

WAYS & MEANS COMMITTEE MEETING

Kiawah Island Municipal Center
Council Chambers
August 28, 2018; 2:00 pm

MINUTES

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

II. **Pledge of Allegiance**

Present at the meeting: John R. Wilson, Chairman
Craig Weaver, Mayor
Diana Mezzanotte
Chris Widuch
Jack Koach

Also Present: Stephanie Monroe Tillerson, Town Administrator
Dorota Szubert, Town Treasurer
Petra Reynolds, Town Clerk

III. **Approval of Minutes:**

A. Ways & Means Committee Meeting of June 26, 2018

Mayor Weaver made a motion to approve the minutes of the June 26, 2018 Ways and Means Committee Meeting. The motion was seconded by Mr. Widuch and the minutes were unanimously passed.

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

None

V. **Old Business:**

None

VI. **New Business:**

A. To Consider Approval of the Purchase of one (1) 2018 Toyota Tacoma and one (1) 2018 Toyota Tundra

Mr. Wilson gave a brief background on the purchase of the two trucks by stating the item was pulled from the June Ways and Means agenda for further consideration. He indicated that the Town originally issued a bid proposal for three (3) vehicles – two Toyota Tacomas, 4x4 and one Toyota Tundra 4x4 in May of 2018. The Town and received bids from Stokes Toyota, Hendrick Toyota, and Fred Anderson Toyota. He stated that a determination was made to repair rather than replace one Tacoma and along with a re-specification of the two remaining vehicles a second bid proposal was released in July for two (2) vehicles – one Toyota Tacoma 4x2 or 4x4; and one Toyota Tundra 4x4. No bids were received.

Mr. Wilson stated he was able to locate at Fred Anderson Toyota, the lowest bidder in the first bid request, a 2018 Toyota Tacoma 4x2 SR Double Cab for \$25,092 which is \$9,000.00 less expensive. Additionally, he was able to work with Fred Anderson Toyota for the Town to purchase one 2018 Toyota Tundra 4X4 SR Double Cab for \$33,159 which there is a \$5,000.00 savings.

Mr. Wilson stated the Town's fleet would be increased by one vehicle and expressed concern with the need to purchase another vehicle when the Town owns seven vehicles, and he frequently notes three or four vehicles are sitting unused in the parking lot.

Ms. Tillerson discussed the assignment of the Town's vehicles as included in the presented documents. She explained that some vehicles are assigned to individual staff members and are necessary for them to complete their job requirements, while some are shared or pool vehicles. Ms. Tillerson stated that If approved, the two new vehicles will be assigned as follows:

- The 2018 Tacoma will be used as a pool vehicle by Rusty Lameo, Facility Manager, John Taylor, Town Planner, and Jake Doub, Building Services.
- The 2018 Tundra will replace the 2013 Tundra #2 in Code Enforcement, and Tundra #2 will go into the "pool" used as a backup vehicle but assigned to Turtle Patrol for use during turtle season.

Mr. Widuch made a motion to approve the purchase of one (1) 2018 Toyota Tacoma and one (1) 2018 Toyota Tundra. The motion was seconded by Mrs. Mezzanotte.

Discussion included vehicles assigned to Building Services, the preference of using trucks as Town vehicles because of their higher profile and ability to carry cargo along with modifying the five-year replacement schedule to take into consideration of how the vehicle is used, the condition of vehicle and trade-in value.

Following further discussion, the motion was unanimously passed.

VII. Chairman's Report:

Mr. Wilson called attention to the books prepared for the members which includes a copy of the final FY 2018-2019 budget.

VIII. Treasurer's Report:

A. Review Budget vs. Actuals Report for the Fiscal Year 2017-2018

Mrs. Szubert reported that she is preparing for the auditors to arrive next week to perform the Town's FY 2017-2018 audit. She noted that the work was originally scheduled to begin the second week in September.

Mrs. Szubert presented the Town's Balance Sheet as of June 30, 2018, and the Budget to Actual Report for the twelve months of the previous fiscal year. The Budget to Actual Report is compiled on the modified accrual, and all the funds are consolidated. She stated that she is still reviewing and making reclassifications but indicated that the numbers are not anticipated to change significantly with the Town having received all its revenues, and all payables are recorded.

Mrs. Szubert reported that as of June 30, 2018, the Town's governmental funds combined have an ending fund balance of approximately \$18.9 million, an increase of approximately \$1.6

million from June 30, 2017. Of that amount, approximately 44% or \$8 million is General Fund or an unassigned fund balance available for spending at the Town's discretion.

For the fiscal year 2018, the Town's consolidated revenues of \$9.4 million were approximately \$400,000.00 higher than budgeted. The positive variance is mostly accredited to business licenses, building permits, interest revenue, and court fines.

- Business license revenue is approximately 13% (\$303,000.00) higher than budgeted, and it's attributable to changes and continuous improvement of the business license process.
- Building permits are approximately 15% (\$184,000.00) higher than budgeted; the positive variance is attributed to the issuance of several permits related to several large KIGR projects on the Island.
- Court fines showed a positive variance of 131% (\$56,000.00) than the budgeted amount and are due to the improvement in the enforcement efforts of the Town ordinances.
- Interest income was approximately 136% (\$170,000.00) higher than budget due to a change in investments companies.

The Town also has received two unbudgeted revenues; final reimbursement of \$42,000.00 from FEMA for the clean up after Hurricane Matthew and \$18,000.00 from the State as a credit to employer contribution to PEBA retirement. Those positive variances are partially offset by negative variances in state and local accommodation taxes.

Ms. Szubert stated that currently, the staff has contacted:

- SC Department of Revenue and Charleston County to investigate the state and local accommodation taxes shortfalls.
- Berkeley Electric to investigate a shortfall in this year's franchise fee. Information has been requested to make a comparison over past years.

Overall, the expenditures for the fiscal year 2018 are approximately \$90,000.00 higher than budgeted. This negative variance is mostly related to unbudgeted cost the Town incurred for the cleanup (\$113,000.00) and partial beach renourishment (\$141,000.00) after Hurricane Irma. Additionally, insurance cost is 17% higher than budgeted due to increase in bridge coverage premium and maintenance cost is higher approximately \$45k, or 11% than budgeted.

Mrs. Szubert stated that the audited financials are expected to be presented at the October Town Council meeting.

IX. Citizen Comments:
None

X. Committee Member's Comments:

Mrs. Mezzanotte commended Mrs. Edgerton on the *Budget at a Glance* which was recently released.

Mayor Weaver stated that there had been questions from property owner reference to the recent solid waste billing which included a revision in the rates. He noted that the most came from residents of HOAs (Home Owner Associations) who are questioning if they can change their service.

Ms. Tillerson explained that the requirement for HOAs to have twice-a-week service has come into question. Discussions have taken place with Poston & Company and Ravenel & Associates who manage the majority of HOAs to consider allowing individual residents the option of selecting curbside service if their property is not on a rental program. Ms. Tillerson went through some of the difficulties involved with switching services which includes HOA board approval and compliance with Community Association regulations.

Ms. Szubert indicated that currently, the Town has approximately 285 residents that could switch service. She stated that if all those residents switched to curbside service, it would reduce the Town's income by approximately \$73,000.00. She also stated that of the 1800 invoices that were sent out roughly 50% have submitted payment with fifty single family home residents switching to curbside service. She also noted that complaints were received that the rates have increased, but service has not improved, but work is ongoing with Carolina Waste to make service improvements.

Ms. Szubert reminded members that regimes will be billed during the business license process and may bring a new round of discussion when the residents receive their first solid waste bill.

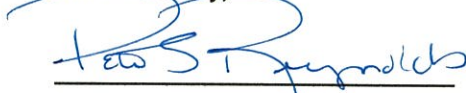
Mayor Weaver pointed out that Council felt that the direction taken to realign fees was necessary to balance an increase of the solid waste costs at the end of a five-year agreement along with trying to maintain free basic coverage for the bulk of the residents. He also noted that it was important to remember that the Town subsidizes approximately \$500,000.00 of the cost of the solid waste services on the Island and is not a money-making opportunity for the Town.

**XI. Executive Session:
None**

XII. Adjournment:

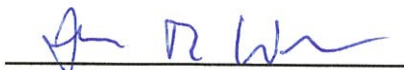
Mr. Widuch made a motion to adjourn the meeting at 2:55 pm. The motion was seconded by Mr. Mezzanotte and was unanimously approved.

Submitted by,



Petra S. Reynolds, Town Clerk

Approved by,



John R Wilson, Chairman

9/25/18
Date