

WAYS & MEANS COMMITTEE MEETING
Municipal Center Council Chambers
May 6, 2025, 10:00 am

Minutes

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

II. Roll Call:

Present at the Meeting: Luke Farrell, *Chairman*
Brad Belt, *Mayor*
Lance Spencer, *Committee Member*

Also Present: Stephanie Tillerson, *Town Administrator*
Dorota Szubert, *Finance Director*
Russell Berner, *Mayor Pro Tem*
Michael Nardelli, *Assistant Operations Manager*

III. Approval of Minutes:

A. Minutes of the Ways and Means Committee Meeting of April 1, 2025

Chairman Farrell inquired whether there were any edits or additions to the Ways and Means Committee meeting minutes held on April 1, 2025. Mayor Belt indicated that his minor corrections to the minutes were provided to the Town Clerk. Chairman Farrell stated that with no other corrections, the minutes were approved as amended.

IV. Citizens' Comments (Agenda Items Only):

None

V. Old Business:

None

VI. New Business:

A. Review and Recommendation to Town Council for Approval of the Fiscal Year 2025/2026 Budget

Ms. Szubert stated that a draft of the budget was presented at the last meeting of the Ways and Means Committee. She reviewed the changes made to that draft budget. She highlighted a net of \$120,000 in additions, which included an estimated \$30,000 for an internal control assessment in the Finance Department and a \$5,000 increase for community efforts, specifically for the required social media archiving.

Chairman Farrell clarified that, in addition to the financial audit, the new Audit Committee was charged with engaging a consultant to conduct an internal controls audit or assessment, as well as other related policies and procedures, including those related to human resources and regulatory compliance. Mayor Belt noted that internal control assessments are typically not required annually and suggested that it, along with having appropriate policies and procedures in place, could be done every few years. Ms. Szubert noted that a proposal for the services would be presented for consideration at the next meeting.

Website Redesign and Compatibility Issues

Ms. Szubert continued her review of the budget changes by highlighting a \$135,000 reduction, which had been a placeholder for the website redesign. It was discovered that Revize, our current vendor, includes support for website redesign in their contract.

Committee Member Spencer inquired if the website redesign would include both the PC and mobile versions. Ms. Tillerson confirmed that the current website does not function well on tablets and iPhones and explained that a planned new technology upgrade would address this issue.

Chairman Farrell emphasizes the importance of compatibility with different browsers and devices, including iPhones and iPads. Ms. Tillerson assures the committee that the in-house IT person, Michael Nardelli, will ensure that those compatibilities are communicated effectively. Also discussed was that the workgroup, which included Council Member Kaye, Mr. Nardelli, Ms. Blair, Mr. Wall, Ms. Graham, and herself, is working with Revize on an overhaul of the website.

Operating Costs and Revenue Trends

Mayor Pro Tem Berner raised concerns about the increasing operating costs and decreasing revenues, questioning the budgeting process. He stated that, given the decrease in revenue, salaries and benefits are increasing by 15%, administration and operations by 20%, consultant fees by 68%, and professional services by 36%. He asked if there should be a cap on all these expense increases.

Chairman Farrell explains that some big-ticket expenses are one-time items that need to be addressed; included in this category are legal and consulting fees, as well as the increase in personnel costs resulting from two new hires. He noted that on the revenue side, the Town is historically known for a conservative approach, under-budgeting revenues that come in higher than expected. While this year's budget is slightly less conservative than in the past, revenue estimates remain conservative.

Mayor Belt recounted an extensive budget conversation from a previous Ways and Means meeting, which included examining the budget as two separate budgets: one representing the true operating budget, and the other encompassing all pass-through or one-off budget items. He discussed the Town's significant surplus, the importance of managing administrative costs, and the expenditure placeholders included in the budget for legal and consulting projects, which may not be utilized. There was also an in-depth discussion of potential adjustments that could be made if a recalibration of expenses were needed.

Mayor Belt pointed out that he presented the budget, which the Ways and Means Committee reviews for recommendation to the Town Council, and it was the Town Council's role to consider whether to support and approve it.

Mayor Pro Tem Berner suggested implementing controls or a procedural process to limit budget expense increases to a predetermined percentage, ensuring some checks and balances.

Chairman Farrell stated that the question of recognizing what is happening when expenses are increasing and revenues are decreasing is well-founded. Still, he noted that the Town is very financially healthy. Ms. Subert added that every fund, with the exception of State Accommodations, is balanced with an excess of revenues, providing a better view of the full picture rather than just the total number.

Health Insurance and Employee Benefits

Ms. Szubert continued her review of the budget changes by pointing out a \$60,000 placeholder for the new wing design competition, a \$100,000 increase for a new landscape contract, if approved, a \$165,000 placeholder for a number of landscape enhancements at Town Hall and on the Parkway, and \$50,000 placeholder for recommended repairs on the Parkway bridge.

Ms. Szubert presented a placeholder of \$20,000 for a staff recommendation to increase health insurance funding. She discussed the current structure, in which the Town pays 80% of the total

premium and 20% by the employee, noting that employees on single coverage benefit less than those on multiple coverage, proposing that the Town cover the full cost for single employees, and that the same amount will be applied to the other coverages.

Ms. Tillerson discussed the challenges of maintaining the 80/20 cost split and the historical practice of providing additional health insurance subsidies. Mayor Belt discussed his view on the change that would provide a flat rate, so every employee gets the same dollar amount of health care benefit, and he supported the staff proposal.

Chairman Farrell pointed out that corporations have been asking employees to share a greater portion of the health care costs. He indicated that he would support the proposal, provided there are no requests for other coverage increases in the near future. He also emphasized the need to exercise discipline in compensation thinking.

Mayor Pro Tem Berner agreed with a fixed dollar amount contribution to health insurance costs, which would increase with rising premiums.

Mayor Belt emphasizes the need for a comprehensive evaluation of overall compensation and benefits, including health care.

Committee Member Spencer made a motion to recommend to the Town Council the approval of the Fiscal Year 2025/2026 Budget. Mayor Belt seconded the motion, and it was unanimously approved.

B. Review and Recommendation to the Town Council of the Proposal for Comprehensive Landscape Maintenance and Related Services

Mr. Nardelli stated that the Town uses a third-party contractor to provide landscape services on the town's portion of the Parkway, Beachwalker Drive, and the Municipal Center. The town currently uses Artigues Landscape Maintenance to perform these services, whose contract ended at the end of 2024 and has been on a month-to-month basis since then.

Town staff released and publicly posted a Request for Proposals (RFP) for Landscape Service and maintenance, inviting firms to submit bids for the contract. The Town also hosted a mandatory pre-bid meeting in which six firms attended. Questions were answered, and an addendum was issued to the firms.

After the submission date, a Review Committee was formed, comprising four staff members whom the mayor had approved to review the bids. Each member reviewed each bid independently and then came together to score each bid based on the RFP's criteria: Price (50 pts), Environmental Stewardship (10 pts), Electric Equipment (20 pts), and References and Professional Experience (20 pts). To compare the bids apples-to-apples, the committee had to adjust the mulch and pine straw price, as some firms did not calculate twice the annual installation cost. Once all the bids were adjusted, the review committee scored each company as follows:

Artigues Landscaping:	73 out of 100
LandOne Group:	81 out of 100
Russell Landscaping:	60 out of 100
The Greenery Inc:	83 out of 100 – Withdrew Bid
US Lawns:	77 out of 100
Yellowstone:	49 out of 100

The Greenery had to withdraw its bid due to an unexpected staffing issue.

The Review Committee conducted extensive interviews with the top three firms. After much discussion and deliberation, the Town staff is requesting that the Ways and Means Committee recommend to the Town Council the approval of the proposal from LandOne Group for landscape maintenance services at a cost of \$135,289 annually, subtracting from their bid the cost of mulch and pine straw.

The Review Committee felt confident that LandOne Group would do a great job, and they have offered a five-day-a-week service agreement that is not offered by any other firm. If approved, this contract will be funded 70% through Restricted Funds and 30% through the General Fund.

Mayor Belt made a motion to recommend to the Town Council the approval of the proposal from LandOne Group and enter into a contract for landscape maintenance services. Committee Member Spencer seconded the motion.

Mayor Belt thanked the current provider, Artigues, for their willingness to continue on a month-to-month basis and commended Nardelli and the Review Committee for their thorough review process of the bids. He noted LandOne's commitment to having somebody on site five days a week to respond to any particular need that may arise, and their representation that all their equipment is fully electrical from day one.

Mayor Belt questioned LandOne's commitment to providing five-day week coverage and its overall capabilities to deliver the services, considering its relatively short history beyond working with general contractors.

Land One's president, Gary Ostroski, explained his experience in the maintenance field. Although new to maintenance, the company has brought in experienced personnel, and its team has a strong track record and extensive experience, despite the company's ongoing growth. He stated that the team would report directly to Kiawah and had discussed locating the equipment at Town Hall so it could be charged.

Mr. Ostroski indicated that all equipment has been sourced for purchase, including an electric utility car, electric blowers, electric hedge trimmers, electric edgers, and an electric chainsaw. There are plans to move forward with the mowers as soon as everyone is comfortable with the relationship, considering the larger capital expense.

Mr. Ostroski stated that staffing would fluctuate between one and three people on site, five days a week, with more personnel during the growing season and fewer during the winter months, based on demand. Staff would include a production manager on site two or three days a week to oversee the crew, provide direction, and walk the site as needed. He would also walk the sites once a month to develop plans for potential larger projects and ensure everyone's satisfaction.

Mayor Belt stated that the Town's right-of-way along the Parkway and Beachwalker Drive had not been maintained as well as it should have, pointing out that more work would be initially needed to clean up the full right-of-way along the Parkway before engaging in a routine maintenance schedule.

Following the discussion, the motion to recommend to the Town Council the approval of the proposal from LandOne Group was unanimously approved.

C. Review and Recommendation to the Town Council of the Proposal from IMS Solutions Group (IT Contractor)

Mr. Nardelli stated that the Town currently uses Microsoft Office 365 and Azure services for cloud and storage via a commercial Microsoft cloud tenant. Due to the sensitivity of municipal data, the Mayor's directive is migrating these services to Microsoft's Government Community Cloud (GCC) to enhance

security, compliance, and data integrity, along with updating email address extensions from .org to .gov.

After consulting with the Town's IT contractor, IMS Solutions Group, LLC, it was advised that the project be divided into two distinct phases: migrating the Office 365 environment to GCC and migrating the Azure environment.

Phase 1: Office 365 Migration is estimated to take 50–60 hours and includes migrating Office 365, all emails, and OneDrive.

Phase 2: Azure Migration is planned as a follow-up effort, estimated at 60–75 hours. This will involve replicating critical infrastructure, reconfiguring networks, validating services, and ensuring operational continuity across the new Azure GCC environment.

Town staff requests that the Ways and Means Committee recommend to the Town Council the approval of the proposal from IMS Solutions. The total fee is \$24,000, with a subsequent monthly fee of \$136.80.

Mayor Belt made a motion to recommend to the Town Council the approval of the proposal from IMS Solutions for migration to Microsoft's Government Community Cloud (GCC). Committee Spencer seconded the motion.

Mr. Nardelli and Jonathan Dukes, the account manager from IMS, engaged in an in-depth discussion about the benefits of transitioning to a .gov domain, including enhanced security features and improved protection against cyberattacks.

Committee Member Spencer indicated that this was his area of expertise and discussed the importance of the new domain for enhanced security and compliance.

Following the discussion, the motion was unanimously approved.

D. Review and Recommendation to the Town Council for Approval of the Architectural Design Competition for a Proposed Town Hall Wing Addition

Mayor Belt discussed the proposed authorization to spend up to \$60,000, three \$20,000 stipends, for an architectural design competition for a new wing on Town Hall. He stated that the process was initiated following a discussion at a Town Hall meeting in January and subsequently reaching out to a number of different experts including former Council Member Dan Prickett and David DeStefano, both involved in this municipal building project, two architects, Mark Caymans and Mark Permar, and David Wohl, chair of the Arts Council, as well as Mayor Pro Tem Berner provided input on the design and functionality of the new wing.

Mayor Pro Tem Berner and Mr. Caymans have been involved in the process, providing input on the design and functionality of the new wing. Mr. Caymans provided high-level site plans, elevation drawings, and floor plans for the proposed wing. The approximately 12,000-square-foot wing would feature a combination of a community meeting space and a high-quality auditorium, providing a better venue for the programming presented by the Kiawah Arts Council and Our World. The community facility could be used by community organizations and other cultural organizations, not just Kiawah, but also Seabrook, Johns Island, etc.

Following a discussion of taking the high-level conceptual drawings or materials presented by Mr. Caymans and going forward with the design-build contract, the group concluded that a more robust process was needed. The process would involve issuing an RFQ (Request for Qualifications) in conjunction with the design competition, which would be publicly advertised and sent to several

architectural firms. These firms would initially provide high-level ideas as part of their presentation about this project. A design review committee would be constituted, selecting three firms to prepare conceptual plans, including detailed site plans, floor plans, renderings, and elevations. The Review Committee would then hold one or more public charrettes on the proposals and then make a recommendation to the Council. The Council could then decide whether it makes sense to proceed, considering the cost and other potential competing priorities.

Committee Member Spencer made a motion to recommend to the Town Council the approval of the Architectural Design Competition for a Proposed Town Hall Wing Addition. Chairman Farrell seconded the motion.

Mayor Pro Tem Berner clarified that what is being solicited is a conceptual design for the project, not a detailed design, and further discussed the program details that had already been identified including seating for 250 to 300, window wall at the rear of the auditorium that looking out beyond the stage to see the river and the marshland, good acoustic design, breakout rooms for meeting, private dressing rooms with a bathroom, and an elevated stage.

Following the discussion, the motion was unanimously approved.

VII. Chairman's Report:

Chairman Farrell thanked Ms. Szubert for her work with the Mayor on providing the budget and meeting some of the changes and demands put forward. He also discussed the importance of a proactive budget, a more expansive view of accommodations tax distribution, concerns about managing interest revenues, and the need to continue thinking about the operating budget versus the capital budget. He also mentioned discussions on reaching out to investment banking firms for potential financing and exploring the option of bond issuance versus borrowing money.

Mayor Belt seconded Chairman Farrell's commendation of Ms. Szubert for her work on the budget and her willingness to adapt to doing things a little differently than had been done in the past.

VIII. Treasurer's Report:

A. Monthly Budget Report

Ms. Szubert presented the Town's Balance Sheet as of March 31, 2025, and Budget to Actual Report for the first nine months. As of March 31, 2025, the Town's governmental funds combined have an ending fund balance of approximately \$43.5 million, an increase of approximately \$2.9 million from June 30, 2024. The total fund balance consists of:

- Unassigned Fund Balance (available for discretionary spending): \$24.4 million (56%)
- Capital and Emergency Reserves: \$9.7 million (23%)
- Restricted for Tourism-Related Funding: \$9.4 million (21%)

Overall, for the first six months, the Town's consolidated revenues of \$12.1 million are 8%, or \$910,000, higher than those of the same period in the previous fiscal year, FY2024. This amount represents 78% of the total budgeted revenues for the current year. Overall, the revenues are within budget, with Building Permits, Waste Management Fees, and Interest Income exceeding the originally budgeted amounts.

With 75% of the year lapsed, the expenditures of \$9.3 million are 16% or 1.3 million higher than for fiscal year FY2024 and 66% of the current year budget. The expenditures are reasonable and in line with the budget.

Ms. Szubert also mentioned the Audit Committee's discussion to engage the group from Maulden and Jenkins to do the internal control assessment, and the RFP that is out for the replacement cost and reserve study submissions is due Friday.

Mayor Belt and Ms. Szubert discussed the importance of understanding the Town's financial risk exposure and capital assets.

Chairman Farrell stated that the Town lacks staff with grant writing capabilities and expertise, questioning whether the Mayor had any connections that could provide training in the event the Town wanted to submit a grant application for a bridge study or other improvements. Mayor Belt indicated that he would be interested in exploring grants, as well as other opportunities to secure additional revenue sources to support such projects. He also discussed the potential for using the Town's balance sheet to provide grants or low-cost financing for redevelopment projects.

Ms. Tillerson stated that Mr. Spicher had completed FEMA grant-writing classes and that she had grant-writing experience; however, she noted that grant-writing is very time-consuming, especially for federal grants compared to state grants. She also noted that any available grants published in the Municipal Association's newsletter that are relevant are forwarded to the appropriate department, and she has signed up to receive emails on available federal grants.

Further discussion included utilizing community resources with relevant experience and leveraging relationships with congressional offices to identify grants and assist with securing them on behalf of their constituents.

IX. Citizens' Comments:

None


X. Committee Member's Comments:

Committee Member Spencer thanked everyone behind the scenes who had pulled together the materials and projects, noting an improvement in the materials presented to Ways and Means and the Council.

XI. Adjournment:

Chairman Farrell adjourned the meeting at 11:23 am.

Submitted by,



Petra S. Reynolds, Town Clerk

6.5.2025
Date