

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

**Date:** May 12, 2015 **Time:** 2:00 p.m.  
**Members Present:** John McCann, *Chairman*; Bill Harkins, *Council Member*  
**Members Absent:** Tom Lennox, *Council Member*  
**Staff Present:** Susan Simmons, *Director of Finance*; Tom Fultz, *Director of Administrative Services*; Brian Hulbert, *Staff Attorney*; Nancy Gasen, *Director of Human Resources*; Erica Madhere, *Finance Administrator*  
**Others Present:** None  
**Media:** None

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**1. Call to Order:**

The meeting was called to order at 2:04 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 5, 2015 at 12:00pm. 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 5, 2015 at 2:00pm and Mr. Lennox seconded. The motion passed with a unanimous vote.

**4. Unfinished Business:**

None

**5. New Business:**

**a. Budget preparation format for Fiscal Year 2016-2017**

Mr. Harkins spoke about the Draft Budget Process document as a suggested approach for the Town's budget creation in future years. He realized much of it is similar to the Town's existing process, however, currently, a portion of the process occurs without being visible to Town Council. The Committee and Susan Simmons, Finance Director for the Town, pointed out benefits of the F&A's proposed process, such as allowing Town Council to see the whole picture and to be able to better understand the challenges of making the initial budget cuts which are necessary in order to arrive at a balanced budget. It would also increase transparency, allow for prioritization of projects, and create a better understanding among Council and Staff of the possibilities, consequences, and budgetary impacts of Town

Council's decisions. The proposed process would be a good forum for Town Staff to communicate departmental and project goals and outcomes of prior efforts.

Conversely, the Committee and Staff discussed some concerns of the proposed budget process. It would have the potential to produce an overwhelming amount of information and details of departmental expenses. Staff is concerned that it could slow down a process that is already time compressed and blur the lines between Council as a policy body and the Town Manager's role of administering the budget. In fact, Town Code states that the Town Manager shall deliver to Council a balanced budget.

As a frame of reference for the Committee to understand how department heads create their budgets, Tom Fultz, Director of Administrative Services, gave a detailed overview of his budget process. Starting with fixed departmental costs, he adds new items and evaluates how the items would improve service, then looks at budgeted revenue projections to see if budget cuts or deferments are needed, as was the case this year. When choosing what to cut or defer from the budget, strategic decisions need to be made based on Town Council's goals and objectives.

It was questioned whether the Draft Budget Process would be better suited for the Finance and Administrative Committee level, perhaps with the Town Manager walking them through the process, instead of with full Town Council involvement each step of the way.

The Committee decided to add this topic to the Unfinished Business section of the May 19<sup>th</sup> Finance and Administrative Committee meeting, and will also invite Steve Riley, Town Manager, to the meeting for his input regarding the proposed budget process.

**b. Criteria and Procedure for Town Managers Performance Evaluation**

The Finance and Administrative Committee has completed the creation of a draft performance evaluation form, which includes a section for rating the Town Manager on established criteria, and a section for the reviewer's comments. The Committee has provided the draft form to the Mayor, Town Council, and the Town Manager, for their review and approval. Once the form is approved, at a designated time of the year, the Performance Evaluation will be prepared by each Town Council Member and the Town Manager will prepare a self-evaluation. The F&A Committee will tabulate the ratings and provide the Town Manager with the ratings and a compilation of all Council comments.

**6. Adjournment:**

Mr. Harkins made a motion to adjourn and Mr. McCann seconded. All members voted in favor and the meeting was adjourned at 2:52 p.m.

**Approved: May 19, 2015**

**Respectfully submitted:**

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**John McCann, Chairman**

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**Erica Madhere, Secretary**