

TOWN COUNCIL MEETING

Kiawah Island Municipal Center

Council Chambers

December 6, 2016; 2:00 PM

MINUTES

- I. **Call to Order:** Mayor Lipuma 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:

Charles R. Lipuma, Mayor
John D. Labriola, Mayor Pro-Tempore
Mary Q. Johnson
John Wilson
Craig Weaver

Also Present:

Stephanie Monroe Tillerson, Town Administrator
Dorota Szubert, Town Treasurer
Sally Rhoad, Town Attorney
Petra Reynolds, Town Clerk

V. **Approval of Minutes:**

- A. Minutes of the Town Council Meeting of November 1, 2016

Mr. Wilson made a motion to approve the minutes of the November 1, 2016 Town Council Meeting. The motion was seconded by Mr. Weaver and the minutes were unanimously passed as amended.

VI. **Citizens' Comments (Agenda Items Only):**

Wendy Kulick – 38 Marsh Edge Lane

“Since today is the last meeting of this Town Council, I would like to thank you all for your service. Some of the issues you have faced during these two years have been extraordinarily complex – such as the alleged embezzlement committed by the former Town Administrator and Treasurer.

While we may have disagreed about decisions TC has made during this term, I thank you for the time and effort you have devoted to your job.

Looking forward, as you all know, Kiawah Island Utility (KIU) has applied to the State Public Service Commission (PSC) for a 25.57% increase in water and sewer rates. I have asked both the Town and KICA to request the PSC hold a public hearing on Kiawah, and appreciate the e-mail the Town Administrator has sent to the PSC doing just that. Has the Town received a response to its request from the PSC?

The Town has until December 28, 2016, to file to intervene. I urge you, as I also urge the new mayor and council, to step up to this challenge. The Town Council has a bully pulpit. Please use it to address the proposed rate increase, which will affect ALL property owners on Kiawah, including the Town, until it moves to its new building off the island.

It is my understanding KICA intends to file a motion to intervene to put itself in the position of learning more about the requested increase. If the Town and KICA were to partner in an intervention and share the same legal counsel, the cost to each would be cut in half. If the Resort were also to partner in this action, each entity would pay only one-third of the cost.

It may be that the proposed rate increase is not excessive, but that cannot be determined without filing to intervene and compelling the Utility to justify its request.

I urge the Town to preserve its options and begin to prepare itself to file to intervene as soon as the new Council is sworn into office. Such an action does NOT commit the Town to spending time and money objecting to the rate increase. It does, however, ensure that should the Utility not provide satisfactory justification for such a large increase, the Town can and will act to protect property owner interests."

Mayor Lipuma responded the Town had not received a response from the PSC to the Town's request to hold a public hearing on Kiawah.

John Connolly – 1020 Scaup Court

Mr. Connolly, as one of the Fire commissioners representing Kiawah Island, encouraged Town Council to recommend to Charleston County Council the nomination of Mr. Bill Thomae as a St. Johns Fire Commissioner. He stated Mr. Thomae was very experienced, dedicated and would make a good replacement to fill the seat vacated by John Olsen.

**VII. Old Business:
None**

**VIII. New Business:
A. 2017 Meeting Schedule**

Mayor Lipuma recommended the December 2017 Ways and Means Committee meeting be moved from the 26th to the 19th.

Mayor Lipuma motioned to accept and approve the amended 2017 Meeting Schedule Dates. The motion was seconded by Mr. Weaver and was unanimously approved.

B. 2017 Holiday Schedule

Mr. Wilson motioned to accept and approve the amended 2017 Holiday Schedule Dates. The motion was seconded by Mr. Labriola and was unanimously approved.

C. Recommendation for St. Johns Fire District Commissioner

Mr. Weaver gave a brief overview of the Fire Commissioner appointment process in which the Town would make a recommendation to Charleston County. Based on the applications received, Charleston County Council then make a recommendation to the Governor, who makes the appointment. The current Commissioner, Mr. Olson has selected not to seek reappointment leaving a vacant position.

Mr. Weaver stated Mr. Thomae has indicated his plans to submit his application as soon as the vacancy is posted by the County. As a member of the Public Safety Committee along with his extensive fire and EMS background makes him the perfect candidate and is the choice of the St. John's Fire District (STJFD) and the Public Safety Committee's recommendation. Mr. Weaver noted

his year the County has not yet posted the vacancy so Council will have to make a decision on making a recommendation now, which will not allow the Town time to review other residents who may apply or waiting until after the posting, which will make it difficult to allow the new Council to make their recommendation to members of Charleston County Council.

Following discussion Council agreed to nominate Bill Thomae to be appointed to the STJFD Fire Commission.

Mayor Lipuma made a motion to nominate Bill Thomae for recommendation to Charleston County Council for appointment to the STJFD Fire Commission. The motion was seconded by Mr. Labriola and unanimously passed.

D. Approval of Kiawah Conservancy Funding Requests

Mrs. Johnson state the Town has financially supported a variety of Kiawah Conservancy programs and activities in recent years. Financial support has come from a number of different sources, including the Environmental Committee line item in the Conservation department. During the current fiscal year (2016-17) budgeting process, Town Council created a Kiawah Island Conservancy line item in the Environmental Department budget. This line item contains \$58,000 to support Kiawah Conservancy programs and activities. In the process for funding, proposals from the Conservancy are first reviewed by the Environmental Committee. After this review, the Environmental Committee then makes a recommendation to the Ways and Means Committee and Town Council for final funding approval.

At the November 8th Environmental Committee, Ms. Donna Windham from the Kiawah Conservancy, presented a total of 7 proposals for funding. The Committee Members reviewed each proposal and voted unanimously to recommend funding. Proposal titles and costs are listed below:

1. Naturally Kiawah Demonstration Garden Update	\$5,000
2. Naturally Kiawah Pathways App Brochures	\$5,000
3. 2016 Alligator Research Symposium	\$7,000
4. New Trail Signage for Rhett's Bluff, Falcon Point, and Marsh Island	\$10,000
5. 20 th Anniversary Kiawah Conservancy Book	\$10,000
6. Documentary Film on Shorebirds	\$11,000
7. Naturally Kiawah Magazine, Spring Addition	\$10,000
TOTAL	\$58,000

Mrs. Johnson made a motion to approve the funding of seven proposals from the Kiawah Conservancy in the amount of \$58,000.00. Mr. Labriola seconded the motion.

Following further discussion the motion was unanimously passed.

E. Kiawah Island Utility Rate Increase Application to Public Service Commission

Mayor Lipuma stated Kiawah Island Utility (KIU) filed with the Public Service Commission (PSC) an application for a 25% rate increase. He noted the PSC was responsible for investigating to determine the basis as well as justification for the increase and the Town has petitioned for a Public Hearing to be held on Kiawah to allow residents the opportunity to ask questions on this matter. The Town

has until later this month to file as an intervener and will be gathering information in order to make the determination if the Town should file, and by this Council or to defer to the new Council.

Mayor Lipuma stated Mr. Green, the new Town Attorney, will be speaking today along with Mr. Frank Ellerbe, who monitors PSC activities for the Town, along with Mrs. Rhoad to provide background information and to answer questions.

Mr. Green introduced Mr. Ellerbe who will be able to provide information on based on his extensive credentials as a litigator of Utility and Environmental Law. Mr. Ellerbe outline the two options available to Council as submitting to the PSC a letter of protest and participate informally in the Public Hearing requested on Kiawah or filing a petition to intervene to participate with the office of regulatory staff negotiations after their investigation of the KIU request.

Items discussed with Mr. Ellerbe included the legal cost of being an intervenor, if municipalities typically intervene in these cases or rely on the decision of the regulatory staff, if there is criteria by which the regulatory staff evaluates allowable recovery of expenses and profit margins, does an intervention have any influence or impact on the final decision and is there any advantage for a home owners association and municipality to jointly file to intervene.

Mrs. Becky Dennis with KIU along with Mr. Craig Sorensen with Southwest Water Company gave an update on the status of the new water line project along with reasoning for the rate filing, rate adjustment process and an area rate comparison. Mrs. Dennis stated that except for slight increases in the cost of purchased water, KIU has not adjusted rates since 2012. Approximately 13% of the 25% requested rate increase is due the \$10 million cost of the pipeline construction.

Mayor Lipuma indicated that with the information presented his preference is for this Council to move forward with a petition to intervene using Mr. Ellerbe as the attorney. Mr. Wilson surveyed incoming Council Members to find they were in support of moving forward with the petition. Mr. Weaver indicated he was in support of this Council filing the petition to preserve the right to intervene and allowing with the new Council discussion of future options.

Mr. Weaver made a motion to instruct the Town Administrator and Attorney to file the necessary papers to intervene recognizing that any and all decisions moving forward after the fact will be wholly determined by the new Council. The motion was seconded by Mr. Wilson.

Following further discussion, the motion was unanimously passed.

IX. Committee Reports:

Mr. Wilson reported he attended the BCDCOG meeting at which time the annual audit was presented along with a presentation on the I526 corridor and future projects.

Mr. Labriola reported the MCC met on December 1st. The project is proceeding very well with an estimated physical and expenditure completion of 60% by years end. He reviewed the projected project cost \$9,090,000.00, under budget, and stated that at this time there were no change orders pending.

Mrs. Johnson reported on the upcoming Arts Council events for the month of December and into New Year. She reported the Environmental Committee will continue to work on projects with the

Conservancy as well as the Alligator tagging and study project. She also noted the Turtle Patrol logged the second best nesting season this year.

Mr. Weaver reported the St. Johns Fire District has put a hold moving forward with the demo and rebuilding for Station 6 due to bids coming in at almost double the budgeted amount.

Mr. Weaver reported the workgroup designated to look at the Town's employment policies, salaries, and programs has nearing completed their work with a draft of a new employee manual and policy is 95% finished and a new salary structure created. The changes are expected to be reviewed and then approved by the new Council.

Mr. Weaver reported the review of the Town's handling of Hurricane Mathew is nearing completion. Interviews with the major entities and stakeholders have taken place and an online resident survey is taking place. The completed report will be reviewed by the Public Safety Committee.

Mr. Weaver reported the economic impact study done in coordination with Seabrook and students from the Citadel is nearing completion with the new Council having an initial draft of the study in the next two weeks.

X. Town Administrator's Report:

Ms. Tillerson reported that following a FEMA (Federal Emergency Management Agency) audit of the Town's Community Rating System, the Town has been notified its rating with the National Flood Insurance Program has dropped from a 7 to a 5 resulting in lower flood insurance rates for Kiawah residents.

Ms. Tillerson reported cleanup efforts following Hurricane Mathew were nearing completion. She stated FEMA completed three site visits and were impressed with the efficiency of the cleanup and with the completion coming within the 30-day tier that will reimburse at an 85% level. She noted a repayment time frame could not be confirmed.

Ms. Tillerson reported Mr. Lameo has met with W.K. Dickson for a pre-construction meeting to begin the drainage project along Beachwalker Drive and the Parkway. The inspection of the Kiawah Parkway Bridge is also taking place with a cost estimate that will be presented to the Ways and Means Committee and Council for approval.

XI. Mayors Report:

Mayor Lipuma, this being his final Town Council meeting, reflected on his past 23 years of volunteer service to the Town of Kiawah. He stated over the years the Town has grown in size and stature into a successful and noted South Carolina municipality, an outstanding residential community, and visitor destination. He also highlighted several major Town milestones that have taken place over the years. He noted that even with growth expenditures the Town does not impose a property tax and has healthy reserve funds that are forecasted to grow in the future. He thanked each member of Council individually for their tireless work by highlighting contributions they made over the last two years. Mayor Lipuma thanked Mr. Rhoad for his 27 years of service to the Town. He also thanked Town staff and all of the many volunteers who selflessly serve the Town. (The complete Mayor's Farwell Address are attached)

XII. Citizen Comments:

Diane Lehder – 306 Palm Warbler Road

Mrs. Lehder, speaking on behalf of the citizens who wrote to Council and the PSC, thanked Council for voting to file a petition to intervene. She stated at this point there is not enough information to form an opinion on the rate increase but this step is necessary to assure any rate increase in the future is justified.

Wendy Kulick – 38 Marsh Edge Lane

“What steps are you taking/have you taken to ensure the former Town Administrator and former Town Treasurer are prosecuted to the full extent of the law ... local, state, and federal ... for the laws which were violated by their alleged embezzlement? What will you do to encourage the new Mayor and Town Council to do the same?”

Time and again, you have heard me request Town Council demonstrate greater openness and transparency. For more than a year, I have asked when the Town will provide answers publicly to questions and comments posed to it publicly at Town Council meetings. No response has been forthcoming. I therefore ask yet again WHEN will Council provide answers/responses to these public queries.”

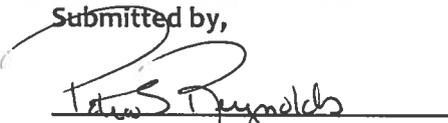
XIII. Council Member Comments:

Each member of Council thanked Mayor Lipuma for his many years of service to the Town of Kiawah and also expressed their appreciation to both Town staff and other members of Council.

XIV. Adjournment:

Mr. Weaver motioned to adjourn the meeting at 3:44 pm. The motion was seconded by Mr. Wilson and carried unanimously.

Submitted by,



Petra S. Reynolds, Town Clerk

Approved by,



Craig E. Weaver, Mayor

1/11/17

Date

MAYOR'S FAREWELL ADDRESS

Given that this is my final Town Council meeting I would like to make a few parting remarks .

Starting in 1993, I have served the Town of Kiawah Island as a volunteer for 23 years. Eleven on the Planning Commission, and for most of that time as chairman, eight years as Town Councilman and the last four as Mayor.

During this time the town has grown in size and stature to a successful and noted South Carolina municipality. In growing, we strategically and effectively interacted with the Community Association, major developers (KRA, KP, Northwoods), the Resort and the Conservancy in a multitude of ways that have served to make Kiawah an outstanding residential community and visitor destination.

As I look back, major Town milestones include:

Building the Town's first Municipal Center and after 17 years its sale to KICA;

Constructing the roundabout at Betsy Kerrison Parkway and subsequently revamping Kiawah Island Parkway including the addition of a 2 mile bike path;

Renourishing and restoring the East End Beach at the Ocean Golf Course;

Annexing Freshfields village into the Town;

Purchasing 28 acres on Betsy Kerrison at the entrance to Kiawah;

And building a new Kiawah Municipal Center on that property, creating a striking new entry into the Town of Kiawah Island.

Administratively, there also have been significant changes. Sadly, forensic accountants uncovered mishandling of Town funds by our former Administrator and Treasurer, both of whom are under Federal and State investigation. On a happier note, In 2015 we hired a new Town Administrator, Stephanie Tillerson, and new Treasurer, Dorota Scubert. Both are experienced, hard-working and effective. And in January when Dennis Rhoad retires, having served Kiawah for the better part of 27 years, we will have a new attorney, Dwayne Green.

Town staff has coalesced under Stephanie Tillerson's supervision. Witness, for example, the effective planning , preparation and handling of Hurricane Matthew and its aftermath.

Fiscally, I leave with the Town in a very strong financial position. We impose no property tax, and yet even given our growth expenditures, we have town reserves of \$15-16 Million. Further, the 3-year outlook forecasts reserves to grow to \$19-20 Million.

I can't conclude without words of praise and thanks for members of Town Council and all our volunteers.

Last year John Wilson stepped up to serve as the town's Acting Treasurer for several months. John engaged a contract accountant and saw to it that our revenues continued and our bills were paid. More importantly he arranged for and oversaw forensic audits of our former Administrator and Treasurer,

engaged new auditors and established an audit committee. As a result we now have in place all the needed financial checks and balances as safeguard against any future mis-dealings.

Craig Weaver put us on a solid footing with our relations with St Johns Fire District, Charleston County EMS and the Deputy Sheriff's office. In some areas we went from adversarial to mutually finding solutions to issues and planning for others. He successfully guided public and media communications following the forensic audits. He also guided our Emergency Preparedness Plan to completion. It served the town well during hurricane Matthew.

Mary Johnson has never hesitated to advise me of improvements that could be made to Town governance and Town systems. And I always listened. Last year she served as Acting Administrator and uncovered a wealth of matters that were being handled poorly or not at all. For the most part these were rectified. She also has successfully led the growth and sophistication of the Arts and Cultural Events activity and more recently is fully engaged with the Environmental Committee.

I can't say enough about John Labriola. As Mayor Pro Tem, he served as my chief advisor and point man. John never said no. Whether it was leading the search for a new Administrator, Treasurer or Attorney, or effectively managing the Town's Ways and Means Committee. Importantly and significantly, he did an outstanding job chairing the design, funding, contracting and construction of our new Municipal Center.

Behind the scenes and sometimes up front was attorney Dennis Rhoad. Early in my career, when I was Chair of the Planning Commission, Dennis advised, "Charlie, if you want to make changes you need to get on Town Council". Dennis was right, as usual. I was elected to Town Council, subsequently became Mayor and managed to make a few changes.

In parting, I thank all the many volunteers who selflessly and effectively serve the Town. Their contributions add to our success as a unique, outstanding and admired community.

I also thank staff and encourage them to keep in mind the Town' motto,"servire totus", total service.

I look forward to the next Mayor and Town Council. May they keep our town safe, secure and fiscally sound.

Thank you all.

CrI 11/13/16