

**WAYS & MEANS COMMITTEE MEETING**  
**Budget Workshop**  
**Kiawah Island Municipal Center**  
**Council Chambers**  
**February 21, 2017; 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  
Jack Koach  
Diana Mezzanotte  
Chris Widuch

**Also Present:** Stephanie Monroe Tillerson, Town Administrator  
Dorota Szubert, Town Treasurer  
Dwayne Green, Town Attorney  
Petra Reynolds, Town Clerk

**III. New Business:**

**A. FY2017-2018 Draft Budget Review**

Mr. Wilson indicated meeting is to be a freeform review and discussion of the Fiscal Year 2016-2017 ending and to preview the Budget for Fiscal Year 2017-2018 providing feedback to Staff. He stated that even with the expenditures for the new building and inflation, the overall financial health of the Town is good and the fund balance is projected to continue to grow.

Mr. Wilson, along with Mrs. Szubert, reviewed the exhibits included with the budget before continuing with the discussion items.

**ITEMS TO DISCUSS**

**1. Current draft assumes no funding from SATAX for the Town's projects as the funding will not be awarded till April.**

Mr. Wilson stated the draft budget does not include any funds which may be received from State Accommodations Tax (SATAX) funding. He stated it was a timing issue due to the fact that the Committee does not meet until April to consider and recommend funding of applications. Members discussed the recommendation process of the SATAX Committee, the applications the Town will submit to the SATAX Committee for a portion of the cost Deputy and Beach Patrol coverage, and justification for the amount of the SATAX request. Ms. Tillerson indicated the Town's requests would be presented to the Ways and Means Committee prior to the April submission.

- 2. Deputies' coverage. Public Safety Committee recommends approval of additional coverage to existing contract: an additional deputy each weekend throughout the year and an additional deputy during the weekdays between Memorial Day and Labor Day. This change would cost the Town \$37,200.**

Mr. Wilson stated during the past year deputy coverage was reduced to three deputies per morning shift. In consideration of the amount of people and traffic on the Island on the weekends, Mr. Widuch stated the Public Safety Committee has recommended approval of the request to again schedule four deputies on the weekend (Saturday and Sunday) day shifts only throughout the year and additional deputy on the weekday (Monday through Friday) day shift from Memorial Day to Labor Day. Members discussed the deputy coverage on the Island, and asked if Captain Martin could present his request to the Ways and Means Committee Meeting.

- 3. Charitable Contributions - 30% of the projected change in General Fund balance is \$176K. Should this limit include the Conservancy? Should the Town continue its charitable contribution program or should this be left to the citizens' discretion?**

Mr. Wilson began the discussion reviewing the amount of funding which may be allotted to charitable giving. Members considered if Kiawah Island Conservancy should be considered as a charitable organization and reviewed the past decision to fund the Conservancy not as a charity but as partner in the Town's Environmental and Wildlife programs.

Mr. Wilson posed the question if the Town, as a tax-exempt entity, should have a charitable contribution program or rely on its citizens to make the contributions. Members engaged in an in-depth discussion of the question and agreed to continue a contribution program, provided Town finances allow, for funding Community organizations at a \$150,000.00 level and to re-evaluate the process by which the charities are chosen.

- 4. SC retirement contribution is increasing substantially. This will be getting progressively more expensive as the State tries to fix the unfunded liability. Can we switch to defined contribution (401K) for new hires? Should we put a freeze on any full-time hires?**

Mr. Wilson gave an overview of the issues with the South Carolina retirement system and the future expense to the Town. The members discussed a number of ways to control the increase in the liability; only hiring part-time employees which will not be part of the pension system, moving the deputies from W2 to 1099 employees and having a defined contribution program for new hires. Ms. Tillerson indicated there was no opportunity to opt-out of the state retirement system.

- 5. Town's 401K. The Town currently matches 50% of an eligible employee's contribution to the SC Deferred Compensation Program up to \$2,000 during one calendar year per employee. Request to increase that amount to \$4,000.**

Ms. Tillerson indicated in the prior year the 401K match was increased to \$2,000.00, and requested to increase to amount to \$3,000.00 or \$4,000.00. Members discussed the request and agreed to raise the match amount to \$3,000.00.

**6. Should the Arts Council continue as a Town department or should it be spun off into a separate 501(c)3 with Town funding as well as other funding sources?**

Mr. Wilson stated the Arts Council was funded and staffed by the Town but felt it should not be a department of Town and made the suggestion to make it separate 501(c)3. While still receiving Town Funding, the Arts Council would have the ability to obtain funding from other sources. Members engaged in an in-depth discussion of the advantages and disadvantages of moving the Arts Council to a separate 501(c)3 and the sustainability of the current and future Arts Councils. Members agreed to form a subcommittee to provide feedback on Arts Councils which are now independent entities, how it was done, any challenges faced and review of events.

**7. Are there any planned changes to staff levels or functions?**

Ms. Tillerson indicated that at the present time there are no planned changes to staff levels and functions. Mr. Weaver indicated he would be requesting for a placeholder for funding of a third party consultant to evaluate the Town's Business License and Code Compliance processes.

**8. Insurance subsidy.**

Ms. Tillerson gave an overview of the current employee health insurance subsidy of \$131.00. The subsidy is for the employee only portion of Health, Dental, and Vision insurance coverage. Employees are responsible for the full incremental cost of any dependent or family coverage. She indicated the subsidy will be presented at the Ways and Means Committee meeting for approval recommendation.

Mrs. Mezzanotte asked the members for guidance for the Environmental Committee during the evaluation process of the funding requests submitted by the Conservancy. She indicated that while the Town allocated \$58,000.00 to the Conservancy in the last fiscal year the Conservancy has this year submitted \$129,000.00 in requests. Members discussed a brief history of the Town's funding of the Conservancy during which Mayor Weaver expressed his view that the thought process should not revolve around the amount of money to be given the Conservancy; but, more about the goals and objectives outlined in the Town's Comprehensive Plan, which projects are priorities of the Town, which is the best entity to carry out the project and which projects the Town is willing to fund.

During further discussion of the approach and application process Mrs. Mezzanotte stated she felt that instead of requesting the very tiresome individual funding applications, a better approach would be to give the Conservancy an agreed amount of funding along with a perimeter or outline of the Town's objectives with a requirement of a review at the end of the year.

Mrs. Mezzanotte agreed to bring to Ways and Means a funding amount recommended by the Environmental Committee based on the prioritization of the submitted applications.

Mayor Weaver indicated the Town did not have any formal policies indicating a required minimum amount of reserves for any of its funds. He questioned if the Town should have reserve requirements or formal policies in place. Ms. Tillerson indicated a policy could be written and included as part of her Accounting Manual which would be reviewed by the Audit Committee prior to Council approval.

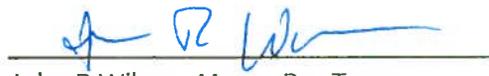
**IV. Adjournment:**

*Mr. Koach made a motion to adjourn the meeting at 4:18 pm. The motion was seconded by Mr. Widuch and unanimously approved.*

Submitted by,

  
\_\_\_\_\_  
Petra S. Reynolds, Town Clerk

Approved by,

  
\_\_\_\_\_  
John R. Wilson, Mayor Pro Tempore

  
\_\_\_\_\_  
Date