

# WAYS & MEANS COMMITTEE MEETING

Kiawah Island Municipal Center

Council Chambers

May 1, 2023; 1:00 pm

## Minutes

I. **Call to Order:** *Chairman Moffitt called the meeting to order at 1:00 pm.*

II. **Pledge of Allegiance**

III. **Roll Call:**

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

**Present Via Zoom:** Brad Belt, *Committee Member*

**Absent:** Russell Berner, *Committee Member*

**Also Present:** Stephanie Tillerson, *Town Administrator*  
Dorota Szubert, *Finance Director*  
John Taylor, Jr., *Planning Manager*  
Dillon Turner, *Kimley-Horn*

IV. **Approval of Minutes:**

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

*Committee Member Heidingsfelder made a motion to approve the minutes of the February 27, 2023, Ways and Means Committee meeting. Mayor Labriola seconded the motion.*

Committee Member Belt noted an error on page two of the minutes that had already been corrected.

*Following the notation, the minutes were unanimously approved.*

B. Ways and Means Committee Meeting of March 27, 2023

*Committee Member Heidingsfelder made a motion to approve the minutes of the March 27, 2023, Ways and Means Committee meeting. Mayor Labriola seconded the motion, and it was unanimously approved.*

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

**Maryanne Connelly – Seabrook Island**

Ms. Connelly stated that many worthwhile Organizations are applying for charitable grants from the Town of Kiawah. Habitat for Humanity has a strong repair program, helping families, many of whom are at the poverty level or ineligible for federal and state programs. As a result, I am asking you to reconsider the \$20,000 request to grant the full amount.

**Alex Fernandez – 418 Snowy Egret**

Mr. Fernandez stated that the investment income in the 2021 budget was approximately \$30,000, in 2022, approximately \$50,000, and in the 2023 draft budget is \$1,110,000. He questioned what had changed to increase the investment income dramatically and asked for details regarding what caused that enormous change.

**Larry Wolahan – 406 Snowy Egret**

Mr. Wolahan noted that in the current budget versus 2022, Revenue is down 6%, excluding the one million in interest income. Salary costs are up 23%, Salary benefits are up 40%, and Consultant costs are up 195%. Costs are increasing, with the payments for Beach Patrol up from 28,000 to 49,000 per month, and evening Code enforcement, with the same company, increased from 24,000 to 32,000 a month. With costs increasing significantly, he questioned how the Council ensures that the Town receives value for the money. He also discussed the SATAX disbursements, and he felt the Town could develop better ways to spend the money.

**Rob Keeler – 713 Glossy Ibis Lane**

Mr. Keebler addressed the comment made by Ms. Connelly by stating that Habitat for Humanity does a fantastic job on the island and has recently replaced 28 roofs, but he wanted to make the correction that they are not the only organization working on low-income housing in the Sea Islands. The group called CHIP Ministries spun off John’s Island Presbyterian Church, and since 2015, has worked on over 100 homes on Johns and Wadmalaw islands to repair low-income housing and has worked with Habitat on several of them.

**VI. Old Business:  
None**

**VII. New Business:**

**A. Review and Recommendation to Town Council for Approval of the Fiscal Year 2023/2024 Charitable Grants Funding Recommendation Amounts**

Chairman Moffitt stated that in the past year, changes were made to some of the elements of the Charitable Grant Guidelines. The focus was shifted slightly to support programs addressing hunger, housing, and health and not to support “funding the funder” with money going directly to the receiving organization. The organization must have a primary service area on Johns and Wadmalaw islands. He also pointed out that funding should go directly to the beneficiaries rather than to the organization’s operating expenses. The Town has allocated \$200,000.00 to be awarded in Charitable Grants in 2023. Twenty-two applications for \$281,885.50 were received for funding.

Three teams of two staff members were responsible for reviewing each submitted application and, as a group, recommended funding nineteen applications for \$199,750.00. Each team provided a presentation, including a project overview and funding recommendation.

Chairman Moffitt asked why the request from Keeper of the Wild was not recommended for funding. Ms. Reynolds indicated that the request did not fit into one of the three categories.

Chairman Moffitt asked why the request from Kiril Istatkov Ministries was not recommended for funding. Ms. Reynolds stated that the group decided that the organization had no segregation of the program funds from their total income and could not attribute the requested funding toward a specific target or program.

Ms. Reynolds stated that the request from Made with Love was not recommended for funding because the organization is part of the Kiawah Cares Foundation but is not a separate program and

doesn't have its own accounting. If funded, the check would be written to the foundation and fall under the not funding the funder policy.

Committee Members discussed that in keeping with the idea of hunger, housing, and health if the funding of the request from the Barrier Island Little League and the Progressive Club of Johns Island meets the criteria. He suggested that the \$16,000 available from those funding requests could fully fund the others directly related to hunger, housing, and health.

Committee Members Belt stated that the Town needed to be very mindful that when providing funding support in a faith-based organization, there is a constitutional prescription to separate church and state, given that money is fungible. He felt the need to be extra careful to ensure that any money provided to a faith-based organization is provided and sent directly to programmatic activities, not the proselytizing the Faith Mission of the entity.

Mary Bull with the Barrier Island Little League provided comments advocating for the funding of the request. She stated that the League currently has 35 baseball teams, seven softball teams, and five junior teams, and despite playing six days a week, including Saturdays, there is nowhere for them to play. With the improvements, two teams could be put in that batting cage five days a week and all day on Saturday, where they could have practices that can't be done now. She noted how important it was to keep the kids moving, having fun, and learning.

Angelina Istatkova with Kiril Istatkov Ministries stated that the ministry and organization specifically helps Frierson Elementary School on Wadmalaw Island, where her daughter is a teacher. The funding would provide uniforms for students at the beginning of the school year, lunch once a month for the teachers at the school, and food items for seniors.

Elizabeth St. John with Keeper of the Wild referenced an article in the upcoming *Island Connection* showing two of the aquarium representatives smiling and laughing at the very adorable demonstrating animal. The blind albino opossum can't be released into the wild, so she is used to teaching children and people about the functionality of these animals that are all part of a circle of life and that you cannot take any species out without severe damage and consequence. She requested that the Committee Members reconsider the request pointing out that in the 40 years since Ms. Kinzer started this rescue operation, she had never drawn a penny from the funds budgeted for the operation that runs about 4000 rescues a year, putting healthy animals back into the environment.

Chairman Moffitt stated that while the project is worthwhile, it was his opinion that it is still somewhat outside of the boundaries of what has been chosen as a community to support directly.

Committee Members continued to discuss the requests that do not meet the funding criteria and the reallocation of the grant funding that would be left available to CHIP Ministries, Feeding the Multitude, Habitat for Humanity, and the Paraclete Foundation. Chairman Moffitt asked that staff go back and reallocate the \$16,000 in funding across those requests that are specifically housing, hunger, and health.

Mary Helen Swift with Feeding the Multitude questioned how the determination was made when a funding recommendation was not fully funded. Chairman Moffitt that the determination is not overly scientific and has to do with the staff group responsible for the group of charities, the volume of money, history of that organization.

Committee Member Heidingsfelder expressed concern that when looking at the grant guidelines, limitations clearly state that the Town cannot grant proceeds to organizations that provide or have a focus on a mission of religious instruction, proselytizing, or preaching. Two requests, Feeding the

Multitude and Cure (not funded), have those clearly in their mission statements and do not fit within the guidelines. Chairman Moffitt suggested that along with the funding reallocation, those requests with a possible connection be vetted to understand how they do the accounting so that if someone gets a bag of groceries, they are not getting to proselytize as well.

Mayor Labriola suggested that the requests are also recategorized under hunger, housing, and health.

***Chairman Moffitt made a motion that the listed funding amounts are recommended to Town Council and that staff recategorizes the list into the three groups for presentation to Council. Committee Member Heidingsfelder seconded the motion.***

Committee members engaged in an in-depth discussion of the decision to narrow the funding criteria to housing, hunger, and health, the Grant Guidelines, and changes that may need to be made to the guidelines.

***Following further discussion, the motion was unanimously approved.***

**B. Review and Recommendation to Town Council for Approval of the Fiscal Year 2023/2024 SATAX - State Accommodations Tax Funding Recommendation Amounts**

Chairman Moffitt stated that there are two sheets for SATAX (State Accommodations Tax) funding; the first is a recommendation for an addition to this year's (2022-2023) allocation of funds in the amount of \$75,00 for the Amateur four-ball Championship. The second is for the 2023-2024 SATAX funding recommendations.

Chairman Moffitt stated that the funding is based on the SATAX revenue the Town receives in the first two quarters and then done again in November to allocate any additional funds. He reviewed that the rules on the allocation of SATAX money are that it has to be used for the promotion of tourism along with other listed criteria.

Chairman Moffitt began the discussion of the application from the Kiawah Island Club for the U.S. Amateur Four-Ball Championship by addressing the earlier comment that the tournament will be played on two private courses. He stated that the only attendees would not be the members of the Club, and the courses would be accessible to the general public. The \$75,000 request is for the advertising and promotion of the tournament, which is a qualifying tournament for the U.S. Open.

The eight members of the SATAX Committee meet and review the applications submitted for SATAX funding. After each applicant has made a presentation, the Committee Members vote on an amount they believe is warranted to be given to that organization. Ms. Szubert then averages the amounts to determine the funding recommendations. Any Committee Member that is part of an organization applying recuses themselves from voting on that application.

Committee Members Belt reviewed his concerns with the expenditure of SATAX funding referencing the wording of the state statute, which indicates the municipality needs to be spending those monies, not directing them to a third-party for-profit entity. He is concerned with giving substantial monies to for-profit organizations with their own substantial marketing budgets, and his preference is to see those monies go to the other items supporting the infrastructure or maintaining the infrastructure that can accommodate or better accommodate the number of tourists we already have.

Chairman Moffitt indicated that giving money to organizations that are going to promote Kiawah as a destination did not in any way, shape, or form was a misuse or less than a good use of the funds. If

you look at the amount of money requested and the recommended amounts, a little more than half of it is directly for the infrastructure items that are there to take care of that tourist component of the visitors here, whether it be Beach Patrol Services, enhanced rescue equipment, and sheriff's deputies.

Committee Members engaged in an in-depth discussion of Committee Belt's concerns with the expenditure of SATAX funds. Also discussed were the concerns that Committee Members Heidingsfelder and Belt expressed with funding the Kiawah Island Club tournament application.

***Committee Member Heidingsfelder made a motion to recommend to Town Council not to fund the SATAX application from the Kiawah Island Club for the U.S. Amateur Four-Ball Championship. Council Member Belt seconded the motion.***

***Following further discussion, the motion was approved by a 3 to 1 vote. Mayor Labriola voted "No."***

Chairman Moffitt stated that \$2,000,000 had been allocated for the first round of FY 2023-2024 SATAX funding. He suggested that the funding recommendations listed are recommended to Town Council for consideration.

***Chairman Moffitt made a motion to recommend to Town Council the SATAX funding recommendations as listed. The motion was seconded by Committee Member Heidingsfelder.***

Committee Member Heidingsfelder questioned why the Barrier Island Ocean Rescue application for enhanced rescue equipment was reduced to \$190,000. Ms. Szubert stated that averaging the amounts the SATAX Committee Members voted on reduced the funding recommendation.

***Following the discussion, the motion was unanimously approved.***

**C. Review and Recommendation to Town Council for Approval of the Proposal from Kimley-Horn for the Kiawah Island Parkway Roundabouts Benefit-Cost Analysis**

***Chairman Moffitt made a motion to recommend to the Town Council a not to exceed amount of \$16,450 for Kimley Horn to provide a Kiawah Island Parkway Roundabouts Benefit-Cost Analysis pending the outcome of the Council discussion. Committee Member Heidingsfelder seconded the motion.***

Committee Member Heidingsfelder expressed his concerns:

1. Alternative one is already under design, so is the Town at risk of paying double.
2. After looking at your drawings, and I know they are sketches, in both Alternatives Two and Three would require the entire demolition of the Kiawah Island Real Estate (KIRE) building, and are there Alternatives where the KIRE building would remain at its current place?

Committee Member Heidingsfelder indicated that in the Community Outreach meeting, residents of Little Rabbit expressed the concern that the current setup makes exiting their property toward Freshfields very dangerous and that finding a way to give them an easier and safer exit be included in the design.

Committee Member Belt pointed out that requesting additional alternatives may increase the cost. Chairman Moffitt stated that the recommendation to Council is for a not to exceed amount, and any additional cost would have to be approved. Committee Members engaged in an in-depth discussion with Mr. Tuner on how the costs are calculated and the alternative presented.

***Following the discussion, the motion was unanimously approved.***

D. Review and Recommendation to Town Council for Approval of the Proposal for the Kiawah Island Parkway Annual Traffic Counts

Chairman Moffitt stated that traffic counts are done three times a year from Betsy Kerrison to the intersection of Governor's Drive at the cost of \$27,300.

***Mayor Labriola made a motion to recommend to the Town Council the approval of the proposal from Quality Counts for the Kiawah Island Parkway annual traffic counts. The motion was seconded by Committee Member Heidingsfelder.***

Committee Member Belt questioned the increments used to measure data and how the data was reported and requested that the report show the peak traffic over any 60-minute period rather than in 15-minute intervals.

***Following the discussion, the motion was unanimously approved.***

E. Review and Recommendation to Town Council for Approval of the Fiscal Year 2023/2024 Budget

Ms. Szubert stated that over the past months, the Committee has gone over the revenues and expenses of the FY 2024 budget draft. She reviewed the changes that had been made to the draft budget that was presented at the March 27<sup>th</sup> Ways and Means committee meeting.

Ms. Szubert stated that with all the included changes, there would be an overall deficit of \$2,247,000. Committee members discussed the deficit and that the \$5,000,00 is a placeholder for the entire project. Also discussed was that a public hearing would be held between the first and second readings to allow the public to make comments on the proposed budget.

Ms. Szubert addressed the earlier questions:

Increase in Interest income - last year, interest rates were at 10 basis points, and this year, they are at 480. The main driver of the increase from \$50,000 to over one million is Market interest rates along with funds moved to savings.

Decrease in projected revenues - one-time income of \$440,000 in Federal funding and the Seafield special project that will not be received in the coming year.

Salary increase – new communications manager and planner, along with a placeholder for aggregated increases.

Increase in contracts for Beach Patrol and Code Enforcement – during the duration of the previous 5-year contract, there was no price increase, and a breakdown of the increase was given prior to contract approval.

Increase in Employee Benefits – PEBA annual 1% employer health insurance contribution increase.

Committee Member Heidingsfelder expressed his concern that the amount budgeted for legal expenses showed an 11% decrease and suggested that it needed to be adjusted to current spending. Committee Members discussed the enormous amount spent on legal services for public responses and legal statements.

**Committee Member Heidingsfelder made a motion to approve the presented Changes to the FY24 Budget Draft Presented on 3.27.23 and recommend to Town Council the approval of the Fiscal Year 2023-2024 Budget. Mayor Labriola seconded the motion, and it was unanimously approved.**

Ms. Szubert stated that with comments that the Town's reserves are too high, there had been many discussions on what a comfortable level of the Town's reserves would be.

The Town currently has a few policies that address reserve levels:

- Unrestricted general fund balance will not go less than 30 percent of the budgeted expenditures from the General Fund.
- Transferring 20% of Local Accommodation and Hospitality Tax to the Capital and Emergency Project funds.

The Town is vulnerable to the risks of extreme weather and shortfall in revenues and though not a risk, the Town saves for capital projects. Ms. Szubert proposed assigning money specifically for certain components of the Emergency, Capital Projects, and Budget Stabilization reserves. The costs after a hurricane are huge and very hard to assign; however, there are few elements where the cost is known, and those costs can be assigned to build a minimum Reserve.

For the Committee's consideration, Ms. Szubert proposed that the Emergency Reserve number would be about 8.5 million. The make-up would be:

- \$1.5 million for cleanup cost
- \$1.5 million connected to the bridge replacement
- \$4.5 million for lost Revenue during a period that the island is down after a hurricane (figured for four months)
- \$1 million for other costs, which might include road damage, Town asset destruction, etc.

Committee Members discussed and provided feedback on the proposed and the components of reserves, including a discussion of the cleanup costs incurred by the Town following previous storms and FEMA reimbursement.

**VIII. Chairman's Report:**

None

**IX. Treasurer's Report:**

**A. Budget Report for the First Nine Months ended 3/31/2023**

Ms. Szubert presented the Town's Balance Sheet as of March 31, 2023, and Budget to Actual Report for the first nine months.

As of March 31, 2023, the Town's governmental funds combined have an ending fund balance of approximately \$29.2M, an increase of approximately \$2.9M from June 30, 2022. Of this amount, approximately 59%, or \$17.3M, is available for spending at the Town's discretion (unassigned fund balance).

Overall, for the first nine months, the Town's consolidated revenues of \$10.3M are higher, \$1M, or 11% when compared to YTD for the last fiscal year FY2022 and 85% of total budgeted revenues for the current year. The positive variance is mostly attributable to interest income.

At the end of March 2023, the total expenditures of \$7.4M are \$1.5M, or 26% higher than for fiscal year FY2022 and 64% of the current year's budget. The majority of the variances are contributable to timing; however, two-line items with the negative variance that will continue through the end of the year are:

1. Personnel cost - the higher cost in the current year is mostly related to an increase in staffing. In FY2022, the equivalent of the full-time employee on March 31, 2022, was 19 compared to 23 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 in relation to the new contract approved by the Town Council in February 2022, which increased it by \$251K annually.

**X. Citizen Comments:**

**Larry Wolahan – 406 Snowy Egret**

Mr. Wolahan noted there are a lot of placeholders in the budget and felt it was important that the placeholders are identified.

Mr. Wolahan stated it was his understanding that the Bees Ferry Landfill was no longer segregating recycling and trash. He questioned why recycling and trash are still being picked up separately when Carolina Waste no longer differentiates between the separate trash containers. Committee Member Heidingsfelder indicated that it was his understanding that in certain HOAs and Regimes, separating was stopped because homeowners and renters were unwilling to separate cleanly. His information was that Bees Ferry Landfill, or a county facility, does still fully recycle if it is clean recycling (Not contaminated with hazardous or household waste and does not contain non-recyclable items) but would do further investigation.

Ms. Tillerson stated that she had confirmed that Carolina Waste does not take the Town's recycling to Bees Ferry Landfill; it goes to Sunoco Recycling on Telco Road. Bees Ferry Landfill takes recycling brought by residents, but no commercial.

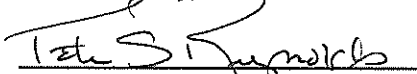
**XI. Committee Member's Comments:**

None


**XII. Adjournment:**

*Mayor Labriola made a motion to adjourn the meeting at 4:27 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