

# **TOWN OF HILTON HEAD ISLAND**

## **FINANCE AND ADMINISTRATIVE COMMITTEE MEETING**

**Date:** June 19, 2018 **Time:** 2:00 p.m.

**Members Present:** John McCann, *Chairman*; Kim Likins and Tom Lennox, *Council Members*

**Members Absent:** None

**Staff Present:** John Troyer, *Director of Finance*; Brian Hulbert, *Staff Attorney*; Steven Markiw, *Deputy Director of Finance*; Jeff Buckalew, *Town Engineer*; Jeff Netzinger, *Assistant Town Engineer/Storm Water Manager*; Lori Schmidt, *Revenue & Collections Project Manager*; April Akins, *Revenue Services Supervisor*; Chloe Li, *Finance Intern* and Cindaia Ervin, *Finance Assistant*

**Others Present:** David Ames and Bill Harkins, *Council Members*; Jocelyn Staiger, *HHI Association of Realtors*; Meg James, *HHI Area Home Builders Association*; Eleanor Lightsey, *Lowcountry Inside Track*; and other members of the community.

**Media:** None

---

**1. Call to Order:**

The meeting was called to order at 2:00 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:**

- a. Mr. Lennox moved to approve the minutes from the Finance and Administrative Committee Meeting on June 5, 2018 at 2:00 p.m. Mrs. Likins seconded, and the motion passed unanimously.

**4. Unfinished Business:**

None

**5. New Business**

**a. General Discussion Regarding Fiscal Year-End Stormwater Utility Update.**

Jeff Netzinger, Assistant Town Engineer/ Stormwater Manager, presented the Committee and those present with information regarding the year-end stormwater utility updates. He stated that the stormwater division uses a service request database to track storm water related concerns received by residents, business owners, visitors and regime managers. During fiscal year 2018, 124 new service requests were received and 87 have been closed to date. Mr. Netzinger also touched on some of the major projects that were completed in fiscal year 2018 that include: Lawton Woods drainage improvements, Wexford Club Drive Street flooding abatement, Port Royal Plantation trunk line system maintenance, and Yacht Cove Drive sinkhole repair. The budgeted projects for fiscal year 2018 were 79% completed which includes 18 capital projects and 49 maintenance projects. Mr. Netzinger stated that some fiscal year 2018 projects will be deferred to fiscal year 2019 due to continued efforts to complete Hurricane Matthew recovery

in drainage ways, stormwater staff shortages and turnover, time and effort associated with preparation for and response to Hurricane Irma and conflicts with planned improvements initiated by PUD management. The Stormwater Utility staff is in the process of revising the current standard Property Owners Association agreement and will present a draft to the local property owners associations (POA) for review in July. The recommended changes to the agreement will allow for more clarity and define the roles and responsibilities of each party. The goal is to have all POA's with the current agreement to sign the revised by November 1, 2018. John McCann, Chairman, thanked Mr. Netzinger for his time and updated information presented.

**b. General Discussion Regarding Business License SIC to NAICS Conversion and Proposed Changes to the Municipal Code.**

Steven Markiw, Deputy Director of Finance, shared with the Committee proposed business license conversion from Standard Industrial Classification System (SIC) to North American Industry Classification System (NAICS). Mr. Markiw shared with the Committee that the SIC system was created in the late 1930's and was last updated in 1987. The proposed change from SIC to NAICS is to have the Town's current business license account structure align more with today's business environment. Mr. Markiw stated that with the potential conversion there are two proposed changes that would need to be taken into consideration. He stated that if the NAICS classification system is used, businesses licensed with the Town are classified into 20 different business sectors. Once classified, businesses will then be reclassified into the Town's eight rate classes based on the sector identified in the first phase. The second potential change would be to decrease the minimum gross income of the base rate from \$5K to \$2K. This change is to align the fee structure more closely with those used by neighboring communities.

Benefits from the potential conversion would be to provide consistency with neighboring communities, and to be more business friendly with accurate classifications with minimal cost of gross income as reported by the business owner. The Town will not increase its revenues with this change, but rather expect a small (\$5,000) revenue loss. Other Town Code changes that are proposed would be modernizing the definition of a business, defining a license year and changing the business license renewal date from May 31<sup>st</sup> to April 30<sup>th</sup> to help with the seasonality of the Town's budget and updating business registration requirements to include compliance with all other applicable sections of the Town Code and Land Management Ordinance. Tom Lennox, Committee member, asked about how many business would be affected and Mr. Markiw stated approximately 7,000. Lori Schmidt, Revenue & Collections Project Manager, stated that there has been a lot of examination that went into this project and how it affects small and large companies as a whole. She stated that each business that currently has a license with the Town was re-reviewed from the initial application to any changes or additions they have made along the way to ensure that they are correctly classified. Going through this process will allow for transparency across the board. John McCann, Chairman asked if there was anyone that would like to have public comment. Meg James, HHI Area Home Builders Association, asked questions pertaining to the proposed changes and renewal date change. Mr. McCann thanked Mr. Markiw and the business license team for the presentation provided and a job well done.

**6. Executive Session**

**Employment Matters:**

**a. Discussion of Town Manager's Compensation.**

At 2:56 p.m. Mrs. Likins moved to enter into Executive Session for the purpose of discussion of the Town Manager's Compensation. Mr. Lennox seconded and the motion and it was approved by a vote

of 3-0.

Mr. McCann called the meeting back to order at 3:13 p.m. and announced there was no action taken as a result of the executive session.

**7. Adjournment:**

Mrs. Likins made a motion to adjourn and Mr. Lennox seconded. The motion passed with a vote of 3-0 and the meeting was adjourned at 3:13 p.m.

**Approved:**

**Respectfully submitted:**

---

**John McCann, Chairman**

---

**Cindaia Ervin, Secretary**