



Town of Hilton Head Island
Finance & Administrative Committee
Tuesday, September 15, 10:00 a.m.
Special Meeting
AGENDA

This meeting is being conducted virtually in accordance with Town Council Emergency Ordinance 2020-17 and can be viewed live on the Town's Public Meeting Facebook Page at <https://www.facebook.com/townofhiltonheadislandmeetings/>. Following the meeting, the video record will be made available on the Town's website at <https://www.hiltonheadislandsc.gov/>.

1. Call to Order

2. FOIA Compliance - Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.

3. Approval of Agenda

4. Approval of Minutes

- a. Special Meeting, July, 21, 2020
- b. Special Meeting, August 18, 2020

5. Citizen Comments

[Citizens who wish to address the Committee on new committee business must contact the Committee Secretary prior to 12:00 p.m. the day prior to the meeting. All comments are limited to 3 minutes.]

6. Unfinished Business - None

7. New Business

- a. Financial Update from Finance Director
- b. Review of Proposed Budget Amendment
- c. Discussion of Information Technology Organizational Assessment

8. Executive Session

a. Contractual Matters:

Discussion incident to proposed contractual negotiations relative to Designated Marketing Organization Services Pursuant to Section 6-4-10 of the South Carolina Code of Laws.

9. Adjournment

Public comments concerning agenda items can be submitted electronically via the Town's Virtual Town Hall public comment portal at <https://hiltonheadislandsc.gov/opentownhall/>. The portal will close at **Noon** the day prior to the scheduled meeting. Citizens may also call (843) 341-4646 to

sign up for public comment participation during the meeting by phone. The public comment period will close at **Noon** the day prior to the scheduled meeting. All comments will be provided to the Committee for review and made part of the official record.

Please note that a quorum of Town Council may result if four (4) or more of their members attend this meeting.



Town of Hilton Head Island
**Finance & Administrative
Special Committee Meeting**

Tuesday, July 21, 2020, 10:00 a.m.
Conference Room 3

MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; Bill Harkins and Tamara Becker
Council Members

Present from Town Council: David Ames and Glenn Stanford; *Council Members*

Present from Town Staff: John Troyer, *Director of Finance*; Cindaia Ervin, *Finance Assistant*

Present from the Media: None

1. Call to Order

The Chairman called the meeting to order at 10:05 a.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. Roll Call- See as noted above

4. Approval of Agenda

Chairman Lennox asked for a motion to approve the agenda. Mr. Harkins made a motion to approve the agenda as submitted. Mr. Lennox seconded. By way of roll call, the motion was approved by a vote of 2-0.

5. Approval of Minutes

a. Finance & Administrative Committee Meeting, June 16, 2020.

Mr. Harkins moved to approve the minutes from June 16, 2020. Mr. Lennox seconded. The motion was approved by a vote of 2-0.

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed yesterday at Noon. There was 1 comment made for a total of 3 minutes of public comment and 1 person signed up to address the Committee via telephone. All comments were provided to the Committee for review and will be made a part of today's official record.

Skip Hoagland: Addressed members of the Committee via phone regarding the Town's financial status and the need for an independent financial audit.

7. Unfinished Business-None

8. New Business

a. Finance Director's Preliminary Look at June 30, 2020 Results

John Troyer, Director of Finance, gave the Finance & Administrative Committee an overview of the Town's June 30th results. Mr. Troyer outlined the revenue uncertainties due to COVID-19 and the overall effects it has had on the Town. He also stated that in order to remain fiscally responsible, the Town's approach was to identify expenditures that could be reduced, cut or delayed. Approximately \$4M in Capital spending, merit raises for Town employees and the implementation of recommendations from a recent salary survey; all of which were deferred-pending positive collections. The resuming of these reduced, cut or delays will be reassessed throughout the next fiscal year if needed.

Mr. Troyer informed the Committee that current collections are at 89.8% of all of last year's collections which includes budgeted and special revenue funds. Though collections are not all accounted for to date, Mr. Troyer stated that payments received in July that relate to June would be added to those totals. Other areas that the Committee spoke about were property taxes collections, business license collections, stormwater collections and interest earnings. The budget for Property Tax Collections was met and compared to the prior year Mr. Troyer stated that they were up approximately \$400K. Business License revenues for the Town are seasonal and are at 94% of budget. Mr. Troyer also stated that due to Town Council implementing a strong reserve policy, that has assisted to keep Town operations running while awaiting final revenues. Key issues that also were addressed were keeping control over expenditures, continuing to monitor revenues and adjusting where necessary when needed.

The Committee had many favorable comments regarding Mr. Troyer's presentation of the Town's June 30th results and they look forward to Mr. Troyer updating them at their next meeting regarding 2020 preliminary results. Mr. Lennox thanked Mr. Troyer and all present for the discussion.

b. General Discussion Regarding Findings and Recommendation of the Town's 2020 Classification & Compensation Study.

Angie Stone, Human Resources Director, presented the Committee with a two-phase Classification and Compensation Study implementation method. This approach would allow for a new salary structure and bring Town employees to the new salary range minimums and address reclassification and position employee pay within the new structure at a level consistent with their current position. Ms. Stone stated that implementation of the first step is crucial to the organization's ability to effectively recruit for critical vacancies and to move forward with implementation of recommendations from a separate IT study while implementation of the second step is crucial to addressing compression and internal equity concerns. This year's study included an analysis of market data collected from peer organizations as well as identification of classification modifications that will guard against unintended pay inequities and enhance the Town's ability to recruit and train more local talent.

The results of the market survey indicate that the Town's pay plan for non-uniformed positions would only require minimal upward adjustment to remain competitive. The pay plan for uniformed positions, however, requires more significant upward to regain a competitive position.

The recommendation from this year's study would include several changes to our pay plans: adjustments to achieve desired market position; the addition of salary grades to both salary structures; and reduction of distance between salary range midpoints. Besides improving the Town's position relative to other public sector employers, Ms. Stone said that these changes allow the implementation of a more equitable approach to pay adjustments when employees change positions. The modification in job families will include more entry level opportunities will also enable the Town to more effectively prepare for vacancies in our hard to fill, trade and administrative positions.

Ms. Stone informed the Committee that initially the only adjustments to be made to individual salaries will be those required to bring employees to the new salary range minimum and implement a 1.5% increase in our paramedic premium. At a later date, additional adjustments will be made to address reclassification and to position employee pay within the new structure at a level consistent with their current position (capped at mid-point). The subsequent adjustments are vital to the success of the plan because they address compression issues at the lower end of the salary ranges that will be exacerbated by only implementing the initial step. These initial adjustments to bring employees to the new salary grade minimums, as well as increase our paramedic premium, will cost \$189,957.34 and impact 53 employees.

The Committee had very favorable comments regarding Ms. Stone's presentation and felt that having quality employees was important and staying competitive with those markets similar to the Town was key to employee retention. Mr. Harkins made a motion to forward the 2020 Classification and Compensation Study to Town Council for approval. Mrs. Becker seconded. By way of roll call, the motion was approved by a vote of 3-0. Mr. Lennox thanked Ms. Stone and all present for the discussion.

9. Executive Session

a. Contractual Matters:

Discussion incident to proposed contractual negotiations relative to Designated Marketing Organization Services Pursuant to Section 6-4-10 of South Carolina Code of Laws.

Mr. Lennox stated that he had a need to enter into Executive Session to discuss the proposed contractual negotiations relative to Designated Marketing Organization Services Pursuant to Section 6-4-10 of South Carolina Laws.

At 11:20 a.m. Mr. Harkins moved to go into Executive Session for the item mentioned by Mr. Lennox. Mrs. Becker seconded. The motion was approved by a vote of 3-0.

At 11:35 a.m., the Committee returned.

10. Possible Actions by the Finance & Administrative Committee concerning matters discussed in Executive Session.

There was no action taken as a result of Executive Session.

11. Adjournment

At 11:36 a.m. The Committee returned from Executive Session. Mr. Harkins moved to adjourn. Mrs. Becker seconded. The motion to adjourn was approved by vote of 3-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____

DRAFT



Town of Hilton Head Island
**Finance & Administrative
Special Committee Meeting**
Tuesday, August 18, 2020, 10:00 a.m.
Conference Room 3

MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; Bill Harkins and Tamara Becker
Council Members

Present from Town Council: David Ames and Glenn Stanford; *Council Members*

Present from Town Staff: John Troyer, *Director of Finance*; Cindaia Ervin, *Finance Assistant*

Present from the Media: None

1. Call to Order

The Chairman called the meeting to order at 10:15 a.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. Roll Call- See as noted above

4. Approval of Agenda

Chairman Lennox asked for a motion to approve the agenda. Mr. Harkins made a motion to approve the agenda as submitted. Mrs. Becker seconded. By way of roll call, the motion was approved by a vote of 3-0.

5. Approval of Minutes- None

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed yesterday at Noon. At the conclusion of the Open Town Hall there was no public comment nor did any citizen sign up to speak at today's meeting.

7. Unfinished Business- None

8. New Business

a. Review and Discussion of Fiscal Year 2020 Preliminary Results

John Troyer, Director of Finance, provided the Finance & Administrative Committee an overview of the Town's fiscal year 2020 preliminary results. In his discussion he stated that collections were at approximately 98% of last year's revenues with the property tax budget being met, business license collections were 103.9% of budget, stormwater 102.7% of budget, special revenues are 5.6% less than last year and interest earnings were 98.1% of the prior year even with the end-of-year rates this year. As a whole, current year collections were 94.4% of last year's collections from collections from this group of revenues. Mr. Troyer stated that current year spending is 2.3% more than last year at this time and that change is due to the construction of Low Country Celebration Park.

General Fund expenses held a similar pattern to last year. Expenses from February to May were less in 2020 than 2019 due to the COVID-19 pandemic. Mr. Troyer stated that by the end of fiscal year 2020 revenues would exceed spending and allow for a surplus. The Town has maintained during the COVID-19 pandemic due to the Town implemented reserve policy. Mr. Troyer stated that this policy assists in running Town operations while awaiting revenue receipts. The year-to-date results for the year ending June 30th are the "pre-close" and unaudited year-end amounts. June is an important collection month for the Town and though closing is not complete, Mr. Troyer doesn't expect significant changes. The Committee had many favorable comments regarding Mr. Troyer's presentation of the Town's preliminary June 30th results and they look forward to Mr. Troyer updating them at their next meeting regarding 2020 preliminary results. Mr. Lennox thanked Mr. Troyer and all present for the discussion.

b. Review and Discussion of Proposed Bond Refunding for Savings.

John Troyer, Director of Finance, reviewed with the Committee information of potential bond refunding for savings. Mr. Troyer stated that the Town's current 2011A and 2013A bonds will potentially be considered for an opportunity of bond refunding. Mr. Troyer stated that he has had meetings with the Town's Bond Counsel to look at the outstanding debt. Interest rates made a significant change in May/June and they felt that it would be beneficial to take advantage of the lower interest for savings. Selling either bond will be dependent on the market at the time for the most potential savings. The sale for the 2011A bond would generate a \$300K savings while 2013A could potentially create a loss due to its maturity date. The potential sale would take place in November, however, if there is not a potential savings for the Town on either bond Mr. Troyer stated there would be no sale. The Committee had many favorable comments regarding Mr. Troyer's presentation regarding the proposed bond refunding for savings. They felt that if the rates and savings potential were positive at the time of sale, they felt that selling would be beneficial for the Town. Mr. Harkins made a motion to recommend to Town Council the two proposed Town bond refunding for savings. Mrs. Becker seconded. By way of roll call, the motion was approved by a vote of 3-0. Mr. Lennox thanked Mr. Troyer and all present for the discussion.

9. Adjournment

At 11:13 a.m. The Committee returned from Executive Session. Mr. Harkins moved to adjourn. Mrs. Becker seconded. The motion to adjourn was approved by vote of 3-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____

DRAFT



TOWN OF HILTON HEAD ISLAND

Finance Department

TO: Finance and Administrative Committee
VIA: Steve Riley, *ICMA-CM, Town Manager*
VIA: Josh Gruber, *Deputy Town Manager*
FROM: John M. Troyer, *Director of Finance*
DATE: September 2, 2020
SUBJECT: Fiscal Year 2020 Preliminary Results

Recommendation:

Staff recommends that Finance continue to monitor Town Revenues and continue to provide monthly updates to the Finance & Administrative Committee.

Summary:

As part of the pandemic response, Town Management identified expenditure items to reduce, cut or delay. A couple of examples of delays already implemented are: approximately \$4 million in capital spending and delay implementation of merit raises for Town employees – pending better collection information to ensure collections can support those expenditures. Further examination for possible candidates to reduce, delay or cut spending will continue.

In order to provide Town Council as clear a picture of the Town's revenue collections and financial position, I plan to give Finance and Administrative Committee an update during the September 15, 2020 meeting of the committee. I plan to give an overview of year-to-date results for the two months ending August 31, 2020. This will give the Finance and Administrative Committee a continuing look at Town financial position, and provide a forum for discussions. We will continue those discussions monthly to ensure the Town is appropriately positioned in this economic environment.

Background:

As Town Council considered the proposed budget for FY 2021, one issue at the forefront of the discussion was the economic uncertainties due to the impact of the COVID-19 pandemic. How long will the pandemic last? What kind of impact will this have on our revenue collections? Town Council recognized that once a budget was adopted for FY2021, continuing the close monitoring of the revenue collections and spending would be especially important this year.



TOWN OF HILTON HEAD ISLAND

Finance Department

TO: Finance and Administrative Committee
VIA: Steve Riley, *ICMA-CM, Town Manager*
VIA: Josh Gruber, *Deputy Town Manager*
FROM: John M. Troyer, *Director of Finance*
DATE: September 2, 2020
SUBJECT: Proposed Budget Amendment

Recommendation:

Staff requests the approval of the proposed budget amendment outlined to allow spending in Fiscal Year 2021.

Summary:

This Budget Amendment will be seeking approval to move some appropriations not spent in fiscal year 2020 to allow spending in fiscal year 2021. This is normal for any fiscal year – when some activities span before June 30th end of fiscal year and after July 1st start of a fiscal year. Also, some fiscal year 2020 activities were delayed into the new fiscal year. Also included is a proposal to reallocate funds from within the budget to provide for the operating costs required with the opening of the Low Country Celebration Park and well as some other initiatives. These reallocations are budget neutral. Also, included with in this budget amendment – provides for the land purchases in the Stoney area with Real Estate Transfer Fees as approved by Town Council.

Background:

Town Council passed the FY 2021 budget in June 2020. Since that time, some additional events have transpired.



TOWN OF HILTON HEAD ISLAND

TO: Hilton Head Island Town Council
VIA: Stephen G. Riley, ICMA~CM, *Town Manager*
FROM: Joshua Gruber, *Deputy Town Manager*
DATE: September 10, 2020
SUBJECT: Information Technology Organizational Assessment

Recommendation:

Staff recommends that Town Council receive an update on the process to provide an organizational review and develop a list of proposed policy and staffing changes relative to information technology services provided across all Town divisions.

Summary:

The Town has a standing goal of conducting periodic organizational reviews of its various functions and processes. This review critically examines departmental policies and procedures to ensure that our current practices are resulting in the most efficient and effective delivery of public services. The most recent organizational review focused on the delivery of information technology services and included a review of both “Town IT” and “Public Safety IT” functions.

The Town contracted with Plante Moran, an international industry leader in technology consulting, who was brought in to provide a review and analysis of Town operations in the areas of technology, organization, and administration. Based upon a comprehensive review within these areas, they have developed a list of foundational opportunities to improve the level and quality of service delivery within the information technology arena. A summary of those foundational opportunities are as follows:

1. Restructure the Town’s IT department
 - a. Combine IT functions from across Town and Public Safety functions into one centralized department
 - b. Hire a Chief Information Officer level staff member to focus on innovation and the development of a formalized information technology strategic plan
2. Enhance IT governance

Subject:

Date

Page 2

- a. Formalize an IT Steering Committee to effectuate an enterprise mindset in making information technology decisions
3. Pursue focused platform modernization
 - a. Effectively utilize additional functionality of existing solutions
 - b. Modernize various technologies through replacement or upgrade as allowed for under approved budgetary appropriations
4. Improve the help desk approach and tools
 - a. Develop formal help desk solution to enhance communication of status updates and achieved resolutions
 - b. Review staffing levels, infrastructure, and software decisions as appropriate to effectuate greater level of service delivery
5. Establish service level agreements where appropriate
 - a. Critical IT services would be formalized into expressed service level agreements that align closely with business needs

Town staff has already begun implementation of a number of the identified recommendations within the report. These include the creation of an IT Steering Committee, the creation of a Chief Information Officer level job description, and the reorganization of several non-technical positions formally located within the Information Technology Department. Subsequent activities will include the posting and advertising for the Chief Information Officer level position and the development of several competitive Requests for Proposals (RFP) that will explore the possibility of outsourcing certain maintenance and security responsibilities.

Currently, there are no anticipated direct budgetary impacts as a result of these organizational changes. Future changes will be incorporated into the proposed biennial fiscal budget for review and consideration by Town Council as part of its budget adoption process.