



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: September 15, 2020