

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

**Date:** March 17, 2015 **Time:** 1:30 p.m.

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

**Members Absent:** None

**Staff Present:** Susan Simmons, *Director of Finance*; Scott Liggett, *Director of Public Projects and Facilities*; Charles Cousins, *Director of Community Development*; Tom Fultz, *Director of Administrative Services* Brian Hulbert, *Staff Attorney*; Jill Foster, *Deputy Director of Community Development*; Julian Walls, *Facilities Manager*; Victoria Shanahan, *Accounting Manager*; Rene Phillips, *Website Administrator*; Erica Madhere, *Finance Assistant*

**Others Present:** Frank Soule, Leah Arnold, Kyle Theodore, representatives from the *Island Recreation Association*; Ralph Wagner and Mike Wager, *Shore Beach Services*; Rex Garniewicz, *The Coastal Discovery Museum*; Ray Deal, *Hilton Head Island-Bluffton Chamber of Commerce / VCB*; and Members of the public

**Media:** Zach Murdock, *Island Packet*

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**1. Call to Order:**

The meeting was called to order at 1:30 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. Lennox moved to approve the Minutes from the Finance and Administrative Committee Meeting of February 17, 2015. Mr. Harkins seconded the motion, and requested a correction be made in the second sentence of the last paragraph of section b. as it should read “The Committee will also look at other “major” vendor contracts to understand how they are approved, renewed, etc.” The Committee voted unanimously in favor to approve the corrected minutes.
- b. Mr. Harkins moved to approve the Minutes of the March 3, 2015 Finance and Administrative Committee Meeting and Mr. Lennox seconded. The motion passed with a vote of 3-0.

**4. Unfinished Business:**

None

**5. New Business:**

**a. Review of Affiliated Agencies: Island Recreation Association, Shore Beach Services, and The Coastal Discovery Museum**

Frank Soule, Executive Director of the Island Recreation Association, and Susan Simmons, Finance Director for the Town, explained that the relationship between the Town of Hilton Head Island and the Island Recreation Association is based on a Memorandum of Understanding, which states the Island Recreation Association will manage and operate a number of Town-owned parks and specifies the general guidelines for such. The Memorandum of Understanding also mandates that the Town will provide Accounting services for the Island Recreation Association to include check writing, payroll, audit and income tax preparation services. The Memorandum of Understanding is renewed every five years. Mr. Soule gave an overview of the Island Recreation Association's funding sources and overall budget, as well as the FY16 funding request from the Town. Mr. Soule also briefly detailed the different responsibilities of the Town, County and the Island Recreation Association, and also discussed some of the planned capital improvement projects and the approval process for the projects and budgets. He feels as though the Island Recreation Association and the Town have a very good working relationship.

The Committee asked Mr. Soule to submit a comparison between the County and the Town in regards to relationship and support of their respective park management and operations. The Committee also asked questions about the FY16 funding request and made suggestions for ways to clarify the presentation of the funding request in the future. The Committee would also like to see more information on salaries, benefits and the management structure of the organization, as well as a value analysis of the programs and their effect on the participants. Mr. Soule and Town Staff answered questions about the budgets for maintenance of the recreational facilities, as the County, Town and the Island Recreation Association each have different maintenance roles and budgets. The Committee would like to see a clearer picture of the total cost of recreation on Hilton Head Island, and Town Staff will work to identify the roles the Town has and the funding that it contributes to the varied facets of recreation.

Ralph Wagner, President of Shore Beach Service, along with Ms. Simmons, explained that the relationship between his organization and the Town began in 1985 when Shore Beach Services was granted a franchise to conduct certain commercial activities on the beach. Through the years the franchise has been amended and renewed several times, and the current Franchise Agreement and Service Agreement in place specifically details Shore Beach Service's commercial activities, limitations, and duties, from lifeguards, beach patrol and safety to recycling and maintaining dog litterbag stations. Shore Beach Services covers 13.5 miles of beach and operates from Fish Haul Creek to Braddock Cove, while coordinating closely with Facilities Management, Fire and Rescue, and Code Enforcement of the Town. Mr. Wagner explained the budget request from the Town covers only the items required under the Service Agreement, which equates to about three manned beach patrol vehicles, or 10% of Shore Beach Service's total manpower. He pointed out many other costs, including the costs of lifeguards, are covered by revenue generated from rental activities.

The Committee asked Mr. Wagner to separate the cost of management's salary and benefits from the wages of the patrollers in the future, and would like more information on hourly manpower shown in monthly averages, as well as a breakdown of the costs of beach safety vs. beach cleanliness. Mr. Wagner and Town Staff also explained the franchise agreement term is 5 years, and has recently been extended to Oct. 31, 2015. Julian Walls, Facilities

Manager for the Town, stated he has worked with Mr. Wagner and Shore Beach Services for many years, and is very happy with the level of service they provide and also the amount of detail submitted to the Town with their invoices.

Rex Garniewicz, President and CEO of the Coastal Discovery Museum, and Ms. Simmons explained the three components of the relationship between the Coastal Discovery Museum and the Town. First, the Town of Hilton Head Island purchased the Honey Horn property, and entered into a 45 year lease agreement with the Coastal Discovery Museum. At the end of the lease term, the property, buildings, and all of the improvements will be turned back over to the Town. The budget request associated with this component is for capital improvement and maintenance projects, and Mr. Garniewicz noted that as the Museum gets more successful in raising funding on its own, the Museum has been able to reduce the amount it requests from the Town. The second component is based on a Memorandum of Understanding, which states the Town will pay the Coastal Discovery Museum a fee to manage the property. The Memorandum of Understanding also mandates that the Town will provide Accounting services for the Coastal Discovery Museum to include check writing, payroll, audit and income tax preparation services. The Memorandum of Understanding is renewed every ten years and is currently in effect until 2017. The third component is the Sea Turtle Protection Project, which was started in 1981, to monitor and relocate Sea Turtle nests in order to protect the species, and also improves the ability of Hilton Head Island to re-nourish its beaches.

The Committee asked questions about the future cost of property management and maintenance, and Mr. Garniewicz explained the Museum has projected the next five years and does not expect major unforeseen expenses to occur. The Committee asked about road maintenance and Town Staff explained that portion is in the Town's budget and includes items such as landscaping, road improvements and repairs. Going forward, the Committee would like to see all aspects of the budgets and funding come together so they can see a clearer picture of the true cost and value of this asset. The Committee would also like to see a value analysis of the different programs that are offered, and the effect on the participants. Mr. Garniewicz stated his belief that the Museum and Town have a good private-public partnership.

In preparation for upcoming meetings, the Committee asked for a bit of history and clarification of the University of South Carolina Beaufort as an Affiliated Agency, what it receives money for and where the money comes from. This led to questions from the Committee, and answers from Ms. Simmons, about the breakdown of both State and Local Accommodation Taxes, and an explanation of some of the Town's different fund balances.

**b. Finalize discussion on ATAX Grant processing**

Mr. Harkins made a motion to postpone finalizing the discussion on ATAX Grant processing and to schedule a special meeting on March 24, 2015 at 4:00 P.M. for the sole purpose of finalizing the discussion on ATAX Grant processing. Mr. Lennox seconded, and the motion to postpone was approved with a vote of 3-0.

Mr. Harkins made a motion to amend the agenda of the March 17, 2015 Finance & Administrative Committee meeting to include a new item for the discussion of a bill related to reducing business license fees. Mr. Lennox seconded the motion and it passed with a vote of 3-0. Mr. Harkins explained there is a movement that is supported by at least one individual in the State legislature that would challenge the basis or existence of the

Business License tax, and if passed, would reduce Town funding generated by Business License fees by over \$8 million per year. This would severely challenge the services or the scope of services provided by the Town, and could likely result in an increase in property taxes to compensate for the loss of revenue. Mr. Harkins made a motion for the Committee to recommend to Town Council to send correspondence opposing this bill to the State legislature. Mr. Lennox seconded and the motion passed with a vote of 3-0.

**6. Adjournment:**

Mr. Lennox made a motion to adjourn and Mr. Harkins seconded. All members voted in favor and the meeting was adjourned at 3:27 p.m.

**Approved:**

**Respectfully submitted:**

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**John McCann, Chairman**

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**Erica Madhere, Secretary**