

# TOWN OF HILTON HEAD ISLAND PUBLIC FACILITIES COMMITTEE

Date: June 2, 2009

Time: 2:00 P.M.

Members Present: John Safay, George Williams, Drew Laughlin

Members Absent: None

Staff Present: Steve Riley, Greg DeLoach, Scott Liggett, Darrin Shoemaker, Jill Foster, Jeff Buckalew, Charles Cousins, Brian Hulbert, Randy Nicholson, Julian Walls, Teri Lewis, Jennifer Hasting, Cary Gaffney, Nicole Dixon

Others Present: Bill Ferguson, Ken Heitzke, *Councilmen*, Chet Williams, Esquire, Frank Soule

Media Present: Daniel Brownstein, *The Island Packet*

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**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. Committee Business:**

Councilman Laughlin moved to approve the Minutes of May 5, 2009. Councilman Williams seconded the Motion. The Minutes of May 5, 2009 were unanimously approved.

**4. Unfinished Business:**

• **Stormwater Utility – Consideration for Fee Adjustment**

Mr. Scott Liggett stated that at the May 5, 2009 Public Facilities Committee Meeting, staff recommended an increase in the Town's Stormwater Utility Fee from \$50.76 to \$100.43. Staff was directed to provide additional information/clarification and to examine opportunities to reduce the proposed fee. As a result, staff reports that a fee of \$83.23 could support the demands of our Stormwater Management initiatives for one (1) year.

The increase from \$50.76 to \$83.23 is necessitated primarily by the execution of service agreements with various Planned Unit Developments (PUDs) which has effectively expanded the system over which the Town is responsible. The \$83.23 fee only supports these demands over the next year. An additional future fee increase will be required in order to support the out years demands, presuming we strive to maintain our current level of service.

Moreover, the \$83.23 fee is required to support additional indebtedness (bond issue or bond anticipation notes) estimated to total \$5 million dollars. This additional indebtedness is necessary to:

1. Complete current projects, including Miller's Pond and Arrow Road.
2. Pursue other future projects in the Gumtree Road and Point Comfort Road Areas.
3. Secure needed professional consulting services.
4. Support the interfund borrowing strategy employed during FY09 for the purpose of funding operation, maintenance and emergency repairs to existing pump stations.

Both Chairman Safay and Councilman Laughlin raised concern about the County charging us 5% of whatever our fee is rather than a fixed fee. Mr. Liggett advised that the County's perspective is that the 5% is too low and that they are warranted an additional percentage of some nature by virtue of what they do. Chairman Safay stated that we need to revisit this at some stage. Mr. Liggett said the percentage is part of the Intergovernmental Agreement that we executed with the County back in 2001 which specifies what that amount shall be. Essentially what we are talking about is revisiting some of the terms and conditions of that Agreement.

## 5. **New Business**

- **Burkes Beach Road Right of Way**

Mr. Darrin Shoemaker stated it is staff's recommendation that the Public Facilities Committee endorse the abandonment of a portion of Town owned land to the South Carolina Department of Transportation (SCDOT) as public highway right-of-way necessary to construct a turn lane on William Hilton Parkway to serve Burkes Beach Road.

After a brief discussion, Councilman Williams moved that the Public Facilities Committee forward this to Town Council with a recommendation of approval. Councilman Laughlin seconded the Motion. The Motion was unanimously approved.

- **Shelter Cove Mall Community Space Tenant Selection**

Mr. Randy Nicholson stated staff recommends the Public Facilities Committee forward the proposed Mall Community Space Tenant Selection Process and Evaluation Qualification and Criteria to Town Council with a recommendation for approval.

On June 3, 2008, Town Council voted to negotiate a Development Agreement with owners of the Mall at Shelter Cove to allow for an increase in the density assigned to the Mall property by 40,000 square feet for the development of a cinema complex. The proposed agreement includes a condition requiring that 4,532 square feet of gross leasable area be made available to the Town for the purpose of leasing and then subletting to a non-profit community service organization at a reduced rate for 20 years. The purpose of this memo is to

outline staff's recommendation process and criteria for selecting a community service organization to use the space.

Part of the Developer Agreement currently calls for the space to be leased to the Town for \$1.00 a year plus \$3.50 square foot common area maintenance fee of \$15,862 which will be an annual cost. That would be the initial year of the lease. There is a consumer price index adjustment associated with that so it may go up in subsequent years. The lease is terminated with the Town in 20 years. As the Developer Agreement was most recently amended, the Town is not required to lease the area for 20 years, but we do have an option to lease it for 20 years.

Mr. Nicholson stated the process would start with a solicitation which would include a notification in The Island Packet that they are seeking potential tenants for the space. There will be an on site tour for the potential applicants with a question/answer period. The applicants will have a submittal deadline. Staff will then review Applicants and make a recommendation. The recommendation will be reviewed by the Mall before they bring it back to this Committee per the Developer Agreement. After this Committee review it, it will then be forwarded to Town Council. Subsequent to Town Council's approval of the recommendation from this Committee, staff would develop a sub lease which would go back to Town Council for adoption by Ordinance.

Mr. Nicholson stated the applicants would have to meet the following criteria:

1. Proof of non-profit status under Section 501 of the Internal Revenue Service Code or other applicable state or federal law.
2. Meeting the Town's definition of community service
3. Funding of the retrofit or occupancy of the space and the costs associated with that is to be born by the tenant and the ability to do that will be part of the criteria
4. Be able to operate within the normal Mall operating hours which is 7:00 a.m. – 11:00 p.m.
5. Fund all costs associated with the improvements associated with the occupancy by the tenant.
6. Service area is the entire Town of Hilton Head Island Community.

Mr. Nicholson proceeded to review the evaluation criteria that the staff would use to come up with a recommendation.

1. Community benefit:
2. Mall compatibility
3. Demonstrate need for community space
4. Organizational needs
5. Business plan

Mr. Williams commented that after speaking with several groups, there is a possibility that one or more groups might want to get together and share the space and share the costs. Perhaps some criteria can be added into the

Agreement to allow for more than one group to use the space. The subdividing of the space would also be critical with working with one group. 4,532 square feet of space might be more than one group would need.

Councilman Ken Heitzke suggested that all applicants who meet the criteria and who have been approved by the Mall and Staff be presented through the process for ultimate selection by Town Council.

Councilman Williams moved the Public Facilities Committee forward and recommend to Town Council that we adopt this process with the recommended change of adding the idea of more than one group to the Agreement. Councilman Laughlin seconded the Motion. The Motion passed unanimously.

- **Mathews Drive Connectivity**

Jeff Buckalew stated Staff is seeking from the Committee today their recommendation or endorsement of staff's recommendation to move forward on the project.

In 2004, Town Council adopted the Chaplin/Mathews Initiative Plan. Part of this plan was to redesign the secondary street systems to enhance vehicular movements in the area.

In 2007, the Town acquired the subject street rights of way with the intent of rehabilitating the dilapidated streets. These streets are Electric Avenue, Mingo Way, Cooperative Way and Thompson Street. Two other neighborhood streets are involved in the project, Town-owned Oak Park Drive and SCDOT maintained Power Alley.

The Mathews Drive widening and pathway project was recently completed to improve traffic flow and safety in the neighborhood.

Funding for construction of the Mathews Drive Connectivity Project is proposed for Fiscal Year 2011 in the proposed CIP budget. If approved by Town Council, funds become available on July 1, 2010.

Mr. Buckalew stated there are three main objectives for this project:

1. To rehabilitate the existing Town-owned roads.
2. To provide safe and compliant on-street parking.
3. Address encroachments into the Town rights of way.

**Objective No. 1 – Rehabilitate the Existing Town-Owned Roads**

1. The existing pavement has failed in many locations.
2. The existing roads will be re-built where necessary and overlaid where acceptable.
3. The road width will be sufficient for two-way traffic.
4. The road will be crowned to provide proper surface drainage.
5. Storm drainage and pavement markings will be installed

6. Construction is estimated to cost \$500,000 and funding should become available in FY-2011.

Mr. Buckalew stated staff recommends that no road be constructed on the segment of right away behind Palmetto Electric. There have been various meetings with Palmetto Electric and they endorse this proposal. There are three specimen trees within the right of way.

### **Objective No. 2 – On Street Parking**

Motorists currently park along the roadsides, wherever space is available, sometimes blocking the travel lane. Most of these spaces lie partly within the right of way and partly on private property. These roads were formerly private and the spaces were created without regulatory review or approval.

To solve the problem, existing hazardous spaces shall be removed immediately by the Town. Existing spaces that can be made compliant with the LMO shall be re-configured as necessary during the road improvements. If the space must encroach onto private property, the Town will request the adjacent property owners donate permanent easements to the Town. If the owner rejects the Town's request for easement, the space(s) shall be removed.

### **Objective No. 3 – Remove undesirable encroachments into the Town rights of way.**

Staff recommends the Town actively pursue the removal of undesirable encroachments into the Town right of way, including but not limited to dumpsters, trailers, construction materials and debris.

Mr. Buckalew said if acceptable to the Committee, staff will meet with neighborhood property owners to explain the project the move forward with the removal of the hazardous parking and undesirable encroachments into the right of way.

Chairman Safay said the Committee has three separate objectives/options before them. Chairman Safay stated they would take up Objective No. 3 first and thought the Committee should endorse the recommendation that the Town actively pursue this. Councilman Laughlin motioned that the Committee endorse Objective No. 3 and forward it to Town Council for their approval. Councilman Williams seconded the Motion. The Motion passed unanimously.

Discussion ensued as to whether you could do Objective No. 1 without Objective No. 2 or vice versa. Town Manager Steve Riley said that you need to do both Objective No. 1 and No. 2 and that is what Staff recommends. Mr. Riley said they need to deal with the encroachments and need to deal with it sensitively, at the same time there is a commercial area and a major tenant that is willing to put in a bunch of money in rehab that hopefully will spur some other reinvestment and the Town needs to make some investment in this area. These roads are in shameful shape and they are in our ownership.

Councilman Williams stated if they do Objective No. 1 and No. 2 as a group with LMO changes and design changes, meetings with community he didn't see how the project could get started until a year from now and stated he was trying to get money for the Dunnagan's Alley roundabout. Mr. Riley stated to vote for it and make it an amendment that we push it out a year as far as construction of the actual roadway improvements.

Chairman Safay stated it was his understanding that we could move immediately on Objective No. 2 and get that problem solved. In the meantime we can commence what additional permitting and design work is necessary for Objective No. 1 with the understanding that it is not going to go into the CIP until 2012 with the exception of that early expenditure that needs to be done.

Chairman Williams moved that the Public Facilities Committee recommend that we move immediately on Objective No. 2 and get that problem solved. In the meantime we can commence what additional permitting and design work is necessary for Objective No. 1 with the understanding that it is not going to go into the CIP until 2012 with the exception of that early expenditure that needs to be done and forward it to Town Council for their approval. Councilman Laughlin seconded the Motion. The Motion passed unanimously.

**6. Adjournment:**

Councilman Williams moved to adjourn the meeting. Councilman Laughlin seconded the motion. The meeting was adjourned at 3:52 p.m.

Respectfully Submitted,

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**Karen D. Knox**  
**Senior Administrative Assistant**