

THE TOWN OF HILTON HEAD ISLAND
TOWN COUNCIL BUDGET WORKSHOP

Date: Tuesday, May 5, 2011

Time: 4:00 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*; Susan Simmons, *Director of Finance*; Jill Foster, *Deputy Director of Community Development*; Steven Markiw, *Deputy Director of Finance*; Ed Boring, *Deputy Fire Chief – Support Services*; Jeff Buckalew, *Town Engineer*; Julian Walls, *Facilities Manager*; Shawn Colin, *Comprehensive Planning Manager*; Nicole Dixon, *Senior Planner*; Vicki Pfannenschmidt, *Executive Assistant*

Present from Media: Tom Barton, *Island Packet*

1) CALL TO ORDER

Mayor Laughlin called the meeting to order at 4:05 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) Tax Increment Financing (TIF) Review

Steve Riley reviewed the existing TIF areas and spoke concerning fund allocations for proposed projects that qualify for TIF funding. He noted that TIF is not a special tax district and not a tax break for property owners, and explained that it reallocates tax revenues collected. He explained the history of TIF and said it ends in December of 2014. Mr. Riley said the projected funds need to be committed to a project by that date. He emphasized that the dollars do not need to be spent but must have a commitment for completion.

Scott Liggett conducted a presentation reviewing projects that have been approved with a dollar amount assigned, funds allocated, proposed projects and funds required to complete the projects. He stated Town Council needs to decide how to assign the balance of funds that will be generated through the Tax Increment Financing District. Mr. Riley cautioned that they are working off of estimates and he explained the history of income for TIF and projections for future income.

Mr. Riley said when the TIF District was originally put in to place, there was an estimate of \$65,000,000 total funds to be collected. He cautioned Town Council that that was just an estimate and they would probably not reach that total. He said

projections now are lower and Council needs to decide if they are going to commit the entire \$65,000,000 and if the funds received do not total that amount are they going to commit funds from other sources or allocate less.

The following proposed future TIF funded projects were reviewed and discussed:



Program Summary

Tax Increment Sub Area – Proposed Future TIF Funded Projects

Chaplin / Broad Creek	
Chaplin Linear Park	\$2,500,000
Mathews / Gardner	
Mathews Connectivity	\$ 600,000
Mathews Dr. / Marshland Rd. Roundabout	\$1,190,000
WHP Pathway – Gardner Dr. to Mathews Dr.	\$ 300,000
Bridge to the Beach	
Palmetto Bay Road	\$ -
Coligny Area Improvements Phase II	\$ 6,275,000
Sea Pines Circle	\$ 580,000
Stoney Area	
Traffic Signal – WHP at Spanish Wells Road	\$ 150,000
Sewer Service Projects	\$ 330,000
Sailing and Rowing Center	\$ 1,650,000
Total	\$13,575,000

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After a review of each proposed project, Mr. Williams asked what kind of assurances there will be that the private parties involved in the Coligny Area Improvements will complete their part of the projects in a timely manner. Charles Cousins stated there would be signed agreements in place with time lines. Mr. Williams spoke in favor of the Coligny Area Improvements stating he felt, if necessary, some of the other projects could be set aside and staff should focus on Coligny.

Mr. Harkins stated he felt dollars should be channeled in to projects that would increase the financial base of the Island. Mr. Riley reviewed the entire Program Summary List for Council and explained how investments would pay off in each area. Mr. Harkins spoke in favor of Coligny and said he felt the \$6,275,000 is a low figure and additional funds need diverted to that project. Mr. Cousins stated it is difficult to estimate the costs of the projects until the design plans are firmly in place. He predicted the cost would be more than the 6.2 million dollars and could possibly be double that amount. Mr. Edwards stated he would hope private parties would come forward with committed dollars. Mayor Laughlin asked if the deadline for commitment of TIF funds had been explained to all concerned. Mr. Cousins said they have been informed and they are moving forward with meetings.

Mrs. Likins asked that if in considering the costs for the Sailing and Rowing Center long term maintenance was determined and if that would fall under the Island

Recreation Association. Steve Riley stated Town Council will have to make that determination. Mrs. Likins said she was comfortable with the \$1,650,000 for the Sailing and Rowing Center. Mr. Edwards said he felt the Sailing and Rowing Center has great potential. Mr. Harkins asked if any of the above projects qualified for any other funding source. Mr. Riley stated they qualify for all other funding sources with the exception of Beach Fees, adding it would just be a matter of allocating the funds.

After lengthy discussion, Mayor Laughlin said he would like to see Council distribute funds to all projects listed with the exception of the Chaplin Linear Park. Mr. Edwards concurred stating that Chaplin ties in to Shelter Cove and Town Council should wait and see what is going to happen in that area concerning redevelopment. Mrs. Likins agreed. Mr. Williams agreed. Mayor Laughlin asked if Town Council wanted to move forward with the Chaplin Linear Park Project, how much time would be needed for preparation. Mr. Liggett responded that it would take two fiscal years worth of planning. Mr. Riley suggested if that would be the case, Council may want to allocate \$200,000 for design. Mr. Edwards disagreed stating those dollars could be assigned to an approved project. Mr. Harkins suggested scratching Chaplin Linear Park and Sea Pines Circle from the list, and only commit partial funding to the to the Sailing and Rowing Center so they can diverting those funds to other areas.

Mayor Laughlin emphasized the need of having a plan in place for the TIF Funds because of the deadline for having funds assigned. Mr. Cousins stated Town Council could set the \$2,500,000 aside. Mr. Riley said they could push out the Chaplin Liner Park project for one year.

4) Capital Improvements Program (CIP) Review

No discussion.

5) Appearance by Citizens

6) Adjournment

Mr. Williams moved to adjourn. Mr. Heitzke seconded. The meeting was adjourned at 5:27 p.m.

Vicki Pfannenschmidt, Secretary

Approved:

Drew A. Laughlin, Mayor