

Kiawah Island

DIGEST



ASSOCIATION FINANCE

Understanding How the KICA Budget Process Works

Every November, the Kiawah Island Community Association releases its budget for the following year. The budget is the result of months of work, with each department adding both routine items and anticipated needs. This includes any significant capital requirement which impacts the association reserves. The tentative budget is reviewed by KICA's member-comprised Finance Committee, and put before the board of directors for approval at the November meeting.

What we do: KICA has five basic operational focus points, and provides the administrative support for these functions:

- **Security and Livability**
Security controls Main gate and V-gate access, conducts island patrols and oversees commercial access. Livability manages covenant enforcement and contractor oversight.
- **Land and Lakes Maintenance**
Land Management handles all landscaping and maintenance on KICA common property. The Lakes team handles water quality management, wildlife management, as well as mosquito abatement.
- **Recreation and Amenities**
Recreation operations include member events, as well as the operation of The Sandcastle, Rhett's Bluff, Cinder Creek and Eagle Point.
- **General Maintenance**
This department does minor repairs to common

property, such as roads, leisure trails, and boardwalks. General Maintenance includes a mechanic's shop, which services vehicles and tools.

- **Major Repairs and Replacement (MR&R)**
MR&R staff includes civil engineers who plan and manage the repair or replacement of roads, bridges, drainage systems and other island infrastructure.

Generally, these responsibilities begin at the bridge over the Kiawah River (with exceptions). Therefore, Cassique is not part of KICA but Mingo Point and everything beyond is.

How KICA Budgets:

KICA operates with two separate budgets:

- Our **"Operating Budget"** covers administration, security and livability, land and lakes maintenance, recreation and amenity operations, and general maintenance.
- Our **"Reserve Budget"** covers major repairs and replacements.

Principally, the operating budget covers expenditures that are routine and predictable. Our reserve budget covers expenditures for more durable infrastructure focusing on major repairs or replacement projects.

Continued on page 6.

CORE SERVICES

By Sue Schaffer

The Administration Department Keeps KICA Running

KICA's administrative department is generally comprised of staff that works at Beachwalker Center. This includes Member Services, Finance, Human Resources, Information Technology, Communications and the Executive Office. Director of Finance and Administration, Jane Ovenden, supervises all these departments (with the exception of Communications and Executive personnel, which report directly to COO Jimmy Bailey). These departments are the responsible for keeping the association running on a daily basis.

MEMBER SERVICES

Member Services staff members Nancy Root and RoShonda Brown are KICA's front line, the first point of contact for callers and visitors to Beachwalker Center.



“We are expected to know everything,” they say cheerfully. They provide answers when they can and direct members to the appropriate place when needed.

Typical calls might be about garbage collection (a Town of Kiawah Island matter) or an algae-covered pond, but some are more memorable. A bicyclist asked which way the wind was blowing in order to decide which direction to ride on the beach. A driver delayed by a traffic backup on the way home from the grocery store requested reimbursement for melted ice cream. Once a question was so outlandish that Root exclaimed, “Is this a crank call?” It wasn't.

Member Services performs a myriad other functions that are less likely to produce a good laugh but important to the operation of the association:

- Contacting new owners with information to make settling in easier.
- Directing inquiries sent to justask@kica.us to the

appropriate person or department.

- Maintaining the membership database, including lineal family members, and correcting billing and voting email addresses.
- Managing the corporate credit card program used by employees.

FINANCE

Jane Ovenden manages the budget and KICA's financial health. She prepares the monthly financial reports and performs association accounting functions. She is vice chair of the finance committee, which advises the COO and board in all areas of association finance.

Preparation of KICA's annual budget, which is approved at the November board meeting each year, is a months-long process. Department heads prepare their own budgets and Ovenden, who budgets for the administrative departments, checks for overages and omissions before the draft budget goes for review. (See the cover article for information about KICA's budget process.) The Finance department consists of an assistant director of Finance and two accountants who handle accounts receivable, accounts payable and payroll.

HUMAN RESOURCES

Director Sarah Bond views Human Resources (HR) as “customer service to employees,” and sees it as their role to help employees with “anything they need.” She joined KICA a little over a year ago, intent on upgrading the use of technology in HR functions. She lists the responsibilities of HR as:

- Recruiting and retention: ensuring pay and benefits are competitive in the current labor shortage.
- Employee benefits: selecting the carrier, designing the benefits package, and assisting employees.
- Review and evaluation of policies, procedures, job descriptions, and much more.
- Employee relations: orienting new employees to the association and the KICA brand, promoting an open-door policy, and handling employee disputes.
- Training and development: training for new hires, safety, compliance, etc.



In the past year, Bond has implemented some of the technological enhancements that she envisioned a year ago. An online portal has simplified the application process for job applicants. This software also tracks time and attendance, and provides a virtual platform for standardized training programs, such as orientation.

INFORMATION TECHNOLOGY

The IT department is responsible for the association's technology infrastructure. It's a big responsibility but they take it in stride. Dan Kokkos is manager of the IT division, which has one additional full-time and one part-time employee.

Most of the department's personnel time is spent helping employees, answering their questions or dealing with recalcitrant hardware and software. "A lot of their work is sophisticated, but they also get tasked with any problem that has a plug," division supervisor Jane Ovenden says. IT supports employee functions, applies patches, and educates employees about viruses. Data security is a major responsibility, and employee Jim Swan recently received an advanced security certification.

COMMUNICATIONS

KICA's communications department is in a period of transition. The near-simultaneous retirement of KICA's longest-serving employee, director Tammy McAdory, and departure of 11-year employee Doug Reynolds left Emily Jenkins as the only remaining staffer. She has been joined on a contract basis by Leah Burris.

Communications staff publish and write much of Digest (with the assistance of the Digest Production Committee), create weekly emails with news and upcoming events, and manage technological communications: the KICA app, social media, website,

and more. They also play a vital role in keeping the community informed during emergency situations.

EXECUTIVE OFFICE

The Executive Office is KICA's top management arm. COO Jimmy Bailey reports to the KICA Board of Directors, and all departments report to him in some capacity. His responsibilities are broad and complex, requiring an extensive knowledge of community planning, infrastructure, building management, emergency management, and finance; strong "people skills" and the ability to work smoothly with complementary organizations—the town, resort, developer, Architectural Review Board, and Kiawah Conservancy; and the political skills to represent Kiawah to area communities. Bailey had a hand in every aspect of the recent Sandcastle renovation from conception to celebration.

Executive office administrator Holly Newman also shoulders wide-ranging responsibilities. She handles administrative functions for the board and COO, prepares voting materials, and is the liaison for the board's Nominating Committee. Special projects take much of her time, and the past year she was immersed in The Sandcastle renovation as the KICA project manager. She is currently handling the long punch list. Newman has also recently taken over supervision of Kiawah's community outreach, Kiawah Cares. Together with Kiawah Cares staff liaison, Carla Howard, Newman plans to continue the organization's important efforts in the neighboring communities of Johns and Wadmalaw islands.

To reach any of these offices, please call Member Services at 843-768-9194 or email justask@kica.us to be directed to the responsible department.

FEATURED EVENTS

KICA Board Meeting Beachwalker Center Monday, Nov. 5 | 1 p.m.



All KICA members are invited to attend the bi-monthly board meetings. These meetings are held at Beachwalker Center (23 Beachwalker Drive) on Mondays (every other month) at 1 p.m. with member comments sessions held before and after the meeting.

Would you like to view meetings, but can't attend in person? View a livestream by visiting kica.us/livestream at the start of the meeting.

2018 General Election Tuesday, Nov. 6 | 7 a.m. - 7 p.m. Kiawah Island Municipal Center (4475 Betsy Kerrison Parkway)



Registered voters will cast their ballots on Nov. 6 in the general election. A photo ID is required to vote.

For more information about voting, visit the South Carolina Election Commission at www.scvotes.org.

Meet the Town Candidates Night Tuesday, Nov. 13 | 6 p.m.



Come out to The Sandcastle to meet the six candidates for Kiawah Island mayor and Town Council. The Kiawah Island Municipal Election will take place Tuesday, Dec. 4.

Local artists, crafters and creators will exhibit their wares at *The Sandcastle* this fall at the *Lowcountry Art and Artisan Showcase*. Don't miss this fun event!



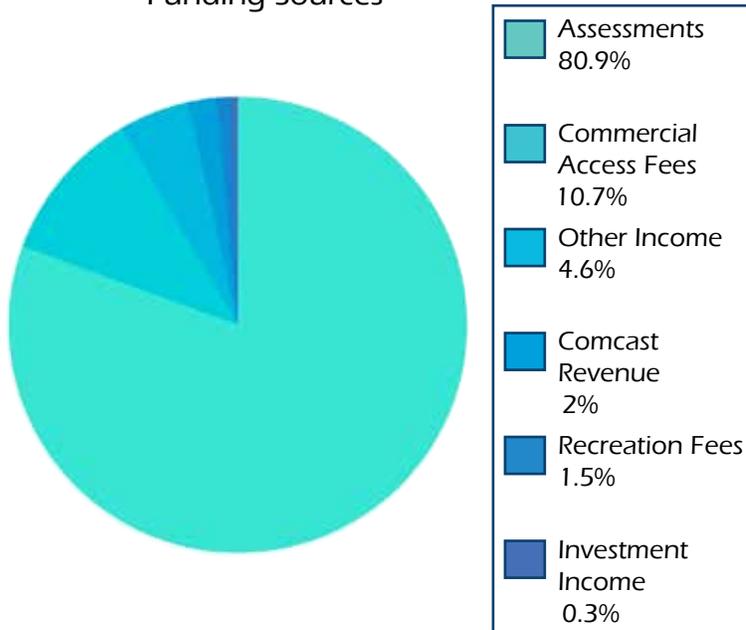
KICA OYSTER ROAST THURSDAY, NOV. 1 | 6-8:30 P.M.

The beloved KICA Oyster Roast is being held at the renovated Sandcastle. Yee Haw Junction, back by popular demand, will play bluegrass. Mosaic Catering will offer full menu and desserts in addition to fresh steamed local oysters. Full beer and wine bar included.

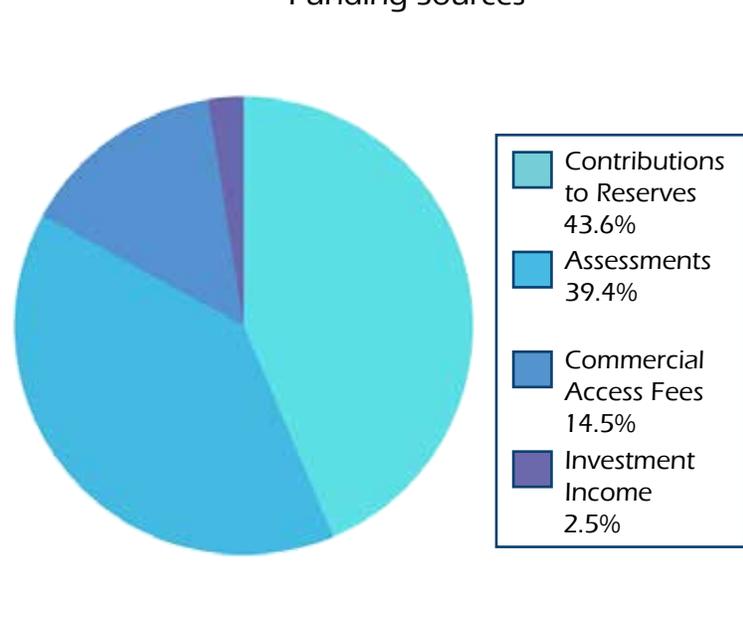


\$45 per member and \$55 for guests. Kids under 10 years old \$20. RSVP to sandcastle@kica.us to attend. RSVPs must be received by Oct. 22.

2018 Operating Budget
Funding Sources



2018 Reserve Budget
Funding Sources



Continued from page 1.

How These Two Budgets Are Funded:

The operating budget is funded from the annual assessment charged to homeowners, Kiawah Island Golf Resort and the developer. This fee provides a highly predictable level of income to cover predictable expenses and links current year operating expenses with current year fees.

Our reserve budget is funded through the Major Repairs and Replacements Reserve Fund. The reserve fund is built in three ways.

- The primary source of funding is a half percent transfer fee, called the Contribution to Reserves fee or CTR, on all real estate sales. This represents 40 – 45% of the sources per year.
- This is supplemented by a reserve assessment, which represents another 40% of the annual source of funds.
- In 2017, we added an allocation of commercial access fees for large or heavy vehicles that add significantly to the need for major repairs on roads and bridges. The allocation of access fees represents 15% of the sources of annual reserve funding.

The items covered in this reserve budget last for many years and it is common practice among homeowners associations to charge current owners a fee today that will be set aside to pay for repairs in the future. This reserve process ensures we have sufficient funds when needed for repairs of existing infrastructure and better allocates the costs of the repairs to those who benefit from the assets.

KICA employs the services of an outside Reserve Specialist, who works with us to project major expenses over a 40 year timeline. The model also includes revenue assumptions.

Budgeting Throughout the Year

While the budget process only takes place once a year, KICA’s director of finance provides monthly updates to ensure proper oversight on execution and spending trends. These financial reports are available for all property owners to view at kica.us/about/finances.

If you have questions about KICA’s budgeting or operations funding, email jstask@kica.us.



The Sandcastle Grand Opening Soiree

Members came out to celebrate with good music, good food and good neighbors. This is what community is all about.



Kiawah Island

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Kiawah Real Estate Trends: Third Quarter 2018



Property Type	Sales Price - Third Quarter 2018				Sales Price - Third Quarter 2017				Quarterly Change	
	#	High	Low	Average	#	High	Low	Average	#	Price
Homes										
\$1 million and below	6	995,000	700,000	883,250	11	935,000	525,000	546,377	-45%	62%
\$1 - 2.5 million	11	2,444,000	1,025,000	1,790,174	12	2,493,405	1,040,000	1,688,333	-8%	6%
\$2.5 million and above	6	3,875,000	2,900,000	3,326,319	4	17,150,000	3,000,000	5,987,500	50%	-44%
Lots										
\$1 million and below	10	1,000,000	90,000	395,000	10	895,000	200,000	507,000	0%	-22%
\$1 - 2 million	1	1,250,000	1,250,000	1,250,000	2	1,800,000	1,100,000	1,110,000	-50%	13%
\$2 million and above	2	5,300,000	2,250,000	3,775,000	2	2,850,000	2,800,000	2,030,962	0%	86%
Cottages/Villas										
1 bedroom	7	300,000	243,000	274,929	8	290,000	220,000	236,563	-13%	16%
2 bedroom	5	715,000	337,500	445,200	7	756,000	337,500	390,642	-29%	14%
3 bedroom and above	5	745,000	410,000	584,300	7	1,150,000	585,000	795,129	-29%	-27%

Note: This report is a summary of all sales transactions on Kiawah Island from all sources. This information was compiled by Kiawah Island Real Estate for the exclusive non-commercial use of Kiawah Island Digest. While it is believed to be accurate, a lag in reporting recent sales closings may occur due to the nature of obtaining this data from