

**THE TOWN OF HILTON HEAD ISLAND**  
**TOWN COUNCIL BUDGET WORKSHOP**

**Date:** Tuesday, May 24, 2011

**Time:** 4:00 P.M.

**Present from Town Council:** Drew A. Laughlin, *Mayor*; Ken Heitzke, *Mayor Pro-Tem*; Bill Ferguson, George Williams, Bill Harkins, Kim Likins, Lee Edwards, *Council Members*.

**Present from Town Staff:** Stephen G. Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Charles Cousins, *Director of Community Development*; Scott Liggett, *Director of Public Projects and Facilities*; Lavarn Lucas, *Fire Chief*; Nancy Gasen, *Director of Human Resources*; Susan Simmons, *Director of Finance*; Steven Markiw, *Deputy Director of Finance*; Brian Hulbert, *Staff Attorney*; Paul Rasch, *Emergency Management Coordinator*; Rene Phillips, *Website/Court Systems Administrator*; Vicki Pfannenschmidt, *Executive Assistant*

**Present from Media:** Tom Barton, *Island Packet*

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**1) CALL TO ORDER**

Mayor Laughlin called the meeting to order at 4:00 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) Review Of General Operating Budget**

Steve Riley reviewed and explained adjustments to the proposed budget due to changes in certain areas. He said that while there is a projection of what the State will allow in a millage increase for population and cost of living, the Town has not received the actual figures yet and are still waiting for them from the State. He asked if Council members had any questions.

Mr. Harkins stated he thought it was a good budget and it reflected good thinking. Mr. Harkins spoke concerning town staffing. He stated comparative data would be of assistance in defending the position of staff salaries and benefits.

Mr. Williams stated he felt the Town Manager has worked to reduce staff costs as needed noting in 2009 there were 262 employees and in 2011 there are now 252 employees. He pointed out that all affiliated agencies were asked to hold the line on their budgets and the Town's proposed budget shows an increase in spending for next year. He suggested the Town should keep the budget in line with last year's estimated actual. Mr. Williams then suggested any millage increase be set aside for additional citizen services such as the Senior Citizen Center, the Sailing and Rowing Club and the expansions for the Island Recreation Center.

Mr. Harkins asked questions concerning the proposed millage increase. Mr. Riley answered his questions and explained this is a one time opportunity based on the change in the census numbers. He stated if Town Council chooses not to take the increase at this time, it will not be available in the future. Mr. Edwards asked if Council chose to take the increase now, could they reduce the millage in the future. Mr. Riley responded that Council can reduce the millage any time, but cannot increase it except as provided by State Law.

Mayor Laughlin stated if the directive is to maintain spending at last year's levels and to set aside any increase in property tax he felt in that order to accomplish those things, reductions would need to be taken in other areas. Mr. Riley said he could go back and look at items and show Council the estimated actual and the additional items that are over and above such as additional recycling costs and advertising costs. He said by splitting these costs out of the budget it would show that the increase is not due to staff costs but additional costs in other areas.

Kim Likins asked about the 1% merit increase and asked if it was an across the board increase. Steve Riley explained the process in awarding merit increases. Mr. Harkins said if Town Council is going to consider a tax increase then the 1% merit increase might be considered the cause and may create a volume of complaints. Mr. Ferguson said he feels the 1% merit increase makes up for the 1% cut from the budget last year.

Mr. Edwards said he is not opposed to an increase if people deserve it but he is opposed to an across the board increase. He said he would also like a comparative analysis with other municipalities including salaries and total number of staff. Mr. Riley said there was a comparative study on salaries and benefits done approximately four years ago and he would have it distributed to Town Council for review. He explained how the comparative studies concerning staffing are difficult to conduct due to the many differences in all municipalities. Mr. Edwards stated he feels Town Council needs to be as judicious as possible in dealing with tax payers money. Mr. Ferguson said the cost of living on Hilton Head Island is much more than the surrounding communities. He said he feels staff deserves an across the board increase to keep up with the cost of living. Mayor Laughlin referred to the compensation study done in late 2006. Nancy Gasen approached the dais and explained the past study noting there were salary increases in certain positions but the salary ranges were adjusted across the board. She said on the national level, the salary ranges for the most part are in sync with the public sector and are behind in comparison to the private sector.

Mr. Harkins said he really wants comparative data. He stated comparative data creates an environment where there is knowledge based decision making. Mr. Harkins said fortunately, Council is guided by a very competent administration which increases his comfort level. He suggested starting at a macro level and honing in to the level necessary. Mrs. Likins stated she strongly agreed with Mr. Edwards and Mr. Harkins and Town Council needs something concrete to substantiate salaries.

Susan Simmons pointed out that the estimated actuals were completed in January

and Finance could go back and revisit those figures and see if adjustments can be made. She added that in the past they used the figures from January, but maybe in the future they can earmark them to be updated in early April.

Mayor Laughlin stated times demand additional scrutiny. He said people need to know they are delivering good value for what they are asked to pay and what the Town is spending. He noted there have not been significant increases since the salary comparison study done in late 2006. He said a lot of projects going on at this time are creating huge drains on staff time in some departments and staff members are taking on extra work loads.

Mr. Williams asked if there is anything in the budget for Economic Development. Mr. Riley said he is holding open positions that are vacant and carrying the dollars forward for a future proposal.

After further discussion, it was decided staff would go back and generate the documents discussed and have them prepared for the next budget workshop scheduled for June 9.

**4) Adjournment**

Mr. Heitzke moved to adjourn. Mr. Williams seconded. The meeting was adjourned at 5:12 p.m.

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Vicki Pfannenschmidt, Secretary

Approved: June 21, 2011

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Drew A. Laughlin, Mayor