

THE TOWN OF HILTON HEAD ISLAND
SPECIAL TOWN COUNCIL BUDGET WORKSHOP

Date: Wednesday, May 19, 2010

Time: 3:00 P.M.

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

Present from Town Staff: Stephen G. Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Lavarn Lucas, *Fire Chief, Fire & Rescue*; Charles Cousins, *Director of Community Development*; Scott Liggett, *Director of Public Projects and Facilities*; Susan Simmons, *Finance Director*; Nancy Gasen, *Director of Human Resources*; Steven Markiw, *Deputy Finance Director*; Tom Fultz, *Director of Administrative Services*; Jeff Buckalew, *Town Engineer*; Julian Walls, *Facilities Manager*; Paul Rasch, *Emergency Management Coordinator*; Susan Blake, *Executive Assistant*

Present from Media: Laura Nahmias, *Island Packet*

1. Call to Order

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. Review of Budgets of Affiliated Agencies

a. Beaufort County Sheriff's Office (BCSO)

Suzanne Cook, Financial Officer for the Sheriff's Department, discussed their FY2011 budget request. The budget was divided into four different categories; personnel costs, operating costs, capital outlay and new items. Ms. Cook pointed out that personnel costs increases were solely a result of workers compensation insurance and the police officer retirement fund. There were no cost of living or merit increases.

Regarding the budget variance between the Sheriff's request and the Town Manager's recommendation, Mr. Williams wondered what would have to be cut from the Sheriff's budget to meet the Town's suggested budget goals. Sheriff Tanner said that if there were budget cuts, then they would all have to take a look at what would need to be modified in terms of public safety services on the Island. The Sheriff felt that there was still time to work things out before the final vote on the budget. But if the Town wanted to reduce the services contract amount on their budget, then the Town would have to identify what services they wanted to reduce.

b. Hilton Head Area Hospitality Association

Mayor Peeples noted that the Accommodations Tax Advisory Committee reviewed the Hospital Association's budget request and they recommended that the Town Council approve the 5% allocation of the Town's 1% local accommodations tax for local festival promotion.

c. Chamber of Commerce

Mayor Peebles noted that the Accommodations Tax Advisory Committee also reviewed the Chamber of Commerce/Visitors and Convention Bureau (VCB) budget request and they recommended that the Town Council approve the 30% allocation of the State 2% bed tax collections for 2010, as the Town's designated marketing organization.

d. Drug Court

Duffie Stone, Fourteenth Judicial Circuit Solicitor, spoke about both the Drug Court and Career Criminal Program funding requests. He noted that he has only recently taken over the Drug Court program. Mr. Stone assured the Town Council that he would be as accountable for the Drug Court program as he has been for the Career Criminal Program. And that there would be many changes. First, with the help of a federal grant, they planned to start a juvenile program. Second, the emphasis would be on different types of treatment; sometimes, it was alcohol or drugs, but sometimes it was a vocational or mental health issue. It would not solely be a "drug court" but it would be a multi-disciplinary court and they would look at all facets of a juvenile's life. The Solicitor requested that he be allowed flexibility in the use of the Town's provided funding. He promised that the funding would only be used for Drug Court or Career Criminal Program but he might need to adjust the allocation of monies from one program to the other, depending on the amount of State funding he ultimately received.

e. Lowcountry Regional Transportation Authority (LRTA)

Rochelle Ferguson, Executive Director of Palmetto Breeze (also known as the LRTA), updated the Town Council Members on the business activities over the past year. She acknowledged the Town's request for a funding cut in their budget request and reported that their Board of Directors was meeting next week to approve a draft budget. They have made several adjustments in their budget to accommodate the reduced funding available.

f. Island Recreation Association

Frank Soule, Executive Director, mentioned they have provided Town Council with information explaining the service changes that will occur as a result of the funding reduction, such as closing the pool and gym at the Recreation Center on Sundays along with closing the pool an hour early during the weekdays. There were limited numbers of citizens utilizing the facilities during these times. Mr. Soule listed some other areas where they might eliminate what he referred to as "nice to dos" that would not materially impact the services provided by the Center. He hoped that these changes would be a "one time thing."

g. Shore Beach Services, Inc.

Ralph Wagner, President, said that they have submitted a two-part budget; the first was a request for those services they are obligated to perform under the existing services contract and the second part was a special request to add automated external defibrillators to their fleet. This was a one-time request for a total of \$24,000. In view of the Town's request for a reduced budget, the obviously easiest thing would be to postpone the request for AED's or perhaps, phase them in over a period of 2- 3 years. Town council members had a few questions regarding the AED request.

h. Coastal Discovery Museum

Michael Marks spoke on behalf of the Museum's annual management fee and the sea turtle protection project. He said the Museum stood ready to find ways to make the reduced budget work within the available funding.

4. Review of General Operating Budget

Steve Riley said they were still scrambling to update year end numbers and suggested that the general operating budget be discussed at the May 25, 2010 Budget Workshop. The CIP Budget workshop would be postponed to a date in June.

5. Review of Debt Service Budget

Steve Riley noted that on the expenditure side there was a jump this year caused by a one-time bump in the debt service payment schedule. They would be tapping into the reserves to cover this debt service budget without a tax increase. He reviewed the debt structure over the future years. Steve Riley said that at some point he would be talking to Town Council about whether, as they look out ahead, they should look at holding the debt service millage steady and consider using millage to fund debt so as to free up some ATAX or Hospitality taxes for operations.

6. Appearance by Citizens

None.

7. Adjournment

At 4:50 p.m., Mr. Heitzke moved to adjourn. Mr. Williams seconded. The motion was approved by a vote of 7-0.

Susan Blake, Secretary

Approved:

Thomas D. Peeples, Mayor