



**Kiawah Regime Council - A KICA Committee**  
**May 8, 2015, 9:00 a.m.**  
**Sandcastle Community Center**  
**Notes**

**Jimmy Bailey, KICA COO**, welcomed members, property managers and guest speakers to the meeting.

Mr. Bailey reported that KICA's 2015 budget is in good shape with a favorable variance due to timing of major projects totaling \$3.2 million dollars for roads, drainage and walking/biking trail projects. The timing variance will level off by June as projects are completed.

On December 31, KICA reached an agreement with Comcast granting use of KICA's rights-of-way. The agreement requires that Comcast provide a dedicated liaison to work with KICA members on service issues and response times. Members should still use the 800 number for initial reports. If issues are not resolved in a reasonable time, contact Livability Department Supervisor Ed Monahan as the intermediary between KICA and Comcast. As part of the agreement Comcast will also provide new infrastructure for service where needed, and a representative must attend four board meetings per year to present a tracking report. In addition, over the life of the agreement KICA will receive an estimated \$3 million. This agreement does not require members to use Comcast. Members may use any provider that offers service on Kiawah.

KICA's shuttle service has recovered 100% of the capital costs in just over a year of service. The shuttle generates approximately six thousand dollars (\$6,000) income per month with current operating costs totaling thirteen hundred dollars (\$1,300) per month.

In reserves and reinvestment, KICA's 40-year old signage has been undergoing review, with a second round of prototypes to be reviewed by the ARB later in May. Boardwalks 29, 33 and 34 are closed for renovations are expected to reopen before Memorial Day. Hydrology surveys which help KICA formulate best practices for managing the drainage system have been completed, three 40-year old drainage pipes have been replaced on Sandwedge and Surfwatch, and a major two-year landscape project on Flyway has begun.

This session included two panels to discuss lessons learned in two areas: renovations and fire safety.

## **Renovations Lessons Learned**

Panelists Marilyn Olson and Sally Hall discussed "Renovations and The Lessons Learned" from their experiences with renovations to Turtle Point and Inlet Cove, respectively.

### **Marilyn Olson, Turtle Point:**

Plans were to complete one major capital improvement per year. Turtle Point started with siding, then landscaping, and window replacements are currently underway.

- Discuss plans with ARB to establish what steps are to be taken.
- Hire professional engineers to develop scope and specs specific to your project for clarification in the bidding process.
- Require proof of appropriate licenses to work on Kiawah, certificates of insurance (COI's) naming your regime as additional insured.
- Have contingency funds, expect the unexpected.
- Allow time for delays (weather, supplies etc.) Found that November through April/May best window of time.
- A representative for owners and the project manager met on site weekly.
- For exterior project (siding) inspect interior of every unit to establish condition. These types of projects may have interior impact such as cracks in walls and tiles and you must have prior knowledge of condition to limit the regimes' and/or contractors' liability. Pictures are recommended to establish condition.
- Window replacement can be challenging due to varying sizes and individual interior finishes. Establish in advance via signed agreements that individual owners are responsible to finish the interior openings back to their original condition.
- Include in the contract a retainer to be held until all inspections are completed and all parties have agreed the work is completed in accordance to the contract.
- Most importantly, never ever pay for work in advance.

### **Sally Hall, Inlet Cove:**

Important to collectively establish priorities if multiple projects are needed, then determine if special assessments are required to meet the goals of renovations. Inlet Cove evaluated the property and decided to improve entrance gates, pool area, landscaping and lighting. Their street lighting was upgraded using a lease program from Berkeley Electric which charges a small monthly fee that includes maintenance of the poles and lighting fixtures.

Inlet Cove learned lessons similar to Turtle Point, and:

- Expect delays and change orders.
- Pay special attention to any warranties, particularly with landscape materials.
- Reiterated that a representative for the owners needs to be on site weekly to meet with project manager for updates.

## **Fire Safety, Building Code and Insurance Lessons Learned**

Panelists were St Johns Fire District Chief Colleen Walz; Town of Kiawah Chief Building Official Bruce Spicher; and Paul Steadman of the Steadman Insurance Agency.

### **Chief Colleen Walz, St. Johns Fire District**

The greatest lesson is that prevention is the first line of defense. Kitchen fires are the number one cause of house fires. St Johns Fire District has an auto-aid agreement with all fire houses located on James Island, West Ashley, City of Charleston and North Charleston that will dispatch the closest fire house to any fire, rather than a particular department, reducing response times.

Chief Walz recommends:

- Monitored smoke detectors. With many homeowners not occupying their homes full-time this allows for fire department to be directly notified when activated.
- Circuit smoke detectors. This triggers all smoke detectors to activate in the event of a fire anywhere in the home.
- Residential sprinkler systems. New designs have paintable covers for design aesthetics. These caps drop off and sprinkler head engages when heat sensor is tripped. Sprinklers will limit damage to structures as the fire is contained and reduce losses from spreading throughout the home or onto other properties until fire departments can respond. The average cost of a sprinkler system in new construction is minimal ranging \$1.98 to \$7.00 per sq. ft.
- Check for fire walls in older multifamily structures. Firewalls help prevent the spread of fire to other units. If fire walls are present inspect for holes and/or damages.

### **Bruce Spicher, TOKI Building Inspector:**

The South Carolina building code council modified the language with respect to mandatory sprinkler systems. New homes will undergo a fire load calculation to ensure the structure does not exceed hydrant capabilities. The calculation considers all combustible building materials used in construction. If the home exceeds the hydrant capabilities the homeowner is then required to install a sprinkler system. However, Kiawah Island has proper water pressure to support the hydrants in most cases.

Things to consider:

- Residential sprinkler systems can freeze due to being flexible tubing. Recommend keeping unoccupied home at 60 degrees during winter months.
- Town of Kiawah Island is dedicated to educating all homeowners on residential sprinkler systems. Before a building permit is approved the contractor must provide to the customer a Residential Fire Sprinkler Fact Sheet and have the homeowner sign an affidavit they have read and choose to install or not install systems. This information can be found on the TOKI website <http://www.kiawahisland.org/>.
- Exterior renovations - any changes must be brought up to current code.

- Window replacements - recommend the following options
  - Impact Glass
  - Wood structural panels
  - Storm shutters

**Paul Steadman, Steadman Insurance Agency**

Mr. Steadman discussed the important lessons to be learned regarding having proper insurance coverage for mortgage loan.

- Replacement Cost Coverage: Similar to original materials but to code.
- Reproduction Cost: Rebuild as is/was (cost of bringing to code not included.)
- Building Ordinance and Law:
  - Covers replacement of undamaged portion to bring up to current code
  - Debris removal
  - Covers increased costs to bring structure up to current code
- Margin Clause:
  - Extends replacement cost increases in materials 15-25% on commercial properties (applies to condo associations)
- H06: Condo owners coverage for personal property, building additions and upgrades

**Loss Control:**

- Monitored smoke detectors and residential sprinkler systems will pay for themselves in life and safety.
- Preventing water damage losses
  - Inspect/replace all appliances hoses on regular basis.
  - Inspect water heater regularly (rarely last 25 years as indicated)
- Exterior landscaping materials  
 Avoid using pine straw in and around parking areas. Pine needles are extremely flammable and can ignite by exposure to hot engines and escalate should fluids from vehicles leak onto material with potential to create brush fires.

Also discussed were annual surcharge and rate changes to FEMA Flood Insurance effective April 1, 2015. To learn more visit [www.fema.gov](http://www.fema.gov)

- Primary residential:
 

Single-family and individual condominium units	\$25
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- Non-primary Residential
 

Single-family and individual condominium units	\$250
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- Rate increase primary residence for Zone AE 9%
- VE (reserve fund) 10%.

*Rate increases total 23% on average including surcharges.*

**Chris Drury, Kiawah Island Real Estate:**

KIRE reports 2015 to date is experiencing its best year on record since 2007, with closings reaching 50% of volume compared to 2014. January through April sales totaled \$48 million dollars. To review real estate presentation in its entirety visit <http://www.kiawahisland.com/blog/view/2015-first-quarter-kiawah-island-property-report/>.

Below is sample of individual sales.

- Double lot with home sold for \$20,000,000
- Inlet Cove (recently renovated common property) \$1.2 million dollars (Record sale, on market less than 2 months-credits renovations)
- Turtle Point (recently renovated common property) -Three bedroom \$869,000. On market less than 30 days; Drury credits interior/exterior renovations.

Q: Do you contribute the number of sales to more mortgage funds being available?

A: Yes, however borrower must demonstrate ability to repay. In 2014 approximately 50% of the sales were cash.

Q: How do agents overcome objections of potential buyers who do not want to view a renovated unit if exterior appears dated?

A: It is very difficult as first impressions are extremely important.

Q: Does the listing price impact the average number of days on the market?

A: While price is important, there have been six bidding wars in the last two weeks.

### **Marlisa Bannister**

Encouraged attendees to submit suggestions for topics they would like to see covered at future meeting. The next meeting will take place at 9:00 a.m. Friday, October 16 at the Sandcastle Community Center. Submit your suggestions for topics to [kiawahregimes@kica.us](mailto:kiawahregimes@kica.us).