

**THE TOWN OF HILTON HEAD ISLAND**  
**TOWN COUNCIL BUDGET WORKSHOP**

**Date:** Tuesday, May 3, 2011

**Time:** 6:09 P.M.

**Present from Town Council:** Drew A. Laughlin, *Mayor*; Ken Heitzke, *Mayor Pro-Tem*; George Williams, Bill Harkins, Kim Likins, Lee Edwards, *Council Members*.

**Absent from Town Council:** Bill Ferguson, *Council Member*

**Present from Town Staff:** Stephen G. Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Charles Cousins, *Director of Community Development*; Scott Liggett, *Director of Public Projects and Facilities*; Lavarn Lucas, *Fire Chief*; Nancy Gasen, *Director of Human Resources*; Tom Fultz, *Director of Administrative Services*; Susan Simmons, *Director of Finance*; Steven Markiw, *Deputy Director of Finance* Brad Tadlock; *Deputy Fire Chief – Operations*; Ed Boring, *Deputy Fire Chief – Support Services*; Teri Lewis, *LMO Official*; Vicki Pfannenschmidt, *Executive Assistant*

**Present from Media:** Tom Barton, *Island Packet*

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**1) CALL TO ORDER**

Mayor Laughlin called the meeting to order at 6:09 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) Big Picture Issues/Overview**

Steve Riley explained that staff put together a list of items that require discussion. He said some of the items have cost identification with them that will require budget commitments for both capital and on-going operations/maintenance.

**Property Tax Millage Caps/ Next Reassessment**

Mr. Riley explained the property tax millage cap issue is tied to the Consumer Price Index adjustment and population growth. He stated Town Council needs to decide if there is any willingness or interest to take increases in the year they are available to the Town or forgo them entirely. He added he feels this ties in to next year's reassessment because if the town would have to roll back millage at some time, Council needs to consider if they should take the millage now in anticipation of not being able to roll that millage later and take the increase and use it for one-time costs or set some of it aside and not budget it for operations. He said Town Council also needs to think about the options if the next reassessment results in reduced revenues.

Mr. Harkins stated if Town Council does not change the tax rate the potential impact of the reassessment will result in a diminution of revenue from property tax. He asked if the goal is to try to maintain the current revenue flow in the future. Mr. Riley said it is a goal but if it is suspected the Town cannot sustain the revenue flow they should think about changing the tax rate. Mayor Laughlin pointed out level of service could be reduced if no roll up is taken. Kim Likins said she felt most citizens would rather see the tax rate increase slightly to keep the level of service where it is. Mr. Edwards concurred. He also asked if the increase is taken could Town Council at some point in the future reduce taxes. Mr. Riley stated you can always lower the taxes but only have this opportunity to increase them. Mr. Harkins agreed with Mrs. Likins and Mr. Edwards stating it makes sense to position the Town to take advantage of the increase and at the same time, explain it clearly to the public.

### **Coligny Area Redevelopment**

Mr. Riley stated this subject ties in to the Tax Increment Financing District. He said staff feels this area will pay the best dividends in so far as improved property. Mr. Riley reported there have been meetings with the stakeholders and Town staff and progress is being made. He explained there is a deadline in spending the TIF dollars so they will have to reach a consensus on the project as soon as possible.

Mr. Williams said he felt there is a consensus among Council that this is a worthwhile project. Kim Likins stated a few members of Council have sat in on some of the meetings and they are encouraged with the progress. She said there are a lot of details to work out but revitalization in that area would be a game changer for the Town's economic recovery. Mayor Laughlin stated it is vital the stakeholders know there is a time frame for commitment of the TIF dollars.

Mr. Harkins stated it may be helpful to have key bullets on each project to create a prioritization list. Mr. Riley said in 2009 a process was presented to rank the projects with a variety of criteria. He said at the time it was overwhelming because there were over 100 projects. Mr. Riley said the outline for the process can be obtained and shared with Town Council for review.

Mr. Harkins said he views the Coligny project as one of the most critical items on the list. He said it speaks to taking a major step forward in revitalizing the Island, fits within the master plan of creating a gathering place, increasing the tax base, rejuvenation, elevating in the minds of people outside that Hilton Head Island is on the move again and it speaks to the investment of dollars today that will have a very good return on investment in the future. Mr. Harkins felt an objective criteria outline would make the decisions on projects more understandable.

### **Mitchelville Development**

Mr. Riley said this project will enhance cultural tourism. He explained the Town has offered to make land available and are working with the County to acquire additional land at the right price but what role will the Town have in assisting with funding for capital or operations. Mr. Williams pointed out that this year Accommodations Tax funds were awarded to the group. Mrs. Likins stated this project could be great and she would like to see the group come together with a

solid plan and particularly Capital Campaign plan for funding. She said she felt the ownership of the project lies within the group.

#### **Arts & Conference Center**

Mr. Riley said this subject has come up in many different meetings. He stated the Center would need to be defined and Town Council will need to decide if they would like to commit any funding. Mr. Williams said that several years back a collaborative effort was unsuccessful. Mrs. Likins said it is going to be critical that the arts organizations somehow come together with some type of agreement for a center. She stated it is important any type of center meet multiple needs and the desires of the arts organizations. She said she feels the best thing the Town could do is try to pull together some of the art community to work together. Mr. Harkins suggested funding be set aside to work with the organizations in coordinating the effort. Council members discussed the importance of all of the organizations working together.

#### **Shelter Cove Redevelopment**

Steve Riley explained the mall has a new financial partner and they have discussed plans of redevelopment. He said Belk Department Store has options for over 20 years, veto power over redevelopment and have recently invested in remodeling and do not wish to spend any further dollars. Mr. Harkins said he thought there may be recent changes in the plans for the mall and asked Steve Riley to contact them to see if things have changed. Mr. Riley said he would do so. Mayor Laughlin said he feels it is still a developing situation and Town Council will have to be able to react to what the private investors do.

#### **Fire Station 6**

Mr. Riley explained this is a land swap with Greenwood Development, Palmetto Dunes Property Owners Association and the Town that would move the fire station off of the current location to behind their maintenance area. He said Palmetto Dunes would purchase the existing building from the Town which currently has a reverter agreement with Greenwood Development. He said this is a good three way agreement which allows the fire station to remain where it is while the new one is built so this will save dollars. Mrs. Likins asked what the time frame was for this project. Scott Liggett said it is slated for the upcoming fiscal year. He noted Town Council will have to consider increasing the level of indebtedness to move ahead with this project. Mr. Edwards pointed out that if this project does go forward, once a contract has been established, it will have to be contingent on approval of funds so the decision will have to be made for funding the project fairly soon. Mr. Riley agreed.

#### **Recreation Center Expansion & Share Center/ Rowing & Sailing Center/ Barker Field Complex Center**

Mr. Riley explained the original Recreation Center Expansion & Share Center proposed project has been scaled back to an expansion on the original location with different phases. He explained the project is not fully funded and would require some sort of bonding along with on-going commitment costs. Mr. Riley said the Rowing and Sailing Center is within the TIF District and qualifies for TIF funding.

He explained Barker Field has not had much public conversation but it has been discussed if the Town had ball field complexes there would be an impact on revenues. Mayor Laughlin said he has always felt the Town has never had an adequate commitment for public funding for active recreation facilities for citizens and visitors. He stated they need to look at improving and expanding the Recreation Center and other projects. Mr. Edwards said he is a big proponent of the Sailing and Rowing Center and he agreed with the Mayor that the recreation facilities need improvement. He stated there is concern about the current location the Town has committed to the project as far as meeting the needs of the Rowing and Sailing Center and he would hate to spend the money to build the facility with the issue of the needed deep water access. Mr. Riley stated the Town continues to look at additional land for the Center. Charles Cousins said they have looked at all of the Town owned property with water access and there would have to be a dock built at 500 to 600 feet out to get to the water and that was the reason for choosing the existing site.

Mayor Laughlin invited Mr. Lou Strayer, a representative of the Sailing and Rowing Club to speak. Mr. Strayer said the site on Squire Pope Road is an improvement in comparison to where they are now rowing on Broad Creek. He outlined a plan for the rowing and sailing to take place from the site. He explained they have 42 students in the rowing program. He emphasized the need for space to store the boats and said they have found docks at a lower price than originally estimated. Mr. Strayer showed interest in acquiring the temporary building used for fire trucks at the temporary Fire Station One location to move to the site for storage. He emphasized the group is not asking for a finished Rowing and Sailing Center, they are asking for a place to start Rowing and Sailing. Mr. Strayer added they have been contacted by a local college concerning assisting them with a rowing program. Mayor Laughlin thanked Mr. Strayer for his input.

Mr. Williams stated his support for the Center and encouraged pledging funds to the project. He also encouraged looking at getting started on the Recreation Center with a commitment of funds and completing the project in phases. Scott Liggett noted funds were limited and committed to other areas and if they are to move ahead with this other projects would have to be eliminated.

### **Fire Station 2**

Mr. Riley stated this will be the last Fire Station on the schedule to upgrade or replace. He said this station is located in the center of Sea Pines. He added to rebuild where it is currently located the Town would have to locate a temporary Fire Station somewhere. Mr. Riley said Sea Pines is now working on a long term redevelopment plan for the area and communication with them concerning the Fire Station should probably take place before anything is committed. Mr. Williams agreed due to Sea Pines being in the planning stages for redevelopment.

### **South Island Marina Dredging**

Mr. Williams said the community is still working on a resolution. He suggested a funding source be identified and to put it on hold for 60 to 90 days. He added if they don't get an outside funding there will have to be some kind of community funding source.

### **Heritage Golf Tournament**

Mr. Riley stated he views the financial support for the Heritage Golf Tournament as short term not to go beyond two more years, if needed. He said the Town cannot sustain a long term commitment.

### **Technology Infrastructure**

Mr. Riley explained recently the Town agreed to the installation of a cell tower on town-owned property and WiFi has been installed at Town locations. He said if the Town plans on expanding the WiFi to other areas, there will be costs associated with the installation. Mr. Edwards stated he is concerned that technology has moved beyond the need for WiFi and spending money in that area would not be necessary.

### **LMO Re-Write**

Mr. Riley stated there will probably be need for consulting services and funds need to be set aside for costs. Mrs. Likins stated the Committee is very sensitive to the budget and they would like to minimize the amount of consultant time they would have to use.

### **Proactive Marketing Campaign & Program**

Mr. Riley explained this idea came out of the Mayor's Task force for the Future. He explained it was not only for tourism but for business location and relocation to this area. He said at this point the funding for marketing comes from ATAX dollars and the spending is limited to tourism marketing. He stated if Town Council wants to designate funds to this area, they would have to look for alternative funding.

### **Chaplin Linear Park & Boardwalk**

Mr. Riley explained the project has been discussed in the past and it would tie in to Shelter Cove and Shelter Cover Community Park. He said the project is TIF eligible and those funds could be used. Mr. Edwards stated he felt the TIF monies should be directed to another area that would create a return on investment for the Town. He said the two obvious projects for TIF funding would be Coligny and the redevelopment of Shelter Cove. Mrs. Likins expressed concern about making a commitment to this project while commitment to the Shelter Cove redevelopment by private parties is unclear.

### **Law Enforcement Center**

Mayor Laughlin said since this had been discussed recently, he saw no need to discuss it at this time. All agreed.

### **Economic Development/Redevelopment**

Mr. Riley said staff is working on ideas for this but it is the same staff that is working to bring the LMO ReWrite Committee up to speed. Mrs. Likins stated the members of the LMO ReWrite Committee feel strongly the work they are doing will not ignite redevelopment in the community. She said they are just changing a document that will make it easier to get through the process and Town Council needs to move forward with a decision on what is going to be done about a redevelopment commission or committee.



**Appearance by Citizens**

**4) Adjournment**

Mr. Heitzke moved to adjourn. Mr. Williams seconded. The meeting was adjourned at 7:50 p.m.

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Vicki Pfannenschmidt, Secretary

Approved: May 17, 2011

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Drew A. Laughlin, Mayor