

WAYS AND MEANS COMMITTEE MEETING
Kiawah Island Municipal Center
Council Chambers
September 22, 2015; 2:00 PM

Minutes

I. Call to Order: *Mr. Labriola called the meeting to order at 2:00 pm.*

II. Pledge of Allegiance

III. FOIA: Notice of this meeting has been published and posted in accordance with the Freedom of Information Act and the requirements of the Town of Kiawah Island.

IV. Roll Call:

Present: John D. Labriola, Mayor Pro Tempore
 Charles R. Lipuma, Mayor
 John Wilson
 Craig Weaver

Also Present: Dennis Rhoad, Town Attorney
 Petra Reynolds, Town Clerk

V. Approval of Minutes:

A. Minutes of the Ways and Means Committee Meeting of July 28, 2015

Minutes of the June 23rd meeting were in the packets to be approved, but the Agenda indicated they were to be minutes of the July 28th meeting. Verification will have to be made prior to a vote for approval.

VI. Citizens' Presentations or Comments:

None

VII. Old Business:

A. FY 2014/2015 Closing/Audit Update

Mr. Wilson stated that the new auditors, Green, Finney and Horton, have requested to inspect a list of items to review prior to the beginning of this year's audit. He indicated that an extension has been filed with the state since the full blown audit is scheduled to begin after Thanksgiving. The field work of the audit is schedule to start in early December and is expected to take approximately two weeks. While the Financial Statements are expected to be completed by the end of the year, the completed audit is not expected until after the first of the New Year.

Mr. Wilson reviewed with members the items finance staff is working on including a meeting that will take place with the Town new payroll provider ADP. Discussion will

include transition to the new system, new time clock system and the ability of employees to update their benefits.

Members discussed Mr. Wilson's recent suggestion on establishing an Audit Committee and agreed to move forward with the necessary requirements.

VIII. New Business:

A. Satellite Phone Proposal

Mr. Lameo stated during the development of the Town's Emergency Plan the need to acquire two Satellite telephones was identified. The phones would be used as a back-up method of communication should all other methods fail in the event of an emergency or disaster.

Mr. Lameo indicated the Town advertised a *Request for Quotes* on the Iridium 9555 Satellite Phones. The Town received the following quotes;

COST OF EACH PHONE

- SatellitePhoneStore.com **\$1,179.98** includes extra battery and one month of service plan
- Satellite Phone Solutions **\$1,211.95** includes extra battery and one month of service plan
- Satmodo **\$1,134.99** includes one month of service plan

Mr. Lameo indicated that staff recommends the purchase of the Satellite Phones from the low-bidder, Satellite Phone Store.com. Additional monthly service charges of \$59.99 per phone will apply.

Mr. Weaver explained the reasoning behind the need for the phone, where they will be housed, and the establishment, by the new administrator, of a protocol of use and maintenance of the phone.

Mr. Weaver made a motion to recommend to Council the expenditure approves expenditure not to exceed \$2,600.00 for the purchase of two Satellite Phones with batteries. The motion was seconded by Mayor Lipuma and unanimously passed.

B. Proposed Expansion of Ways and Means Committee Charter

Mr. Labriola began the discussion by calling attention to the possible need for oversight of the Town's Human Resources (HR) policies, practices and procedures. He posed the question if this should be accomplished by an expansion of the charter of the Ways and Means Committee to include some of the HR areas or the establishment of HR Committee that would report to the Ways and Means Committee.

Mayor Lipuma indicated historically the entire HR process was under the purview of the Town Administrator without checks and balances. It was his suggestion to institute a

separate HR Committee, with a member of the Ways and Means Committee as chair and utilizing resident volunteers with HR backgrounds as members. He would be supportive of the Committee reviewing and making recommendation on the Town's policies, practices, procedures, and employee manual.

Mr. Weaver strongly agreed there must be a stronger process put in place to provide for a greater oversight for certain HR compensation policies and decisions. He supported expanding the charter of the Ways and Means Committee, whose role is primality financial, to include making certain personnel policies and decisions, which are financial, and are subject to a committee review. He indicated that putting these matters with the Ways and Means Committee would not change the primary responsibility of the Administrator and staff for making recommendations, designing programs and administering the Town's personnel policies and programs. Mr. Weaver stated he was not in favor of creating another Committee that would in turn create additional work load.

Mr. Weaver engaged with members in an in-depth discussion of his recommendations of HR actions that would require the oversight and additional review or approval by the Ways and Means or HR Committee to provide its concurrence:

Compensation

- *Changes to the Town's salary range structure and any across-the-board or individual adjustment to salary ranges*
- *The annual or special salary increase budget*
- *The actual recommended salary adjustment for all appointed positions (Administrator, Treasurer, Clerk, Judge, Attorney)*
- *A re-evaluation of any salaried position to a different grade level*
- *Addition of, or change to, any new or existing pay policy or program*

Benefits

- *Addition of, or change to, any new or existing benefit program*
- *Any change to the Town's contribution toward the State medical program or any other benefit or insurance plan*

Human Resource Policies

- *Addition of, or change to, any new or existing personnel policy (time-off, vacation, etc.)*
- *Exception to policy applying to the Town Administrator or Treasurer*

Staffing and Organization

- *Approval of annual staffing budget and concurrence for any non-temporary overage to the approved budget*
- *Major realignment of the town's organization or assignment of responsibilities*

Conflict of Interest/Ethical Conduct

- *Creation of a town-wide "conflict of interest/ethical conduct" policy and process*
- *Annual review of the employee conformance to that policy*

Mr. Weaver stated that members agreed with the concept that accountability clearly needs to be brought to Council and that Council provides the proper oversight. If it can be done

within an existing structure or a new one should be created is yet to be determined and will require further discussion.

C. New Municipal Building Financing Alternatives

Mr. Wilson created a model of operating assumptions he presented in which Committee Members could ask questions and see different financing alternatives based on the scenarios they provide. Basic Assumption:

Town Of Kiawah Municipal Center - OPERATING ASSUMPTIONS

Interest Rate	3.50%
Total Cost	\$10,000,000
Loan Term	7 year
Proceeds from Sale of Town Hall	\$2,000,000
Town Hall Sale Date	07/01/17
Surplus Contribution	\$4,000,000
Debt Draw Date	7/1/16
Net Debt	\$4,000,000
Annual Debt Service	-\$654,178

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Disbursements	\$600,000	\$9,400,000	-\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Cost	\$600,000	\$10,000,000	\$8,000,000							
Debt		\$6,000,000	\$4,000,000							
Debt Service- Revolving		\$105,000	\$105,000							
Debt Service - Amortizing			\$327,089	\$654,178	\$654,178	\$654,178	\$654,178	\$654,178	\$654,178	\$327,089
Total Debt Service		\$105,000	\$432,089	\$654,178	\$654,178	\$654,178	\$654,178	\$654,178	\$654,178	\$327,089
Cumulative Debt Service		\$105,000	\$537,089	\$1,191,267	\$1,845,445	\$2,499,623	\$3,153,801	\$3,807,979	\$4,462,157	\$4,789,246
Annual Operating Surplus		\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
DSC		8.57	2.08	1.38	1.38	1.38	1.38	1.38	1.38	2.75

Mr. Wilson described where he came up with the figures he used in the basic assumption and gave detailed explanation on how the figures would change in different scenarios, as an example a higher interest rate. Committee Members asked many questions as the scenario figures changed and posed additional scenarios.

Committee Members discussed what effect the sale of the current Town Hall would have on the debt incurred by the Town and Councils for a number of years into the future.

IX. Chairman’s Report:

Mr. Labriola indicated it was confirmed that the minutes in the packets were correct. The July and August meetings were canceled.

Mr. Weaver motioned to approve the minutes of the June 23, 2015 Ways and Means Committee Meeting. The motion was seconded by Mayor Lipuma and the minutes were unanimously approved.

X. **Correspondence:**
None

XI. **Citizen Comments:**

Wendy Kulick – 38 Marsh Edge Lane

Mrs. Kulick conveyed to members that the presentation was every informative and was a reminder of the depth of the project which has been undertaken by the Town. She also commented on the previous discussion on the creation of an HR Committee and indicated it was her opinion that there was definitely a need for some kind of oversight since there had been none in the past.

Dennis McGill – 100 Pleasant Valley Drive

Mr. McGill commented on the informative nature and transparency of the meeting. He mentioned his earlier suggestion to pass an ordinance that would pay Council and thereby take the sole responsibility for administration off the Mayor. He explained that with each member of Council having a supervisory responsibility over the staff one day a week it would give a better oversight of the day to day activities of the Town rather than having Committee oversight.

Mr. McGill stated that a committee meeting that included three members of Council was in essence a Council meeting. He pointed out that the Ways and Means Committee was comprised of every member of Council; therefore, every Ways and Means Committee meeting was a Council Meeting. Expanding the duties of the Ways and Means Committee would not use the expertise that is available in the community.

Mr. McGill raised the question of staff members being “exempt” or “non-exempt”. He indicated that an earlier question confirmed that the Town Treasurer and Administrator were salaried, “exempt” positions; yet, the forensic audit seemed to show the payment of overtime to exempt employees and explained his assumption.

Mr. Wilson confirmed that “exempt” employees were not being paid overtime. In the case of the former treasurer and administrator, additional payments were taken.

Mr. McGill questioned if the Town is relying on its insurance to recover the funds that were misappropriated from the Town, and if it will request restitution be made if conviction is obtained by the Attorney General. He also inquired if the Town’s Attorneys have filed suit against the individuals and the status of the suit, if filed.

Mayor Lipuma responded that there was nothing to be announced, other than the Town had been advised by the Assistant Attorney General that his office is handling the case. He confirmed that a claim had been submitted to the Town insurer and was awaiting a response.

Mr. McGill questioned if the amount of the funds that were taken as extra salary or the funds paid by the Town and not deducted from the extra salary would have an effect on the Town to obtain a “clean audit”

Mr. Wilson clarified that a “clean audit” essentially states that the financial statements in all material respects presented fairly and accurately. The issues that Mr. McGill pointed out will not have an effect on the presentation of the financial statements.

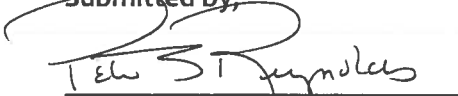
Mr. Weaver responded to the issue frequently brought up concerning the “exempt” or “non-exempt” positions. He clarified the status in not a discretionary decision made by the Town but rather laid out very specifically in the Fair Labor Standards Act. He again specified that the Town Administrator and the Town Treasurer are both “exempt” positions and the Town does not pay overtime to those positions.

XII. Committee Member’s Comments:
None

XIII. Adjournment:

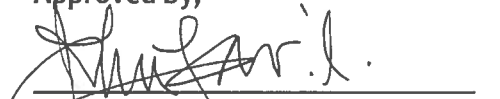
Mayor Lipuma made a motion to adjourn the meeting at 3:45 pm. The motion was seconded by Mr. Wilson and unanimously approved.

Submitted by,



Petra S. Reynolds, Town Clerk

Approved by,



John D. Labriola, Mayor Pro Tempore
12-8-2014

Date