

**THE TOWN OF HILTON HEAD ISLAND
SPECIAL TOWN COUNCIL MEETING**

Date: Monday, February 2, 2009

Time: 6:00 P.M.

Present from Town Council: Thomas D. Peeples, *Mayor*; Ken Heitzke, *Mayor Pro-Tem*; John Safay, George Williams, Drew Laughlin, Bill Ferguson, *Councilmen*.

Absent from Town Council: Bill Mottel, *Councilman*

Present from Town Staff: Stephen G. Riley, *Town Manager*; Susan Simmons, *Director of Finance*; Scott Liggett, *Director of Public Projects & Facilities*; Michelle Green, *Finance Assistant*; Susan Blake, *Executive Assistant*

Present from Media: Daniel Brownstein, *Island Packet*

1. CALL TO ORDER

2. PLEDGE TO THE FLAG

3. 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.

4. NEW BUSINESS

- a. Consideration of Recommendations of the Accommodations Tax Advisory (ATAX) Committee for the purpose of allocating the proceeds of the Accommodations Tax Funds.

Mr. Heitzke moved to approve. Mr. Williams seconded.

Mayor Peeples invited the Chairman of the ATAX Committee, Bud Shay, to provide the Council with a quick review of the Committee's recommendations. Mr. Shay also introduced the members of the committee to everyone.

The Mayor thanked the committee for all of their hard work and the fine job that they have done. He spoke of the memo that he drafted outlining his recommendations regarding ATAX disbursements. He did not feel it was appropriate to reduce the grants to applicants who were awarded 2009 funding in 2008. It was a commitment that they had made and he felt that it should be kept. Mayor Peeples also suggested no funding to the Volunteers in Medicine (VIM) and reducing the grant to the Low Country & Resort Island Tourism Commission. While he acknowledged the VIM was an extremely worthy cause, there just was not enough money in the budget to provide funding for them. He proposed to give the Low Country & Resort Island Tourism \$5,000 and take whatever money was needed to balance the ATAX budget out of the Town's proceeds.

Mr. Williams said that in general, he did not have any problems with the Mayor's recommendations; however, the Concours D'Elegance was one of the most at-risk events because of the problems in the economy and the auto industry in particular. He wanted to increase the funding to the Concours. Further, although the portable band shell was a great idea, he did not think it would bring anything to the Island at this time. He would suggest that the band shell money be awarded to the Concours. Lastly, he was in opposition to placing project restrictions on the Honey Horn Discovery Museum's use of ATAX dollars as suggested by the ATAX Committee.

Mr. Heitzke agreed that the Concours should be awarded more money. He also proposed delaying funding of the portable band shell for one year.

Mr. Safay agreed that the Concours definitely needed extra funding. He said that he was initially against funding the band shell, but after further study, he realized that this could be the very type of thing that could add "spark" to our Island. He was in favor of granting their application. Mr. Safay suggested that there be a 3.5% reduction in the forward grants rather than the 7% recommended by the ATAX Committee. Lastly, he stated that as admirable as the VIM organization was, they did not fit the criteria for ATAX funding and therefore should not receive any grant.

Mr. Laughlin also agreed that the Concours was an extremely good marketing tool and drew exactly the type of demographic visitors to the Island that they sought and he would fund this event as much as they possibly could. He appreciated the band shell idea but preferred to defer consideration. Mr. Laughlin was generally in concurrence with the Mayor's recommendations.

Kathi Bateson of the Arts Center approached the podium to say that their situation was slightly different from the other applicants in that they were not only providing programming but also were spending approximately \$400,000 a year in building upkeep costs. She asked that they be given consideration for the fact that they have two major prongs: programming and building maintenance.

There was a discussion as to how they could re-allocate grant awards in order to provide more funding to the Concours. Council members also discussed the need to continue forward funding of certain organizations but at a reduced commitment level; perhaps 75% at the outset with a review of the accommodation tax income levels after two quarters.

Mayor Peebles suggested that Council adopt the recommendations in his memo, but with the following additional changes. Reduce the Town's support by \$27,770 and fund the band shell, then that would give \$69,000 to the Concours, which was 70% of their application request. This would include providing \$5,000.00 to the Low Country & Resort Island Tourism Committee and remove the \$40,000 recommended grant to VIM. The stipulation on the Museum's use of their grant funding was also rescinded. Mr. Ferguson moved to approve. Mr. Safay seconded. The amendment was approved by a vote of 6-0. The amended, original motion was approved by a vote of 6-0.

Mayor Peeples said they next needed to deal with whether or not they should do any forward funding of grants for 2010 and discuss the Arts Center arrangement whereby their yearly grant increase was pegged to the Consumer Price Index (CPI).

After discussion, it was moved that the Council would continue forward funding but at 75% of the grant awarded for 2009. They would also have a special meeting in September to review the level of accommodations tax revenues. Mayor pointed out that the organizations that were being "forward funded" were: Arts Center (\$310,907), a portion of the Chamber of Commerce (\$60,000), the Orchestra (\$127,500), the Gullah Celebration (\$67,500) and the Town of Hilton Head Island Operational Costs (\$808,328). Mr. Laughlin moved to approve forward funding at 75% with a review after two quarters. Mr. Heitzke seconded. The motion was approved by a vote of 6-0.

Next on the agenda was consideration of the automatic CPI increase previously granted to the Arts Center. This was the fifth year of a ten-year commitment. Mayor Peeples suggested they could either tie the rate of grant increase to the rate of increase of the fund or eliminate the automatic CPI increase entirely. Mr. Laughlin moved to discontinue the automatic escalator. Mr. Ferguson seconded. The motion was approved by a vote of 6-0.

6. ADJOURNMENT

At 7:15 p.m., Mr. Heitzke moved to adjourn. Mr. Laughlin seconded. The motion was approved by a vote of 6-0.

Susan Blake, Secretary

Approved:

Thomas D. Peeples, Mayor