

**WAYS & MEANS COMMITTEE MEETING**  
**Municipal Center Council Chambers**  
**November 5, 2024, 10:00 am**

**Minutes**

I. **Call to Order:** *Chairman Farrell called the meeting to order at 10:00 am.*

II. **Pledge of Allegiance**

III. **Roll Call:**

**Present at the Meeting:** Luke Farrell, *Chairman*  
Brad Belt, *Mayor*  
Russell Berner, *Committee Member*  
Madeleine Kaye, *Committee Member*

**Also Present:** Stephanie Tillerson, *Town Administrator*  
Dorota Szubert, *Finance Director*  
Jim Jordan, *Wildlife Biologist*  
Steven Traynum, *Coastal Science & Engineering*  
Neal Kinard, *Video Production Specialist*

Mayor Belt stated that Council Member Heidingsfelder had previously been tasked with chairing the Ways and Means Committee. Subsequent to his resignation, Mayor Belt asked Council Member Farrell to serve as Chairman, and he graciously agreed to do so.

IV. **Approval of Minutes:**

A. Minutes of the Ways and Means Committee Meeting of July 2, 2024

*Mayor Belt made a motion to approve the minutes of the Ways and Means Committee meeting of July 2, 2024. Committee Member Berner seconded the motion, and it was unanimously approved.*

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

None

VI. **Old Business:**

None

VII. **New Business:**

A. Review and Recommendation to the Town Council of the Coastal Science and Engineering Proposal for "Preliminary Design and Permitting Services in Connection with Channel Realignment at the East End of Kiawah Island

Mayor Belt stated that the Kiawah Island Golf Resort (KIGR) had approached the Town with the potential project based on a recommendation from Coastal Science and Engineering (CSE). Subsequent to the discussion, Mr. Jordan provided a memorandum outlining the issues relating to the project and its intended purpose of addressing concerns regarding potential future erosion near the Ocean Course Clubhouse and driving range. Once completed, an additional benefit would be potentially restoring some critical habitat areas for shorebirds. Mr. Jordan's memorandum also provides background on the prior projects, a timeline, cost estimates associated with this initiative, and potential funding sources. Mayor Belt recommended proceeding with the permitting process, which is estimated to cost \$77,000 based on CSE's proposal.

Mr. Jordan stated that the memorandum provided a summary of the proposed project and introduced Mr. Traynum, president of Coastal Science & Engineering, whom he had worked with for many years and felt was the best beach consultant in the state.

Mr. Traynum discussed the dynamic shoreline at the east end of the island, including shoal complexes that migrate off of Stono Inlet and merge with the shoreline. The ongoing sand migrations that provide the healthy Kiawah beach cause very site-specific erosion. The project in 2005 required 500,000 yards of material to be moved and was substantial in cost. The more recent project and what is planned now is working in the system to minimize the amount of volume that has to move by not letting the beach get so eroded. The project aims to minimize erosion impacts on the ocean course and reduce costs by moving channels into a more favorable position before they reach that critical infrastructure. Similar to the 2014 project, the proposal's scope, which covers preliminary design and permitting, is estimated at \$77,000. Moving forward with bidding, final design, and actual construction will be a second phase.

Mr. Traynum, responding to Mayor Belt's inquiry, discussed the need for state and federal permits from the Department of Environmental Services and the Corps of Engineers for a project. These permits are part of a joint application process, announced via a joint public notice, but managed separately. The Corps follows federal guidelines, including the Endangered Species Act, coordinating with agencies like the National Marine Fisheries Service. In contrast, the State follows its own guidelines, working with groups like DNR (Department of Natural Resources).

Committee Member Berner stated that in the memo to Mr. Warren, past projects in 2006 and 2015 suggested repetitive events and questioned whether it was reasonable to anticipate a similar project every five years. Mr. Traynum indicated that the frequency of future events would be subject to natural conditions, such as shoals and vegetated dunes.

With the need for future mitigation efforts, Committee Member Berner asked about budget allocations for these events. The discussion covered budget allocations for a project, focusing on capital outlay and reserve funds. It was noted that with a previous renourishment costing \$500,000, a plan to spend \$500,000 every five years was needed. Transferring 20% of local accommodation and hospitality taxes, accumulating \$9.6 million over the years, was discussed, along with the use of State Accommodations Funds, which can be used for beach renourishment projects. Chairman Farrell addressed the resort's funding participation.

Further discussion focused on the permitting process, which takes 9 to 12 months for a five-year extendable permit. If permitted, this process allows project execution within five years, enabling multiple events. Also discussed was whether sand fencing should be considered in the permitting process to allow the use of sand fencing to protect nesting areas from predators.

Committee Member Kaye clarified that the channel is currently threatening the Ocean Course, especially the 18<sup>th</sup> hole and driving range. Unlike previous projects, she noted Kiawah Partners' absence under the interested stakeholders and emphasized shared project expenses.

Further discussion mentioned that the project uses native beach sand, ideally conducted in fall or winter, and any anticipated comments or concerns from environmental groups during the public hearing process. Also discussed was the mitigation required as part of the project and tracking the results of the mitigation once completed.

Mayor Belt summarized the administration's recommendation to the Ways and Means Committee and the Council for approving \$77,000 for the permitting process, part of a capital account project. The Town is requesting tax funding, and once permitted, the project scope and mitigation will be clearer, leading to a cost-sharing agreement with the Resort.

**Committee Member Kaye made a motion to recommend to the Town Council the approval of the Coastal Science and Engineering Proposal for “Preliminary Design and Permitting Services in Connection with Channel Realignment at the East End of Kiawah Island. Committee Member Berner seconded the motion, and it was unanimously approved.**

**B. Review and Recommendation to the Town Council of the Purchase of Audio/Visual Improvements for Council Chambers**

Chairman Farrell stated that the recommendation was for improvements to the Council Chambers, including video and audio enhancements and control consolidation.

**Committee Member Kaye made a motion to recommend to the Town Council the approval of the purchase of audio-visual improvement for Council Chambers. Mayor Belt seconded the motion.**

Mayor Belt stated that a \$60,000 budget item was previously approved for audio-visual enhancements or upgrades for council chambers to address a number of known problems and some other things that staff have identified.

Committee Member Berner began the discussion by questioning the need for the improvements, noting that the only complaints he heard had been about the audio, which, in his experience, was fine.

Mr. Kinard indicated that community complaints about audio issues on the YouTube channel were noted, along with comments about the camera being dark, which were attributed to older cameras and the distant dais view. He explained that the improvements included replacing the current two cameras with more high-quality cameras, repositioning the cameras for better angles and control, adding a centralized switcher and camera control to the space, and adding one additional portable camera to use for an additional camera angle for live streams that could serve as another camera for podcasts and videos. These updates aim to modernize and expand the video production capabilities of the Town’s Council Chambers space. They will enhance video recording quality, live streaming capability, and overall system functionality.

Discussion included concerns about whether the improvements are really needed; some members prioritized audio over video, while others emphasized improved video coverage, the challenges with different meeting types and room setups, and the installation schedule.

Mr. Kinard stated that the Town staff requested estimates from three Creston-certified vendors and recommended contracting JSC Systems to update the current system with two updated cameras and a centralized switcher and camera control. This vendor had the highest bid but was more impressive with its response time, suggested solutions, and overall understanding of the town’s needs. The cost to upgrade the current two cameras and add a centralized switcher and camera control through JSC Systems is \$46,226.58. When Town staff requested the estimates, it was recognized that it would be more cost-effective to purchase the third portable, studio-grade camera and its accessories separately from an online retailer. This cost is approximately \$11,352.28, which could slightly fluctuate depending on the purchase date.

**Following the discussion, the motion was approved by a 3 to 1 vote, with Committee Member Berner voting “No.”**

**C. Review and Recommendation to the Town Council of the Employee Medical Insurance Premium Structure**

Ms. Szubert stated that all full-time employees are eligible for comprehensive group medical insurance for themselves and their dependents in the Town’s group medical, dental, and vision

insurance plan. This is a self-funded plan offered by the SC Public Employee Benefits Authority (PEBA); PEBA has not increased the employee portion of the medical insurance since 2012. However, the employer portion has been increased substantially, and therefore, the total cost of the premiums has increased.

Historically, the Town subsidized a portion of the employee insurance contribution as the coverage for a single employee was offered at no cost to the employee, and the same amount of the subsidy was applied to other types of coverage. Four years ago, the Town Council eliminated the subsidy and implemented a 20/80 payment structure that allows the employee to pay 20% of the total premium, and the Town pays 80%. With the higher total premiums, the current structure of 20/80 will cause employees with single coverage to pay higher contributions than the maximum required by PEBA.

Ms. Szubert reviewed three options: no additional contributions, continuing the current structure, or an additional contribution. Staff is requesting that the Ways and Means Committee recommend to the Town Council the additional contribution option – approve a contribution to the employee portion of the medical premium as a fixed monthly amount that will apply to all types of coverage.

***Committee Member Berner made a motion to recommend to the Town Council the staff recommendation for an additional contribution. Committee Member Kaye seconded the motion.***

The meeting discussed employee health coverage contributions, the differences in coverage between private and municipal sectors, and a proposal for more support for single employees while requiring family coverage employees to pay the difference. Members considered a full subsidy for single employees, and the impact of healthcare cost increases. They also discussed the town's generous retirement benefits and the need to review the total compensation package, including tuition assistance, PTO, and optional retirement plans, debating whether to table or amend it to specify the town covers single health insurance costs, with employees covering the difference for family or spouse coverage. The discussion concluded with plans to revisit the issue in December, ensuring decisions align with the January 1<sup>st</sup> rate changes.

***Committee Member Berner made a motion to recommend to the Town Council that the Town pays for the full single cost of standard health insurance, and the employee would then pay for the delta for additional coverage. Committee Member Kaye seconded the motion.***

***Chairman Farrell made a motion to table consideration of the Employee Medical Insurance Premium Structure. Mayor Belt seconded the motion.***

***Following further discussion, the motion was approved by a 3 to 1 vote, with Committee Member Berner voting "No."***

***D. Review and Recommendation to the Town Council to enter into an Engagement Agreement with Maynard Nexsen for legal services pertaining to the Kiawah Island Golf Resort Development Agreement.***

***Mayor Belt made a motion to recommend to the Town Council the approval of entering into an Engagement Agreement with Maynard Nexsen for legal services pertaining to the Kiawah Island Golf Resort Development Agreement. Committee Member Kaye seconded the motion.***

Mayor Belt stated that the Resort is interested in pursuing a new Development Agreement with the Town, indicating that the question was whether to consider using the existing development agreement as a template or starting anew. He asked for input from the town attorney and outside counsel on providing some assistance in going through the existing development agreement; both lacked expertise and recommended George Bullwinkel and his firm, Maynard Nexsen, as having the

particular expertise in development agreements and the appropriate counsel to represent the Town.

In the discussion of hiring Maynard Nixon for legal services, Committee Member Berner raised concerns about:

- The lack of information on the firm's qualifications,
- The town Attorneys firm, Haynesworth, Sinker, and Boyd, indicated they are not qualified despite having real estate development references on certain staff members.
- The lack of competitive bidding

The discussion included whether the town attorney could retain additional outside expertise that he felt necessary under the existing contract and whether the mayor has the authority to hire outside counsel. Other options considered were releasing an RFP for the services and, with only two or three firms in the state with the expertise, whether interviewing those people would be acceptable.

Committee Member Berner emphasizes that the proper procurement process should be followed to protect the Town and that more information on the firm's qualifications is needed.

Committee Member Kaye pointed out that potential legal costs could only be calculated with an estimate of the number of hours likely to be involved in this endeavor, also questioning who would be involved in the process. Mayor Belt indicated that the Mayor, Town Administrator, and Town Attorney would go through negotiating the development agreement with a counterparty, followed by the full planning development review process as outlined in the ordinance.

Following further debate on the need for an RFP, members agreed that the mayor should contact Counsel and request written confirmation of the firm's inability to provide the required services, along with providing the names of their recommendations for the mayor to contact.

***Chairman Farrell made a motion to table consideration to enter into an Engagement Agreement with Maynard Nexsen until the next Ways and Means Committee meeting. Committee Member Kaye seconded the motion, and it was unanimously approved.***

**VIII. Chairman's Report:**  
None

**IX. Treasurer's Report:**

**A. Investment Management Services RFP**

Chairman Farrell tabled the Investment Management Service RFP to allow more information to be included in the presentation at next month's meeting.

**B. Monthly Budget Report**

Ms. Schubert presented the Town's Balance Sheet as of September 30, 2024, and Budget to Actual Report for the first three months. The Budget to Actual Report is compiled on a cash basis, and all the funds are consolidated.

As of September 30, 2024, the Town's governmental funds combined have an ending fund balance of approximately \$42M, an increase of approximately \$1M from June 30, 2024. The total fund balance consists of:

- Unassigned Fund Balance (available for discretionary spending): \$24M (58%)
- Capital and Emergency Reserves: \$9.5M (22%)
- Restricted for Tourism-Related Funding: \$8.2M (20%)

Overall, for the first three months, the Town's consolidated revenues of \$3.6M are 51%, or \$1.2M higher when compared to the same period last fiscal year, FY2024. This amount represents 23% of the total budgeted revenues for the current year. Revenues are in line with expectations, with business licenses, local ATAX, and environmental service fees showing a significant positive variance compared to last year. In the first three months, we issued 414 business licenses, which was up from 201 last year, resulting in an increase of 138%, or \$267K. The rise in local ATAX is primarily due to the timing of remittances from Charleston County.

With 25% of the year lapsed, the expenditures of \$2.6M are 15% or 344K higher than for fiscal year FY2024 and 18% of the current year budget. While expenditure is generally in line with the budget, several line items have seen notable increases from last year:

- Public Safety/ Off Duty Deputies: Increased by \$114k, or 211%, primarily due to a 38% increase in hourly rate to \$55, approved in February 2024.
- Waste Management: Increased by \$307K, or 142%, driven by increased contract costs for garbage collection by Trident Waste.
- Professional Services: Increased by \$54K, or 78%, reflecting a higher number of legal service engagements.

When asked whether the amount for the Resort development agreement was included in the forecast for Professional Services, Ms. Szubert indicated that six months after the budget, there was the possibility of making a budget amendment to account for those additional contracts or engagements.

Ms. Szubert provided an update on the results of the income verification audit. Selected for the audit were the 10 largest contributors to the business license revenue. Of those companies, four were found underreporting totaling approximately \$4000.00, prompting a new income verification process.

**X. Citizens' Comments:**

None

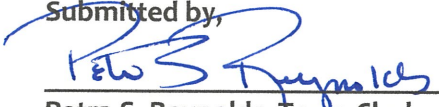
**XI. Committee Member's Comments:**

None

**XII. Adjournment:**

*Chairman Farrell adjourned the meeting at 11:54 am.*

Submitted by,

  
Petra S. Reynolds, Town Clerk

12-6-2024  
Date