

**WAYS & MEANS COMMITTEE MEETING**  
**Budget Workshop**  
**Kiawah Island Municipal Center**  
**Council Chambers**  
**February 20, 2018; 1:00 PM**

**Minutes**

**I. Call to Order: Mr. Wilson called the meeting to order at 1:00 pm.**

**II. Pledge of Allegiance**

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

**Absent:** Jack Koach

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

**III. New Business:**

**A. FY2018-2019 Draft Budget Review**

Mrs. Szubert began the discussion by presenting the draft of the FY2019 Revenues explaining that the proposed budget is based on historical data and trends. She discussed that the Town's revenues streams and apart from the revenues from building permits from special projects, the revenues are projected to increase by one to three percent. Mr. Wilson noted that the revenues from the special projects are broken out because those revenues are not a base line number to be included in the expense structure going forward. Members discussed the projected increase in revenues and the potential to enhance revenues. Mrs. Szubert discussed the options of increasing the Hospitality Tax to 2% , and a Beach Preservation Fee, which requires a referendum vote.

Town of Kiawah Island Budget Draft FY2019 /Revenues						
Revenues:	Actuals 2016-2017	Budget 2017-2018	Annualized 2017-2018	Proposed Budget FY2019	Projections \$	Change %
Building Permits	\$ 1,053,429	\$ 1,153,900	\$ 1,153,900	\$ 1,188,517	\$ 34,617	3%
Building Permits/Special Projects	193,000	-	285,000	871,000	586,000	206%
Business Licenses	2,290,018	2,200,000	2,200,000	2,266,000	66,000	3%
Franchise Fees	755,815	802,908	800,000	816,000	16,000	2%
Local Option tax	530,338	534,100	534,100	555,464	21,364	4%
State ATAX	1,714,086	1,772,000	1,772,000	1,825,160	53,160	3%
Local ATAX	988,825	988,000	988,000	1,017,640	29,640	3%
County ATAX	477,000	422,000	422,000	425,000	3,000	1%
Hospitality Tax	518,632	566,000	566,000	582,980	16,980	3%
Environmental Services	362,710	375,000	375,000	378,750	3,750	1%
Interes	45,952	40,000	180,000	181,800	1,800	1%
Other	134,473	137,000	125,000	126,250	1,250	1%
<b>Total Revenue</b>	<b>\$ 9,064,278</b>	<b>\$ 8,990,908</b>	<b>\$ 9,401,000</b>	<b>\$ 10,234,561</b>	<b>\$ 833,561</b>	<b>9%</b>

Mrs. Szubert presented and review her five-year revenue projections and then moved into Items for discussion.

**1. Reserves for Future Capital Projects and Emergency Fund**

Currently, the Town designates fixed amounts of its restricted funds operations as follow:

Fund	Amount	Purpose	Balance at 6/30/17
LATAX	\$200,000	Beach	\$800,000
LATAX	\$219,361	Cultural Events	\$0
Beverage Tax	\$50,000	Capital Projects	\$200,000
Hospitality Tax	\$100,000	Capital Projects	\$400,000
Hospitality Tax	\$22,000	Cultural Events	\$0

Mrs. Szubert discussed the request to formalize a policy on reserving for the future capital expenditures and setting up an Emergency Fund as a set percentage of the receipts of LATAX and Hospitality Tax funds or fixed amount from those funds. As of 6/30/17 LATAX fund balance was approximately \$3.8M and Hospitality Tax fund balance was \$2.7M.

Members engaged in a discussion of the development of formal policy that would move a designated amount of unallocated restricted funds to a single purpose fund that is further restricted to a targeted specific purpose along with the development of a reserve policy for future projects in critical areas such as the beach, major capital project, and a potential emergency fund.

**2. Updated Capital Improvements Plan**

Mrs. Szubert reviewed the Updated Capital Improvements Plan which included funds for the Parkway project which is in the engineering phase at this time. She also discussed the replacement of the Town’s vehicles on a five-year replacement plan, the proposed purchase of a vehicle for the Public Works Department, and the future replacement of IT equipment.

Capital Expenditures	Annualized FY2018	Projected FY2019	Projected FY2020	Projected FY2021	Projected FY2022	Projected FY2023
Building/Construction Cost	\$ 442,409	\$ -	\$ -	\$ -	\$ -	\$ -
Beach Renourishment	119,000	-	1,000,000	-	-	-
Beachwalker Drainage Repair	45,647	-	-	-	-	-
KI Parkway Geotechnical Evaluator	94,945	-	-	-	-	-
KI Parkway Resurfacing	-	-	2,000,000	-	-	-
KI Bridge Repair	58,000	-	-	-	-	-
Kiawah River Shoreline Erosion	-	-	-	-	-	-
Turn Lane on Beachwalker Drive	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
· Administration	-	-	32,000	-	-	-
· Building Department	-	-	-	60,000	-	-
· Code Enforcement	-	36,000	-	-	36,000	-
· Public Works	-	30,000	-	-	-	-
· Wildlife/Turtle Patrol	-	36,000	30,000	-	-	-
Equipment	-	4,000	2,000	-	-	6,000
<b>Total Capital Expenditures</b>	<b>\$ 760,001</b>	<b>\$ 106,000</b>	<b>\$ 3,064,000</b>	<b>\$ 60,000</b>	<b>\$ 36,000</b>	<b>\$ 6,000</b>

**3. Charitable Contributions**

30% of the projected change in General Fund balance is \$149K. Should the Town continue its charitable contribution program or should this be left to the citizens’ discretion?

Mrs. Szubert indicated the current policy stated the annual funding amount is 30% of the projected change in General Fund balance give an amount for this year funding of \$149K. Members discussed Charitable Contributions funding and the new applications review process. The specific funding amount will be reviewed after the application review process.

#### 4. Deputies Coverage Models

Mr. Widuch reviewed the current deputy compensation as W2 employees and coverage of two deputies on the 1<sup>st</sup> shift, three deputies on the 2<sup>nd</sup> shift and two deputies on the 3<sup>rd</sup> shift and is dependent on the ability to secure off-duty deputies to fill those shifts. He stated an AdHoc Committee was asked review models of other municipalities. Discussion with the Sheriff of the Charleston County Sheriff's Office (CCSO) developed of a model in which CCSO would provide two deputies designated to the Island supplemented by the current model of off duty to fill the remaining shifts. Mr. Widuch reviewed the hybrid model startup and operating costs over a four-year period and would ultimately provide for a total nine deputies be hired over three years.

Scenario 1 Hybrid Model :		1st Year	2nd Year	3rd Year	4th Year			
1st shift	CCSO - 2 Deputies*	497,493	254,364	258,285	263,451			
2nd Shift	Off Duty Deputies-3 Deputies	337,938	337,938	337,938	337,938 *			
3rd Shift	Off Duty Deputies- 2 Deputies	244,157	244,157	244,157	244,157 **			
		<u>1,079,588</u>	<u>836,459</u>	<u>840,380</u>	<u>846,546</u>			
<b>Notes:</b>								
* 2 Deputies per shift, however start up cost is for 3 deputies for 7 days a week coverage.								
** Includes 33% of coordinators fees and operating cost								
<b>Scenario 2 CCSO</b>								
The scenario assumes having coverage provided solely by CCSO in 3rd year. 9 Deputies in total would be hired over 3 years period.								
	#	1st Year	#	2nd Year	#	3rd Year	#	4th Year
CCSO Deputies	3	497,493	6	755,703	9	1,024,163	9	793,616
Off Duty Deputies	6	582,095	3	243,910	0	-	0	-
		<u>1,079,588</u>		<u>999,613</u>		<u>1,024,163</u>		<u>793,616</u>

Members engaged in an in-depth discussion of the proposed deputy staffing model and presentation to the Public Safety Committee. Ms. Tillerson indicated that if the staffing model moves the Town's approval process to would then have to be approved by Charleston County Council. Mrs. Szubert indicated that during the budget discussion the increase in the deputy cost could potentially be off-set by a change in the solid waste subsidy policy.

#### 5. Kiawah Island Conservancy Funding

In FY2018, the Town has allocated \$77k for KI Conservancy funding for their projects contingent on the Town's approval. Should the Town continue allocating fixed amount in the future years?

Members discussed allocation of funding to the Conservancy driven by projects rather than the requirement of a funding commitment. Mrs. Mezzanotte reviewed last year's funding applications received from the Conservancy and the Environmental Committee's review process. Not wanting an open-ended funding limit, Members agreed to give the Conservancy

direction on what project the Town would like to see and on having an allocation cap of \$70k as a placeholder in restricted funds for consideration of Conservancy projects.

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

Ms. Tillerson stated that there is no recommendation for new permanent staff. She noted the position of the Charleston County Planner which has been partially funded by the Town and will be coming to the Town as a full-time staff member as of July 1, 2018.

Ms. Tillerson also noted the possibility of hiring temporary staff to help with business license and/or inspections when necessary during the duration of special projects.

7. Employee/Employer health and dental insurance premium contribution.


Mayor Weaver indicated that, working with staff, there will be a review of alternatives to the current subsidy for employee health and dental insurance premiums. He stated the focus would be on a benefit plan that, based on state requirements, is competitive in the market and is at a cost that is competitive.

Mr. Wilson stated that with the feedback from the Committee, Mrs. Szubert and Ms. Tillerson would prepare draft budget to be presented at the March 27<sup>th</sup> Ways and Means Committee meeting.

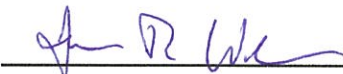
**IV. Adjournment:**

***Mayor Weaver made a motion to adjourn the meeting at 2:40pm. The motion was seconded by Mrs. Mezzanotte and was unanimously approved.***

Submitted by,

  
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Petra S. Reynolds, Town Clerk

Approved by,

  
\_\_\_\_\_  
John R Wilson, Chairman

4/24/18  
Date