



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

**Tuesday, January 17, 2017
2:00 PM – 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, September 20, 2016
 - b. Finance and Administrative Committee Meeting, October 18, 2016
 - c. Finance and Administrative Committee Meeting, October 25, 2016
- 4. Unfinished Business**
None
- 5. New Business**
 - a. Economic Development-*Presentation by Carlton Dallas*
- 6. 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: September 20, 2016 **Time:** 2:00 p.m.

Members Present: John McCann, *Chairman*; Bill Harkins and Tom Lennox, *Council Members*

Members Absent: None

Staff Present: Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Susan Simmons, *Director of Finance*; John Troyer, *Deputy Director of Finance*; Charles Cousins, *Director of Community Development*; Derrick Coaxum, *Assistant Facilities Manager*; Brian Hulbert, *Staff Attorney*; and Cindaia Ervin, *Finance Assistant*

Others Present: David Ames and Kim Likins *Council Members*; Stew Brown and Mike Alsko, *ATAC Committee Members*; Eleanor O'Key, *Lowcountry Inside Track*; Charles Brown, *Marriott*; Ray Deal, *Hilton Head Island-Bluffton Chamber of Commerce* and other members of the community.

Media: None

1. Call to Order:

The meeting was called to order at 2:02 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:

Mr. Harkins moved to approve the minutes from the Finance and Administrative Committee Meeting on September 13th at 10:00 a.m. Mr. Lennox seconded, and the motion passed with a vote of 3-0.

4. Unfinished Business:

None

5. New Business:

a. General Discussion Regarding the 2017 Accommodations Tax Application-“Tourist v. Visitor.

Susan Simmons, Director of Finance, explained to the Committee Members the difference between a tourist and visitor based on the Tourism Expenditure Review Committees (TERC) guidelines. Ms. Simmons stated that any person traveling over 50 miles is considered a tourist. This guideline is based on TERC's guidance however, they cannot enforce it. She stated that based on the questions received at a previous Accommodations Tax Advisory Committee (ATAC) meeting, the Committee Members decided that the 2017 application should be amended to ask specifically how many patrons are visitors (outside Town limits) and how many would be considered tourists (beyond 50 miles). Based on the Annual Report submitted to TERC each year, Ms. Simmons stated that there have not been many questions regarding the awarding since 2012 (when the Town began reimbursing and reporting based on the tourism percentage (using the visitor information) and by category). The Arts & Cultural activities provided for visitors are important to the Town whether they are major tourist drivers or enhancers to our area. She also

shared with the Committee that each application is toughly screened by staff and also the ATAC Committee members prior to awarding to ensure that each applicant is qualified for the reimbursement. During this process if staff or members of the Committee finds an application in question; they often seek guidance from TERC to prevent questions later. Ms. Simmons informed the Committee that if TERC finds that the Town has not properly spent Accommodations Tax funding, it has the authority to withhold future funding. Stewart Brown and Mike Alsko, Chairman and Vice-Chair of the ATAC Committee shared their thoughts with the Committee regarding revising the application to be more specific and to not only capture the total number of tourists served but also the total number of visitors served. Both felt that this change would help in the awarding process to be able to show the variance of the visitors and tourists. Tom Lennox, Committee Member agreed with the ATAC Committee members and felt that the definition of visitor is very broad and appreciated the changes made to better clarify for not only the applicants but also for the annual reporting to TERC. Mr. McCann thanked all in attendance for their time and efforts on the subject.

b. Proposed 2017 Finance & Administrative Committee Meeting Dates.

Mr. Harkins moved to approve the 2017 Finance and Administrative Committee Meeting dates. Mr. Lennox seconded, and the motion passed with a vote of 3-0.

Mr. McCann made a motion to amend the agenda to add “General Discussion of Proposed Ordinances 2016-27, 2016-28, 2016-29 and 2016-30” to the agenda. Mr. Harkins moved to approve the amended agenda. Mr. Lennox seconded, and the motion passed with a vote of 3-0.

Susan Simmons, Director of Finance, conducted an overview of each proposed budget ordinance that would be discussed at the Town Council meeting later that afternoon:

First Reading of Proposed Ordinance 2016- 27: This proposed ordinance would amend Fiscal Year 2016 budgets to account for changes needed late in this fiscal year.

First Reading of Proposed Ordinance 2016- 28: First Reading of Proposed Ordinance 2016-28 to amend the budget for the Fiscal Year ending June 30, 2017; to provide for roll forward of prior year encumbrances and related revenues.

First Reading of Proposed Ordinance 2016-29: This proposed ordinance to amend the budget for the Fiscal Year ending June 30, 2017; provides for budget roll-forwards of expenditures for projects not started or finished in the prior year which are still planned for fiscal year 2017.

First Reading of Proposed Ordinance 2016-30: This proposed ordinance amends the budget for the Fiscal Year ending June 30, 2017 to provide for the expenditures and revenues for projects which already need changes in the new year.

Mr. McCann thanked Ms. Simmons for her time and efforts in discussing the proposed budget ordinances.

6. Adjournment:

Mr. Harkins made a motion to adjourn and Mr. Lennox seconded. The motion passed with a vote of 3-0. The meeting was adjourned at 3:23 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Cindaia Ervin, Secretary

TOWN OF HILTON HEAD ISLAND
FINANCE AND ADMINISTRATIVE COMMITTEE MEETING

Date: October 18, 2016 **Time:** 1:00 p.m.
Members Present: John McCann, *Chairman*; Bill Harkins and Tom Lennox, *Council Members*
Members Absent: None
Staff Present: Steve Riley, *Town Manager* and Cindaia Ervin, *Finance Assistant*
Others Present: David Bennett, *Mayor*, David Ames, *Council Member*; Curtis Kasefang, *Theater Consultants Collaborative, Inc.*; Richard Spear and Jeffery Reeves, *Arts Center of Coastal Carolina*; Eleanor O'Key, *Lowcountry Inside Track*; and other members of the community.
Media: None

1. Call to Order:

The meeting was called to order at 1:00 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:

None

4. Unfinished Business:

None

5. New Business:

a. General Discussion Regarding the Arts Center of Coastal Carolina.

John McCann, Chairman, opened the meeting and introduced everyone to Curtis Kasefang. Mr. Kasefang joined the Committee via phone to discuss his findings of the Arts Center of Coastal Carolina (ACC) performance lighting system. His overall findings were that the performance lighting system has exceeded its useful life. Mr. Kasefang stated that the architectural lighting systems have failed and the performance lighting is on the decline. He also stated due to the staff's resourcefulness they have been able to preserve the performance lighting system with the use of temporary equipment. Mr. Kasefang stated that with new technology now available, if a replacement of the full performance lighting system was made it would reduce the current electrical load and heat load, ultimately reducing the overall expenses to operate the system. Bill Harkins, Committee Member, raised the question what the potential impact would be if no repairs were done. Mr. Kasefang stated that if there was no replacement, the system would still continue to fail and it could be difficult to find replacement parts as needed as the system is over 20 years old. Tom Lennox, Committee Member, asked what the anticipated pay back would be with the full system replacement. Mr. Kasefang indicated that the chiller system would use less heat than previously, there would be a longer life span on the led bulbs, and the overall local utility expenses would be reduced. David Ames, Council Member, asked if given, the current lighting situation, this was a total failure or if this was a sequential failure of parts. Mr. Kasefang indicated

that it is a sequential failure of parts, however, it is to the point that when one part of the system fails it puts a strain on the remaining working parts and would impact their production as well. Mr. Harkins asked Mr. Kasefang what his recommendation would be if he were the owner of the Arts Center. Mr. Kasefang stated that if he owned the lighting system and console, he would do the replacement with the notion that if he needed to vacate the current location he would be able to take the bulk of the cost with him thus reducing the cost over time prior to vacating. Mr. McCann thanked Mr. Kasefang for his time and efforts in discussing the Arts Center of Coastal Carolina performance lighting system.

Following the conference call with Mr. Kasefang the Committee Members took a tour to view the current conditions of the ACC performance lighting.

6. Adjournment:

Mr. Harkins made a motion to adjourn and Mr. Lennox seconded. The motion passed with a vote of 3-0. The meeting was adjourned at 2:25 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Cindaia Ervin, Secretary

TOWN OF HILTON HEAD ISLAND
FINANCE AND ADMINISTRATIVE COMMITTEE MEETING

Date: October 25, 2016 **Time:** 3:00 p.m.
Members Present: John McCann, *Chairman*; Bill Harkins and Tom Lennox, *Council Members*
Members Absent: None
Staff Present: Steve Riley, *Town Manager* and Cindaia Ervin, *Finance Assistant*
Others Present: Kim Likins, Mark Grant and David Ames, *Council Members*; Curtis Kasefang, *Theater Consultants Collaborative, Inc.*; Kathy Bateson and Jeffery Reeves, *Arts Center of Coastal Carolina*; Eleanor O'Key, *Lowcountry Inside Track*; Mary Briggs, *Hilton Head Symphony Orchestra*; Jane Joseph, George Williams, and other members of the community.
Media: None

1. Call to Order:

The meeting was called to order at 3:00 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:

None

4. Unfinished Business:

a. General Discussion Regarding the Arts Center of Coastal Carolina.

John McCann, Chairman, explained to everyone that given the time he would like to keep the discussion short to allow the public the opportunity to comment on the topic. Tom Lennox, Committee Member, stated that this an open discussion regarding what, in the Committees viewpoint, is a real threat to a significant community asset. Pervious discussions have covered financial and non-financial issues, and the Committee recognizes, understands and values the Arts Centers economic impact to our community over the past 20 years. Mr. Lennox stated that the topic is on the November 1st Town Council meeting agenda, and the question Town Council will face is, under what conditions is it appropriate for the Town to reimburse the Arts Center for such a significant cost to replace the performance lighting system. Mr. McCann introduced everyone to Curtis Kasefang with Theater Consultants Collaborative Inc, via conference call and Mr. Kasefang gave a brief over view of his findings from the previous meeting. Kim Likins, Council Member, asked how typical a catastrophic failure event would be in this case, and Mr. Kasefang stated that it would be one component at a time, however, it could also lead to other components failing, which could ultimately lead to a single point of catastrophic failure.

Mr. McCann allowed questions from the community and Jane Joseph, Member of Public, asked if a new system was installed and five years from now it was moved would it become obsolete in any way. Mr. Kasefang stated that technology depends on how the system is managed and the majority of the system could be moved with relatively low cost of new products that would be needed for the move. George Williams, Member of Public, stated to the Committee that he

had concerns regarding funding the project as the Venue Committee study has not yet been completed, and also, given the recent damage from Hurricane Matthew additional funds may not be available.

Bill Harkins, Committee Member, stated that he thought a recommendation should be given from the Finance and Administrative Committee to Town Council at its next meeting. David Ames, Council Member, indicated to the Committee that the community would not be in favor to spend such a large amount of money at this time given the recent hurricane, and that also the Venue Committee study is not yet complete. He stated that he would be in favor of replacing the dimmer racks without committing to such a large amount of money at a critical time, and he would prefer to wait for the completion of the Venue Committee study. Mrs. Likins also agreed with Mr. Ames and thought that given the hurricane damage current needs of the community were more important at this time. Tom Lennox, Committee Member, thought that it should move forward, however, this is not the right time as the demands on staff and financial resources are not yet fully known given the most recent hurricane. Mr. McCann agreed and recommended that it be postponed to the first Town Council meeting in December. Mr. McCann thanked Mr. Kasefang for his time and efforts in answering everyone's questions regarding the ACC performance lighting system.

5. **New Business:**

None

6. **Adjournment:**

Mr. Harkins made a motion to adjourn and Mr. Lennox seconded. The motion passed with a vote of 3-0. The meeting was adjourned at 3:45 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Cindaia Ervin, Secretary