



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

**Tuesday, June 30, 2015
2:00 p.m. – Conference Room 3**

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 June 23, 2015
- 4. Unfinished Business**
None
- 5. New Business**
 - a. Continued review of Request for Qualifications (RFQ) or Request for Proposals (RFP) for Public Communications Agreement
- 6. Executive Session**
 - a. Discussion of negotiations incident to proposed contractual arrangements with the HHI-Bluffton Chamber of Commerce and Visitor Convention Bureau
- 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: June 23, 2015 **Time:** 2:00 p.m.
Members Present: John McCann, *Chairman*; Bill Harkins, Tom Lennox, *Council Members*
Members Absent: None
Staff Present: Greg Deloach, *Assistant Town Manager*; Susan Simmons, *Director of Finance*;
Tom Fultz, *Director of Administrative Services*; Brian Hulbert, *Staff Attorney*;
Jill Foster, *Deputy Director of Community Development*; Victoria Shanahan,
Accounting Manager; Bruce Seeley, *Inspections, Collections, and Audit*
Manager; Erica Madhere, *Finance Administrator*
Others Present: Members of the public
Media: None

1. Call to Order:

The meeting was called to order at 2:00 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 June 16, 2015 at 2:00pm. Mr. Lennox seconded, and the motion passed with a vote of 3-0.
- b. Mr. Lennox moved to approve the Minutes from the Finance and Administrative Committee Meeting on June 18, 2015 at 2:00pm. Mr. Harkins seconded, and the motion passed with a vote of 3-0.

4. Unfinished Business:

None

5. New Business:

a. Selection of ATAC Liaison

Mr. Lennox made a motion to nominate Mr. McCann as the Liaison to the Accommodations Tax Advisory Committee. Mr. Harkins seconded and the motion passed with a unanimous vote.

b. 2:30 p.m.: Telephone interview with prospective Facilitator for annual Town Council strategic planning workshop

The Committee conducted a telephone interview with Patrick Ibarra, co-founder and partner

of the Mejorando Group. Mr. Ibarra introduced himself and explained he is a former City Manager and also has experience as a consultant and manager in private sector organizations. He has worked with jurisdictions of all sizes, and his company's motto is "getting better all the time", as the Spanish word "Mejorando" conveys.

Mr. McCann asked Mr. Ibarra how he would learn about the Town's past to prepare for a successful retreat. Mr. Ibarra explained he would read documents to familiarize himself with the past, and would speak to each Council member and the Town Manager before convening at the retreat. He believes it's very important to talk to each individual to learn about expectations and passions, which would help him in facilitating. The Committee asked what Mr. Ibarra believes the biggest challenge is for a Town like ours, and he responded that it is to make sure revenue sources are diversified and recession-proof. Running a municipality is the same as running a business; it is important to stretch the organization and examine trends that are working in other jurisdictions. Mr. Ibarra and the Committee discussed the value of an off-site location, as it is helpful to have a comfortable setting that is conducive to big thinking. They also discussed the role of the Town Manager in the retreat, and Mr. Ibarra has experience customizing around different styles, but believes it is typically best for the Town Manager to participate, but not to the level of a Council member. The Town Manager should offer viewpoints on key issues, create boundaries, and answer questions about operational aspects and partners in the community.

The Committee explained its interest in reformatting the annual retreat by possibly reducing the number of days from 2 ½ to 1 ½ with an abbreviated meeting agenda of 5 or 6 key items for Town growth, and asked for Mr. Ibarra's opinion if this structure could be successful. Mr. Ibarra explained he measures success not by the length of the list of topics being discussed, but by reaffirming and fine-tuning the goals and major action steps. Coming away with 5 or 6 key goals with meat on the bones would be a great outcome. He stated again the importance of speaking with each individual prior to the retreat, then to set an agenda prior to the retreat, to lead the retreat with an essence of an overall vision.

Mr. Ibarra assured the Committee he would be a great choice for the next facilitator. He works with many clients year after year, and is able to help his clients achieve a shared understanding of priorities between the Council and Town Manager. He would bring value with his experience as a City Manager, as a writer, and as a speaker. Finally, he pointed out his entire client base consists of local governments throughout the nation and he would be able to share this perspective with the Town of Hilton Head Island.

The Committee thanked Mr. Ibarra for speaking with them and closed the telephone interview.

c. Wrap-up discussion of prospective Facilitators

The Committee discussed the three prospective facilitators in depth, and expressed how impressive each one was, and also the differences of each. Mr. Lennox stated that Mr. Ibarra spoke of key issues for the Town, such as the importance of the health of revenue streams and economic development, and even with limited knowledge of the Town, seemed to understand its challenges. Mr. Lennox was also impressed with Ms. Altman's interview and approach, but was surprised that she typically does not work with clients year after year. Mr. Sumek brings value with the history he has with the Town and the region, and Mr. Lennox thought if he was given a new direction, he may be able to adapt. Mr. Harkins fully agreed with Mr. Lennox, and stated he believes he would have the most confidence in Mr. Ibarra due to the way he would approach the Town as a business in the early stages of

economic development. He felt there was more synchronization of thought between Mr. Ibarra and the Town. Mr. McCann also agreed, and thought a fresh start with Mr. Ibarra would be beneficial to the Town. On the other hand, the Committee members also stated they felt an emotional connection with Mr. Sumek, and they felt an obligation to give Mr. Sumek better direction. The Committee decided Ms. Altman would be the third choice, and deliberated more between Mr. Sumek and Mr. Ibarra. The Committee members each took turns stating his first choice, and each ultimately chose to request a proposal from Mr. Ibarra. Greg Deloach, Assistant Town Manager for the Town, stated he will ask Mr. Ibarra for the proposal including cost and more details of his approach to the annual retreat. Mr. Deloach will forward the proposal to the Committee for review, which will aim to bring a recommendation to Town Council in July.

d. Wrap-up discussion of Town's Business Licensing process

Bruce Seeley, Inspections, Collections, and Audit (ICA) Manager for the Town, continued the presentation from the May 19, 2015 F & A Committee meeting and explained the ICA division of the Finance Department. The purpose of the ICA group is to find those who are operating outside of the Town Business License and Tax ordinances and bring them into compliance. They are the enforcement and collections side of Revenue and Collections, and work with many other departments in order to identify and investigate delinquent businesses. The ICA division also watches newspapers, ads, tourist publications, websites, island traffic, etc. to search for businesses operating on the island without Business Licenses. Mr. Seeley told the Committee about a very significant project being conducted within the ICA division, which is researching the rental homes listed on VRBO and other online vacation rental companies to ensure compliance. The project was started three years ago, and is still on-going. To date, approximately 500 new accounts have been generated from the original list, which resulted in the collection of over \$1.1 million.

The Revenue Collectors also follow up on known accounts that failed to renew their business license, or pay their Accommodations Tax/Beach Preservation Fees, or Hospitality Tax. In fact, the Revenue Collectors collected \$883,000 of delinquent and unpaid balances due to the Town in FY 2014. Mr. Seeley noted, as of the business license renewal deadline this year, there were 1050 accounts that had not renewed, and the two Revenue Collectors are busy contacting each account in efforts to collect and/or close the business. The Committee and Town Staff discussed possibilities for moving the deadline earlier in the year, as it seems beneficial for many reasons.

Mr. Seeley continued the presentation and explained the ICA Division also responds to complaints, conducts field visits, administers citations in the event of violated ordinances, and brings these cases to Court to present their own side of each case. When a business is found to be operating without a business license, the ICA group will audit the business for the current year and two prior years to determine the applicable fees and cumulative penalties.

In addition, the ICA Division is responsible for EMS ambulance billing and collections from private pay patients. The EMS Billing Office sends bills, letters to patients and insurance companies, invoices, and collections letters. The Office also verifies the status of accounts proposed to be sent to MASC for Setoff Debt processing, as well as enters insurance information, works with insurance companies, follows up on payment status, establishes payment plans, and related duties.

The Committee thanked Mr. Seeley for a very informative presentation.

e. Wrap-up discussion of bond expenses and debt cap philosophy

As a follow up to the main discussion of bond expenses and debt cap philosophy from June 9, 2015, the Committee asked Susan Simmons, Finance Director for the Town, questions regarding the structure of payments, how much influence the Town has in the bond structure, and the possibility of creating a dashboard to show the affects new projects could have on the various debt limits. Ms. Simmons gave the Committee a revision to the original packet of information. The Committee thanked Ms. Simmons for the information.

6. Adjournment:

Mr. Harkins made a motion to adjourn and Mr. McCann seconded. All members voted in favor and the meeting was adjourned at 3:25 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Erica Madhere, Secretary