

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

Date: March 3, 2015 **Time:** 2:00 p.m.

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

Members Absent: None

Staff Present: Greg Deloach, *Assistant Town Manager*; Brad Tadlock, *Fire Chief*; Tom Fultz, *Director of Administrative Services*; Scott Liggett, *Director of Public Projects and Facilities*; Nancy Gasen, *Director of Human Resources*; Susan Simmons, *Director of Finance*; Brian Hulbert, *Staff Attorney*; Jill Foster, *Deputy Director of Community Development*; Rene Phillips, *Website Administrator*; Erica Madhere, *Finance Assistant*

Others Present: Lee Edwards, *Council Member*; Dr. John Salazar, *University of South Carolina Beaufort*, Stewart Brown, *Accommodations Tax Advisory Committee Member*; Bud Shay, and Members of the public

Media: Zach Murdock, *Island Packet*

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:

The Minutes from the Finance and Administrative Committee Meeting of February 17, 2015 were not discussed at this meeting.

4. Unfinished Business:

None

5. New Business:

a. Continuation of discussion on ATAX Grant processing

Bud Shay, former Chairman of the Accommodations Tax Advisory Committee, retired lawyer, and longtime Hilton Head Island resident, shared some of his knowledge, ideas, and suggestions for the ATAX Grant process based on his extensive experience. Mr. Shay spoke about the history of the State Accommodations Tax law, and detailed the formula that dictates how the funds must be allocated to the municipality, the Designated Marketing Organization, and the special fund for tourism. He explained the allowable uses within the special fund, which include advertising and promotion of tourism; promotion of the arts and cultural events; construction, maintenance and operation of facilities for civic and cultural

activities, etc. He spoke about some of his observations over the last couple of years, such as the current ATAX Committee's emphasis on requiring tourism numbers and data from the grant applicants, and also the importance of the arts and cultural organizations that provide great amenities for both residents and tourists of Hilton Head Island. Mr. Shay also suggested that Town Council may want to consider devising a method by which better direction can be given to the ATAX Committee before it makes grant recommendations as a means to improve the process.

Mr. Shay then responded to the Committee's questions regarding creating measures to evaluate the efficiency and effectiveness of the ATAX grant expenditures, adopting guidelines for grant funding, searching for creative approaches to support the arts, and looking at the applicant's economic benefit as well as other important factors such as quality of life and attracting the affluent traveler. The Committee and Mr. Shay also discussed the concept of grant "Forward Funding", appointing a liaison between Town Council and the ATAX Committee, the idea of an appeal process for ATAX applicants, and the possibility of initiating requirements, such as procurement, for applicants requesting more than a certain dollar threshold. The Committee thanked Mr. Shay for his comments and contributions.

Dr. John Salazar with the University of South Carolina Beaufort approached the Dias to answer questions and speak about the value of economic analysis, the possibility of creating an economic model for public-private partnerships, and figuring the Total Commodity Production of the Town. The Committee thanked Dr. Salazar for his involvement.

Stewart Brown, an At-Large member of the Accommodations Tax Advisory Committee approached the Dias to express his appreciation to the Committee for its interest in providing more direction to the ATAX Committee and for the plan to measure the efficiency and effectiveness of the grant awards.

b. Presentation by Tom Fultz on the Town of Hilton Head Island's Standard Operating Procedure for Procurement

Tom Fultz, Director of Administrative Services, gave the history of how the Town's Standard Operating Procedure for the procurement of supplies and services was created. He explained the different levels of procurement, from small purchases of less than \$5,000, to those in excess of \$25,000, and detailed the procedures for each level. He spoke about the centralized process for Town contracts, as well as utilizing County and State contracts. He detailed the differences between the Invitation for Bid (IFB), Request for Proposal (RFP), and Request for Qualifications (RFQ), and gave examples of the uses for each. He stressed the importance of a well-defined Scope of Work for any contract, in order to be able to effectively measure the contractor's performance. Mr. Fultz answered questions from the Committee regarding the possibility of Town Council's involvement in certain contracts, perhaps those over a particular dollar threshold or with significant Town-wide impact. The Committee thanked Mr. Fultz for his informative presentation.

In conclusion, Mr. McCann first asked for opinions on Forward Funding and advances on ATAX grants, and both Mr. Lennox and Mr. Harkins were opposed to those practices. Mr. McCann next asked for opinions on the Finance and Administrative Committee acting as a liaison between Town Council and the ATAX Committee. Both Mr. Harkins and Mr. Lennox were in favor of this in order to better inform the ATAX Committee before it deliberates. Finally, Mr. McCann asked for opinions about an appeal process for ATAX

grant applicants and both Mr. Lennox and Mr. Harkins would like to continue the discussion on this topic at the next meeting.

Mr. McCann would like the next meeting to be a workshop style and intends to begin discussing the relationships and written agreements between the Affiliated Agencies and the Town, and also briefly overview the Affiliate's budget requests for Fiscal Year 2016. Mr. Harkins made a motion to change the start time of the March 17th and April 7th meetings to 1:30 and Mr. Lennox seconded. The motion passed with a vote of 3-0.

6. Adjournment:

Mr. Harkins made a motion to adjourn and Mr. Lennox seconded. All members voted in favor and the meeting was adjourned at 3:50 p.m.

Approved:

Respectfully submitted:

John McCann, Chairman

Erica Madhere, Secretary