

WAYS & MEANS COMMITTEE MEETING

Kiawah Island Municipal Center

Council Chambers

March 26, 2019; 2:00 pm

Minutes

I. Call to Order: *Chairman Widuch called the meeting to order at 2:00 pm.*

II. Pledge of Allegiance

Present at the meeting: Chris Widuch, Chairman
Craig Weaver, Mayor
Maryanne Connelly, Committee Member
Dan Prickett, Committee Member

Absent: Klaus Said, Committee Member

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 February 26, 2019

Committee Member Prickett made a motion to approve the minutes of the February 26, 2019 Ways and Means Committee Meeting. The motion was seconded by Mayor Weaver and the minutes were unanimously approved as amended.

IV. Citizens' Comments: (Agenda Items only)

None

V. Old Business:

None

VI. New Business:

A. To Consider Recommendation to Town Council for Approval the proposal from Mauldin & Jenkins as the new Town Auditors

Ms. Szubert stated that for the past four years the Town Council engaged Greene, Finney and Horton, LLP to provide auditing services for the Town. With state law requiring audit services every four years, a new RFP was released and advertised in January 2019 for the FY2019 audit with the option for annual renewal for the next three years.

Ms. Szubert stated the Town received three proposals from CPA firms which were reviewed, evaluated, and thoroughly vetted by the Audit Committee Members using the following criteria:

1. Responsiveness of the proposal
2. Depth of the firm's governmental auditing experience
3. Qualifications and experience of the proposed audit team assigned to the Town
4. Firm size and organizational culture
5. Cost of service

The members of the Audit Committee come to an agreement that the overwhelming governmental experience and qualifications of Mauldin & Jenkins, along with an opportunity for a fresh look to ensure the Town has the proper financial policies and internet control in place, unanimously recommended to the Ways and Means Committee the engagement of the firm of Mauldin & Jenkins.

Committee Member Connelly made a motion to recommend to Town Council the engagement of Mauldin & Jenkins for the FY2019 audit with the option for annual renewal for the next three years. The motion was seconded by Mayor Weaver and was unanimously passed.

B. To Consider Recommendation to Town Council for Approval of Charitable Grant Funding Amounts

Chairman Widuch stated that staff would present to the Committee their recommendations for Charitable Grant funding.

Ms. Reynolds presented the members of the three teams of two staff members who divided the applications, made site visits to gain insight into the organizations and what the funds would be used for. The teams then collaborated to make the recommendations presented today. She indicated there was a total of 30 funding requests in the amount of \$318,611.00 with a staff funding recommendation of \$138,576.00. Representatives for applicants were present to answer Committee member questions.

Ms. Reynolds and Stephanie Braswell reviewed each application project overview and funding recommendation for:

Amor Healing Kitchen

Requested: \$ 2,800.00
Staff Recommended: \$ 1,500.00

Backpack Buddies Seabrook Island

Requested: \$ 2,500.00
Staff Recommended: \$ 2,000.00

Barrier Islands Free Medical Clinic, Inc.

Requested: \$ 20,000.00
Recommended: \$ 20,000.00

Barrier Islands Little League

Requested: \$ 8,000.00
Recommended: \$ 5,000.00

Begin with Books

Requested: \$ 7,500.00
Recommended: \$ 2,000.00

Bridges for End of Life

Requested: \$ 2,150.00
Recommended: \$ 2,150.00

Charleston Area Therapeutic Riding

Requested: \$ 7,076.00
Recommended: \$ 7,076.00

Mr. John Taylor and Ms. Szubert reviewed each application project overview and funding recommendation for:

HALOS – Helping and Lending Outreach Support

Requested: \$ 10,000.00

Recommended: \$ 3,850.00

Kiawah Women’s Foundation

Mayor Weaver and Chairman Widuch recused themselves from discussion and vote on the request from Kiawah Women’s Foundation.

Requested: \$ 7,000.00

Recommended: \$ 7,000.00

Lowcountry Food Bank

Requested: \$ 9,500.00

Recommended: \$ 9,500.00

Operation Home

Requested: \$ 10,000.00

Recommended: \$ 6,500.00

Operation Sight

Requested: \$ 4,000.00

Recommended: \$ 4,000.00

Our Lady of Mercy Outreach

Requested: \$20,000.00

Recommended: \$20,000.00

Reading Partners

Requested: \$5,000.00

Recommended: \$5,000.00

Ms. Tillerson and Jan Fox reviewed each application project overview and funding recommendation for:

Respite Care

Requested: \$10,000.00

Recommended: \$ 4,000.00

Sea Islands Blessing Basket

Requested: \$5,000.00

Recommended: \$3,000.00

Sea Island Habitat for Humanity

Committee Member Connelly recused herself from discussion and vote on the request from Sea Island Habitat for Humanity.

Requested: \$ 10,000.00

Recommended: \$ 10,000.00

Water Wellness Mission

Requested: \$ 26,000.00
Recommended: \$ 19,500.00

Teacher's Supply Closet

Requested: \$ 11,000.00
Recommended: \$ 6,500.00

Chairman Widuch stated that the Ways and Means Committee and ultimately Town Council could accept, modify or reject any of the funding recommendations. He expressed his personal bias to local that do not have a large donor base outside of the Sea Islands and prefers to support organizations that help children, hunger or health issues

Committee Member Connelly discussed her thoughts and experiences on the *Respite Care* applicant and requested the funding amount be raised by \$2,500.00 to \$6,500.00.

Committee Member Prickett discussed the importance of children learning to read early in life and was pleased to see the funding of the applicants. *Begin with Books* and *Reading Partners*. He requested the funding amount be raised by \$500.00 to \$2,500.00.

Mayor Weaver stated that choosing the Charitable Grant funding is the most difficult decision in the budget process. He spoke to the incredible work done by all the organizations in the community and the change in the thinking surrounding the program in response to the obvious need in the Johns and Wadmalaw Islands in respect to health care, nutrition and education and have a more direct impact in the Sea Island area. He also spoke to the impact of the funding for the arts organizations which has significantly decreased over the past years. He indicated this is a shift that is reflected by the staff's assessment of day to day needs and support the recommendations.

Applicants for the organizations that we not funded were given the opportunity to make any additional comments about their funding request:

- Dale Snyder - Sweetgrass Gardens
- Dale Garrett - Hebron Zion Presbyterian Church
- Michael Smith – Charleston Symphony Orchestra
- John Reynolds – Scope 50
- Holly Newman – Kiawah Cares Foundation
- Chloe Garrison - South Carolina Aquarium
- Rebecca Heister - Gibbes Museum of Art
- Sara Perry - Respite Care Charleston (organization was funded, Ms. Perry requested to make a comment)
- Lona Dunleavy - Charleston Men's Chorus

Mayor Weaver made a motion to recommend to Town Council the staff recommended funding amount with exception of the funding of the Kiawah Island Women's Foundation and the Sea Island Habitat for Humanity, the increase the funding of Begin with Books by \$500.00 and the funding for Respite Care by \$1,500.00, and asked staff to consider the comments made and recommendation to Town Council for funding of the unspent monies. Chairman Widuch seconded the motion and was unanimously passed.

Mayor Weaver made a motion to recommend to Town Council the staff recommended funding amount for the Sea Island Habitat for Humanity. The motion was seconded by Chairman Widuch. The motion was passed by a 3 to 0 vote. Committee Member Connelly recused herself from the vote.

Mr. Prickett made a motion to recommend to Town Council the staff recommended funding amount for the Kiawah Island Women's Foundation. The motion was seconded by Committee Member Connelly. The motion was passed by a 2 to 0 vote. Chairman Widuch and Mayor Weaver recused themselves from the vote.

Town of Kiawah Island 2019 Worksheet of Charitable Grants Applications				
Organizations Name:	2019 Requested	2019 Request Change	2019 Staff Recommendations	2019 Ways & Means Recommendations
AMOR Healing Kitchen	\$ 2,800.00		\$ 1,500.00	\$ 1,500.00
Bach Society of Charleston	\$ 15,000.00	\$ 8,000.00	\$ -	\$ -
Backpack Buddies Seabrook Island	\$ 2,500.00		\$ 2,000.00	\$ 2,000.00
Barrier Island Free Medical Clinic, Inc	\$ 20,000.00		\$ 20,000.00	\$ 20,000.00
Barrier Island Little League	\$ 8,000.00		\$ 5,000.00	\$ 5,000.00
Begin w/th Books	\$ 7,500.00		\$ 2,000.00	\$ 2,500.00
Bridges for End-of Life	\$ 2,150.00		\$ 2,150.00	\$ 2,150.00
Charleston Area Therapeutic Riding	\$ 7,076.00		\$ 7,076.00	\$ 7,076.00
Charleston Men's Chorus	\$ 4,000.00		\$ -	\$ -
Charleston Symphony Orchestra	\$ 50,000.00	\$ 15,000.00	\$ -	\$ -
Gibbes Museum of Art	\$ 5,085.00		\$ -	\$ -
Helping and Lending Outreach Support (HALOS)	\$ 10,000.00		\$ 3,850.00	\$ 3,850.00
Hebron Zion Presbyterian Church	\$ 2,000.00		\$ -	\$ -
Kiawah Cares Foundation	\$ 25,000.00		\$ -	\$ -
Kiawah Womens Foundation	\$ 7,000.00		\$ 7,000.00	\$ 7,000.00
Lowcountry Food Bank	\$ 9,500.00		\$ 9,500.00	\$ 9,500.00
Operation Home	\$ 10,000.00		\$ 6,500.00	\$ 6,500.00
Operation Sight	\$ 4,000.00		\$ 4,000.00	\$ 4,000.00
Our Lady of Mercy Community Outreach Services	\$ 20,000.00		\$ 20,000.00	\$ 20,000.00
Reading Partners	\$ 5,000.00		\$ 5,000.00	\$ 5,000.00
Respite Care Charleston	\$ 10,000.00		\$ 4,000.00	\$ 5,500.00
Scope 50	\$ 5,000.00		\$ -	\$ -
Sea Islands Blessing Basket	\$ 5,000.00		\$ 3,000.00	\$ 3,000.00
Sea Island Cares	\$ 5,000.00		\$ -	\$ -
Sea Island Habitat for Humanity	\$ 10,000.00		\$ 10,000.00	\$ 10,000.00
Sea Islands Water Wellness Mission	\$ 26,000.00		\$ 19,500.00	\$ 19,500.00
South Carolina Aquarium	\$ 10,000.00	\$ 5,000.00	\$ -	\$ -
South Carolina Environmental Law Project	\$ 10,000.00		\$ -	\$ -
Sweetgrass Garden Co-op	\$ 10,000.00		\$ -	\$ -
Teachers Supply Closet	\$ 11,000.00		\$ 6,500.00	\$ 6,500.00
Total Requests	\$ 318,611.00		\$ 138,576.00	\$ 140,576.00
Total Budgeted Funds to be awarded	\$ 150,000.00		\$ 150,000.00	\$ 150,000.00
Amount in excess of Budget	\$ 168,611.00		\$ (11,424.00)	\$ (9,424.00)

C. Review of the FY 2019/2020 Draft Budget – Revenue Discussion Only

Ms. Szubert stated that today's discussion would be on budget revenues with the discussion of the expenditure taking place in April. The plan is to have the first reading at the May Town Council meeting and the final reading at the June meeting. She presented a history of the Town's major revenues sources over the past ten years stating that the Town has no property taxes, therefore, depends on the economy and tourism. She discussed the variances in the trend lines over the past years.

Ms. Szubert presented a report of the Budget of the Fiscal Year 2020 to the Annualized Budget Fiscal Year 2019 and reviewed in detail each of the revenue sources and projected budgeted amount for the Fiscal Year 2020.

Revenues:	Budgeted Sources & Uses					
	Budget FY 2019	Annualized FY2019	Budget FY2020	FY2019 Annualized		%
	\$	\$	\$	\$		
Building Permits	1,088,517	1,088,517	1,121,173	32,656		3%
Building Permits/Special Projects	871,000	871,000	650,000	(221,000)		-25%
Business Licenses	2,208,000	2,208,000	2,333,000	67,000		3%
Franchise Fees	817,858	370,124	832,658	12,454		1%
Local Option Tax	555,464	555,464	572,126	16,654		3%
State ATAX	1,672,697	1,672,697	1,695,199	22,331		1%
Local ATAX	1,007,760	1,007,760	1,037,593	30,233		3%
County ATAX	484,000	484,000	492,000	8,000		2%
Hospitality Tax	577,320	566,000	577,320	11,320		2%
Solid Waste Fees	571,915	566,000	568,000	-		0%
Interest	180,000	345,000	345,000	-		0%
Other	180,000	195,000	180,000	(15,000)		-8%
Total Revenue	10,303,591	10,487,742	10,453,379	(34,363)		0%

- ✓ Building Permits Revenue is estimated at 3%, or approximately \$33,000.00 increase based on prior years' trends. Permit revenue from special projects shows 25%, or \$221,00.00 decrease related to the assumption all KIGR projects will be permitted in FY19 and Kiawah Senior Living Facility in FY20.
- ✓ The Town estimates a 3%, or approximately \$68K increase in Business License Revenue FY19-20. Growth in this category continuous to be steady.
- ✓ Electric Franchise fee is estimated at 3% or approximately \$12,000.00 based on prior's year's trends. Beach Service and Other Franchise fees are estimated with no change compared to current year projections.
- ✓ Local Option Sales Tax is projected to increase by 3% or approximately \$17,000.00 based on historical trends.
- ✓ State Accommodation Tax Revenue is projected at 1%, or approximately \$22,000.00 increase compared to current year projections. The inconsistency in the growth of that revenue source compared to other accommodation taxes relates to a collection in FY19 of \$43,000.00 from prior year.
- ✓ Local Accommodation Tax Revenue shows 3%, or approximately \$30,000.00 increase compared to current year projections.
- ✓ County Accommodation Tax Revenue is projected to increase \$8,000.00, or 2% based on the estimates from Charleston County.
- ✓ Hospitality Tax Revenue is estimated to grow 2% or \$11,000.00 based on the steady growth of the tourists visiting the island.
- ✓ Solid Waste Revenue is estimated with no change.
- ✓ Interest Revenue shows no change compared to FY2019.
- ✓ Other revenues include the following sources:
 1. Aid to Subdivision - \$35,000.00, no change compared to current year projections.
 2. Planning Fees - \$10,000.00, no change compared to current year projections.
 3. Court Fees & Fines - \$45,000.00, no change compared to current year projections.
 4. Beverage Permits Revenue - \$45,000.00, no change compared to current year projections.
 5. Victim's Assistance Fees - \$10,000.00, no change compared to current year projections.
 6. Miscellaneous Revenue - \$35,000.00, no change compared to current year projections.
 7. Arts Council ticket sales - a decrease of \$15,000.00.

Committee members reviewed the projected revenues. Discussion included growth in the future, the projection of future large special projects, as the Island builds out the Town's revenues are flattening out and legislation that could change business licensing processing.

Ms. Szubert discussed the revenue received by the Town from State Accommodations Tax (SATAX) as being the most restricted. The \$1.7 million that is expected to be received by the Town are funds derived from taxes added to lodging fees of which 2% is accommodations tax that remitted to the State by owners and then approximately 85% is paid to the Town quarterly.

Ms. Szubert explained that the administration of the SATAX funding is regulated by South Carolina Law. Twenty-five percent plus 5% of the balance is allocated to the General Fund and is unrestricted, 30% is allocated to advertising or marketing for which the Town has chosen the Charleston Area Visitor's Bureau as its marketing agent and the balance must be used for the

promotion of tourism. She reviewed the guidelines for the SATAX funding and noted that the funds are required to be spent within two years unless earmarked for a specific project.


Ms. Szubert explained that any municipality receiving more than fifty thousand dollars in revenue from the accommodations tax must appoint an advisory committee to make recommendations on the expenditure of revenue generated from the accommodations tax. The advisory committee consists of seven members with a majority being selected from the hospitality industry, at least two of the hospitality industry members must be from the lodging industry, and one member representing the cultural organizations. She explained the application process, review by the SATAX Committee will make recommendations to the Ways and Means Committee and ends in approval of the budget by Town Council.

Ms. Szubert stated that the Town would submit applications to the SATAX Committee for the deputy protection and Beach Patrol.

- VII. **Chairman's Report:**
None
- VIII. **Treasurer's Report:**
None
- IX. **Citizen Comments:**
None
- X. **Committee Member's Comments:**
None
- XI. **Executive Session:**
None
- XII. **Adjournment:**


Ms. Connelly motioned to adjourn the meeting at 4:06 pm. The motion was seconded by Mr. Prickett and carried unanimously.

Submitted by,



Petra S. Reynolds, Town Clerk

Approved by,



Chris Widuch

4-24-18
Date