 7. Deputies' vehicles and radio cost-\$24K
 8. AirMedCare cost-\$10k
 9. Dues & Subscriptions-\$11K
 10. Miscellaneous-\$41K
- ✓ The budget reflects requests for the following capital expenditures:
 1. \$200K for landscaping enhancements on KIP and Beachwalker Dr
 2. \$115 K (net of trade-in value) to replace three vehicles and purchase UTV:
 - Admin 2013 4Runner (38,045 miles)
 - Public Works 2017 Toyota Tundra (61,012 miles)
 - Building Department 2016 Toyota Tacoma (49,395 miles)
 3. Other- 2 dual-port charging stations for the Town's fleet (\$110K), parking lot expansion (\$140K)
- ✓ The budget includes the following inter-fund transfers:
 1. \$118,000 from GF to AC -\$118,000 for the Arts Council events
 2. \$209,920 from LATAX to AC for cultural events and partial salaries
 3. \$295,432 from LATAX to Capital Fund for future beach renourishment
 4. \$295,432 from LATAX to Capital Fund for an emergency fund
 5. \$105,000 from LATAX to GF for 35% of the cost of Beachwalker Dr and Kiawah Island Parkway landscaping enhancements
 6. \$45,000 from Beverage Tax Fund to Capital Fund for future infrastructure repairs
 7. \$22,000 from Hospitality Tax Fund to AC for cultural events
 8. \$165,836 from Hospitality Tax Fund to Capital Fund for future infrastructure repairs

9. \$165,836 from Hospitality Tax Fund to Capital to the emergency fund
10. \$105,000 from the Hospitality Tax Fund to GF for GF for 35% of the cost of Beachwalker Drive and Kiawah Island Parkway landscaping enhancements

Ms. Szubert indicated she would be adding approximately \$1M in placeholders requested by the Committee Members, and discussed where the funding would come from to balance the budget. She noted that the revised budget would be presented at the next meeting for approval.

X. Citizen Comments:

None


XI. Committee Member's Comments:

None

XII. Adjournment:

Mayor Labriola made a motion to adjourn the meeting at 4:17 pm. Committee Member Heidingsfelder seconded the motion, and it was unanimously approved.

Submitted by,



Petra S. Reynolds, Town Clerk

Approved by,



John Moffitt, Chairman

6.7.2023
Date