

# TOWN OF HILTON HEAD ISLAND PUBLIC FACILITIES COMMITTEE

Date: May 4, 2010

Time: 2:00 P.M.

Members Present: John Safay, George Williams, Drew Laughlin

Members Absent: None

Staff Present: Scott Liggett, Susan Simmons, Jeff Buckalew, Bryan McIlwee, Cary Gaffney, Tom Fultz

Others Present: Ken Heitzke, Bill Ferguson, Bill Harkins, *Councilmen*,

Media Present: Laura Nahmias, *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 Williams moved to approve the Minutes of April 6, 2010. Councilman Laughlin seconded. The Minutes of April 6, 2010 were unanimously approved.

**4. Unfinished Business:**

None

**5. New Business**

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

Scott Liggett advised staff recommends the Public Facilities Committee endorse a Stormwater Utility Fee of \$108.70/per year per SFU. The proposed Consolidated Municipal Budget for Fiscal Year 2011 necessitates an increase in the Stormwater Utility Fee to \$108.70 in order for proposed revenues to match proposed expenditures.

The increase from \$83.23 to \$108.70 is necessitated primarily by the execution of service agreements with various Planned Unit Developments (PUDs) in FY 2009 plus additional similar service agreements executed in FY 2010 which has effectively expanded the system over which the Town is responsible. During the course of the last 12 months, a service agreement has been executed with Indigo Run and an agreement is pending with Palmetto Hall. Additional future fee increases may be required in order to support the out-year's demands, presuming

additional service agreements will be executed and that we strive to maintain our current level of service.

Moreover, the \$108.70 fee is required to support additional indebtedness (bond issue or bond anticipation notes) estimated to total \$7 million dollars. This additional indebtedness is necessary to:

- Support the current level of service for the maintenance of the Town's stormwater system, including a limited expansion in the areas of service;
- Complete current projects, including Miller's Pond and Arrow Road;
- Pursue other future projects in the Gumtree Road and Point Comfort Road Areas;
- Secure needed professional consulting services;
- Support the inter-fund borrowing strategy employed during FY 09 and FY 10 for the purpose of funding operation, maintenance and emergency repairs;
- Support maintenance and emergency repairs of road drainage systems no longer maintained to a reasonable level of service by SCDOT and Beaufort County; and,
- Support needs for potential pond dredging operations, including consulting, permitting, and construction.

As was stated above, increasing the fee to \$108.70 will cover the expenses of the program for one year, and additional increases may be required thereafter.

Scott Liggett also stated two of the changes that are included in this year's proposal is the reflection of the maintenance agreement that has in fact been executed with Indigo Run and one that is pending with Palmetto Hall. What this past year has shown us is that roughly 60% of the monies that were allocated for the known and expected maintenance costs have been consumed by emergency pop-up projects or expansion of things we indicated that we would do. One other thing that I would like to discuss whether it is here or with the full Council is the philosophy that I have discussed with the Town Manager that suggests we ought to consider the release of additional stormwater revenue bonds such that we can get an amount of cash on hand that allows us to be as nimble as these demands seem to be and lets us prosecute the work without necessarily pushing a project or two off to the side which we have done in order to address the pop-ups.

Councilman Laughlin asked Scott Liggett if we can effectively carry out the program and effectively budget to carry out the program with setting the fee on an annual basis instead of a long term basis and whether the amount is sufficient for the next year. Scott Liggett stated they are satisfied with the fee at \$108.70 for the upcoming year. Admittedly staff does have some work to do before we would be in a position to recommend the pursuit of the bonds. As you may recall from last year I was a strong advocate of this notion that we should set the fee for a longer period of time, but given our past experience with the agreements and the work that they involve, I am changing my perspective knowing that we have other communities that are interested in coming on line, e.g., Sea Pines, Wexford and we have started talking with Palmetto Dunes. The reality is that it is very difficult to forecast right now what the Terms and

Conditions of those future agreements may involve. For that reason until we are reasonably sure that there won't be any material additions to our responsibilities, vis-à-vis additional agreements, I think that this becomes a necessity for all of us.

Councilman Williams mentioned that all of the PUD's have five year budgets to take care of their own stormwater utility needs and now the Town comes in and says we are going to help you out and take over under whatever the agreements are. Mr. Williams voiced his concern that our standards may be higher than some of other community standards and that we are starting to throw monies at these problems at a faster rate than is possibly needed. I am more inclined to ask the question what we are doing that is increasing the costs over and above what these groups would be spending under normal circumstances and what are they doing with the money. Maybe this should be more of a shared situation as we work our way into this.

Chairman Safay stated we have decided to take on a lot of new responsibility and we find there is a lot more out there than we may have even realized or anticipated and we are into a period where the revenues are lower and we are cutting back here and there. It is not easy, but there is no arguing the work has to be done.

Chairman Safay asked whether there is a way at looking what needs to be done and saying we might have to back off a little bit to the extent that the PUD's are going to have to spend a little bit of money to contribute to what we are going to be doing. For example, when it comes to consulting work for work to be done within the PUD's, it is my understanding that the Consultant will outline the scope of work and then it will be presented to us and we will decide what we are going to do about it. I am wondering that if perhaps the PUD's should be made responsible for the consulting portion of the project. We then take the Consultant's report from the various PUD's, prioritize them and we take care of the problem. Mr. Liggett stated that particular nuance is not reflected in the agreements. The agreements do speak to the fact that should the Town essentially not get around to the work as fast as the PUD's would like, they may do it and expect to be reimbursed during the year that we would otherwise have pursued it.

Chairman Safay stated that maybe we should start exploring ways where we could get a little bit of financial help from the PUD's. We are running into a severe situation – if this number is \$208.00 next year it will certainly draw attention from most folks.

Councilman Laughlin asked when we are making these agreements, are we accepting their system in whatever condition it is at the time, or are we requiring that the system meet some sort of standard? Mr. Liggett stated it is whatever condition the system is in the day the Agreement is executed.

Chairman Safay closed the meeting with the suggestion that he would like the idea visited to finding some level of cost that could be equitably born by the PUD's to help everyone out.

Councilman Ken Heitzke stated he doesn't think there is a Plantation on this Island who has told their constituents that their assessment should have gone down by the amount that is being funded by the Town.

Chairman Safay thanked Councilman Heitzke for reminding everyone that if they are within one of these Plantations that has contracted with the Town that they should be seeing a reduction or at least be notified that the money they are spending is being used for other things.

Chairman Safay asked Scott Liggett to list all PUD'S where we have responsibility He advised stated they have limited responsibility in Sea Pines, Shipyard, Wexford, whole scale responsibilities in Port Royal, Hilton Head Plantation, Indigo Run and will have responsibilities in Palmetto Hall. Having no further business, Chairman Safay asked for a motion to adjourn.

**6. Adjournment:**

Councilman Williams moved to adjourn. Councilman Laughlin seconded the motion. The meeting was adjourned at 2:35 p.m.

Respectfully Submitted,

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