



The Town of Hilton Head Island Regular Finance & Administrative Committee Meeting

**Tuesday, June 2, 2015
2:00 p.m. – Benjamin M. Racusin Council Chambers**

AGENDA

As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes**
 - a. Finance and Administrative Committee Meeting, 2:00pm May 19, 2015
- 4. Unfinished Business**
None
- 5. New Business**
 - a. Economic Analysis Tools Presentation by Dr. John Salazar
- 6. Executive Session**
 - a. Discussion regarding Town Manager Performance Evaluation
- 7. Adjournment**

Please note that a quorum of Town Council may result if four (4) or more of Town Council members attend this meeting.

**TOWN OF HILTON HEAD ISLAND
FINANCE AND ADMINISTRATIVE COMMITTEE MEETING**

Date: May 19, 2015 **Time:** 2:00 p.m.

Members Present: John McCann, *Chairman*; Bill Harkins, *Council Member*

Members Absent: Tom Lennox, *Council Member*

Staff Present: Steve Riley, *Town Manager*; Susan Simmons, *Director of Finance*; Tom Fultz, *Director of Administrative Services*; Brian Hulbert, *Staff Attorney*; Nancy Gasen, *Director of Human Resources*; Scott Liggett, *Director of Public Projects & Facilities*; Lori Schmidt, *Billing and Cash Receipting Manager*; Bruce Seeley, *Inspections, Collections and Audit Manager*; Erica Madhere, *Finance Administrator*

Others Present: Kim Likins, *Council Member*; Eleanor O’Key, *Lowcountry Inside Track*; Bill Miles, *Hilton Head Island-Bluffton Chamber of Commerce/VCB*; Members of the public

Media: None

1. Call to Order:

The meeting was called to order at 2:05 p.m.

2. FOIA Compliance:

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Minutes:

- a. Mr. Harkins moved to approve the Minutes from the Finance and Administrative Committee Meeting on May 12, 2015 at 10:30am. Mr. McCann seconded the motion, and the Committee voted unanimously in favor to approve the minutes.
- b. Mr. Harkins moved to approve the Minutes of the Finance and Administrative Committee Meeting on May 12, 2015 at 2:00pm and Mr. McCann seconded. The motion passed with a unanimous vote.

4. Unfinished Business:

a. Continue discussion of budget preparation format for Fiscal Year 2016-2017

Mr. Harkins gave a recap of the proposed budget process. The process would establish a base line budget based on the activity of the prior year, and examine both unavoidable and unnecessary expenses. Town Management would share new departmental expenses and Capital Projects on the horizon, and recommend what should be included or excluded. With the Finance and Administrative Committee’s input, expenses and projects would be categorized into “need to have” and “nice to have” groups. The proposed process is similar

to the Town's existing process, however, the F&A Committee would like to see the whole process and participate in the dialogue. The Committee views the proposed process as an educational experience, and believes the outcome would be an improved budget based on collaboration between Council and Staff. Mr. Harkins emphasized that the Committee has no interest in intruding or taking over the Town Manager's or Staff's responsibilities, as the Committee believes Management is doing a great job.

The Committee asked for the Town Manager's input and comments on the proposed process, and Mr. Riley concurred that much of this process does occur already, although some steps are behind the scenes. The reason for the existing process is that Town Code states a balanced budget must be presented to Council, and in order to arrive at a balanced budget, tough decisions have to be made. Mr. Riley agrees that in the future, Management can bring more of the behind the scenes decisions forward to show the Committee more background information. At the same time, he wonders when would be the appropriate point to share information during the proposed process. It may be ineffective if information is shared too soon, as revenue sources and budgetary wants and needs would not be known. The Committee Members stated they would like to give Staff better direction about priorities, and one idea is to start the proposed process in November or December at the Town Council retreat and concentrate on fewer projects at that time, then work through the process with a sharpened focus. Mr. Riley stated Staff will keep the proposed process in mind through this year's budget process, and will work on incorporating the proposed process next fall or early next year.

The Committee asked for public comment and Council Member Kim Likins noted that Town Council Members will have an obligation to be very focused with the topics, and the scope of each, when creating priorities and projects for the Town. She does not wish for Town Council to overstep its boundaries into operations as Town Staff is very qualified and knowledgeable.

5. New Business:

a. Discussion of the Town's Business Licensing process

Susan Simmons, Finance Director for the Town, introduced two of her Staff Members, Lori Schmidt, the Billing and Cash Receipting Manager, and Bruce Seeley, the Inspections, Collections and Audit Manager, as they have prepared a high level overview presentation of the Business License process. Ms. Schmidt started the presentation and explained the Revenue and Collections Division is one of three divisions within the Finance Department. Ms. Schmidt is the Manager of the "Revenue" side, which handles the reviewing, processing, issuing, renewing, and posting of Business License and related activities, EMS claims and payments, Accommodations Tax and Beach Preservation Permits and payments, Hospitality Tax payments, Special Event Licenses, issuance of Beach Passes, and miscellaneous payment posting and processes. Ms. Schmidt showed a snapshot of the number of transactions and total dollar amounts for each of these core functions for this fiscal year to date, as well as averages for the past three fiscal years. She continued with more details about Business Licenses and explained the number of licenses has been increasing since 2010, and noted the Town receives about 25% of total revenue from business licenses. Ms. Schmidt explained the licensing requirements, including registering with the State, the different classifications, and a synopsis of who is required to have a business license. She also gave an overview of many aspects of the application review and approval process, including the application itself and related documents. Ms. Schmidt

noted the Town works very closely with the SC Department of Revenue to ensure the Town receives its portion of the shared revenue. She also informed the Committee that Business License renewals are due by May 31 of each year, but Licenses are valid from January through December. The Town publishes and sends periodic reminders regarding Business License renewals, including notices in Spanish, however, 55% of Business License accounts wait until the end of the renewal period to renew or close their account, and many require additional follow up after the deadline. It was noted that most other municipalities have an earlier deadline, and there are several reasons for the Town to consider an earlier due date, as well, but this would require a change to Town Code.

The Committee thanked Ms. Schmidt for her informative presentation, and decided to postpone the Inspections, Collections and Audit portion of the presentation to a later meeting.

Mr. Harkins moved to add an item to the Agenda regarding encouraging the ATAX Committee to create a ranking system for ATAX Applicants. Mr. McCann seconded the motion, and the motion passed unanimously. Mr. McCann stated that he has sent an email to the Chairman of the ATAX Committee that read "The F&A Committee encourages the ATAX Committee to develop a prioritized ranking of factors to consider a point-scoring system to evaluate the applicant's performance. We also suggest that all recipients who receive \$100,000 or more be subject to this system. Would appreciate your comments and a draft procedure."

6. Adjournment:

Mr. Harkins made a motion to adjourn and Mr. McCann seconded. All members voted in favor and the meeting was adjourned at 3:19 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Erica Madhere, Secretary