

THE TOWN OF HILTON HEAD ISLAND
TOWN COUNCIL BUDGET WORKSHOP

Date: Thursday, June 9, 2011

Time: 5:00 P.M.

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

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*; Brian Hulbert, *Staff Attorney*; Jill Foster, *Deputy Director of Community Development*; Paul Rasch, *Emergency Management Coordinator*; Jeff Buckalew, *Town Engineer*; Bruce Seeley, *Inspections, Collections and Audit Manager*; Lori Schmidt, *Billing and Cash Receipting Manager*; Natalie Majorkiewicz, *Systems & Reporting Administrator*; Nicole Solaro, *Facilities Business Administrator*; Alice Derian, *Contracts and Services Administrator*; Vicki Pfannenschmidt, *Executive Assistant*

Present from Media: Tom Barton, *Island Packet*

1) CALL TO ORDER

Mayor Laughlin called the meeting to order at 5:00 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) Capital Improvements Program (CIP) Review

Scott Liggett explained he would present a power point presentation for reviewing various components of the CIP Program. He stated that regarding the action items for Town Council, there are two primary items that will result in a fully funded Capital Improvements Program. He said the first action deals with the approval of new funding for Fiscal 2012 via adoption of the Consolidated Municipal Budget and the second piece deals with the approval of the year end budget amendment on how the Town will dispose of monies contained in this Fiscal year's budget that is about to end. He said both of these items will result in a fully funded CIP.

Mr. Liggett stated the proposed CIP for the upcoming year included amounts rolled over from Fiscal Year 2011 and the proposed new funds for projects, noting some items could have one or both included in the projections.

Mr. Liggett opened his presentation with the Program Summary. He reviewed each key project. Mr. Harkins asked about the roll over money and if the money was

obligated. Mr. Liggett explained that some roll over money is available and yet not obligated because there is not a contract in place to encumber funds and some of the roll over funds are obligated by contract.

Mr. Liggett reviewed the list of projected Roadway Improvements. Mr. Williams asked about the Mainland Transportation Improvements. Mr. Riley explained these funds were committed to assist with four specific projects on the Mainland. Two of the projects received federal stimulus funds so about a year ago Town Council questioned committing those funds for those projects. Mr. Riley stated he has requested information from the County on the projects and their proposal for reducing or reallocating the funds. He explained the funds continue to be carried because of the vote for commitment by Town Council. He said this issue would need to come back before Town Council. Mr. Riley suggested this be done at the Committee level in the near future.

Mr. Ferguson requested the status on the private roads acquisition program. Mr. Liggett said the program was set up for acquiring the roads and turning them over to Beaufort County for the actual paving. He reported there have been roads acquired but some roads have been difficult to obtain. Steve Riley explained that years ago Beaufort County maintained the dirt roads but discontinued that effort. He said it was decided the Town would act as a facilitator and acquire the roads and turn them over to the County for paving. He explained there is a backlog of roads on the list for the County and Mr. Ferguson is suggesting the Town take over paving some of the roads. Mr. Ferguson agreed.

Mr. Liggett reviewed the projected Park Development items. Mrs. Likins asked if the \$341,000 was separate from the \$12 million Island Recreation Center project. Mr. Liggett said yes it was separate and the \$12 million dollars was for actual construction costs. Mrs. Likins then asked if the \$341,000 would be the amount needed to get the Town to the point of construction. Mr. Liggett explained he cannot predict actual costs for design, permitting and acquiring any lands needed, but the \$341,000 would get them on the way to bidding the project.

Mr. Edwards asked if there was a total amount for soft costs for all projects. Mr. Liggett said he does not have a total for cost by type right now but he could obtain it.

Mr. Edwards asked if there was a call or interest by the public for restrooms at Compass Rose Park. Mrs. Likins recommended the \$77,000 funds committed for Compass Rose Park restroom facilities could be considered for reallocation to Chaplin Park for tennis courts. She explained the need for additional courts and noted that the Island Recreation Association receives the proceeds from the courts to assist in their expenses. All Council members concurred. Mr. Riley referred to a request from Jacque Houck of Public Tennis, Inc. asking the Town to relieve them from any future financial obligations to the Town. After discussion, all Council members were in agreement that Public Tennis, Inc. should be relieved of any further financial obligation to the Town.

Mr. Ferguson suggested some of the funds for the Mainland Transportation Improvements be reallocated to funding repaving dirt roads on Hilton Head Island. Mayor Laughlin said he agrees the funds allocated should be reviewed and adjusted due to the stimulus funds received for the projects involved. Mr. Riley suggested a special meeting be held in the new fiscal year to determine direction, funding and timing.

Mr. Liggett reviewed the Existing Facilities Improvements. Discussion ensued concerning the proposed Fire Station #2 project. Chief Lucas was asked to explain the construction issues with the existing building. He explained after inspection there were many issues that pointed toward replacing the building. Mayor Laughlin suggested pushing the project out a year or so. Mr. Riley spoke concerning the reasons for rebuilding and suggested the project could be postponed and discussed next year.

Mr. Liggett reviewed New Facilities Improvements explaining the largest line item is the Sewer Service Project and it represents the current and standing relationship between Hilton Head Island PSD on the North End and the continuation of working with them to provide sewer service in that area.

Mr. Liggett reviewed the Beach Renourishment projects. He reviewed the proposed funding for the Port Royal Beach project.

Mr. Liggett concluded his presentation.

Mr. Williams referred to the funds allocated for curb repair on Summit Drive and asked if Beaufort County was going to come forward with any matching funds. Mr. Liggett said it does not look good. Mr. Williams asked if something could be done on a smaller scale to repair. Mr. Liggett suggested assessing whether the County intends to partner in the project and if not, look at the operating budget where road money is allocated and utilize those funds to repair.

4) Storm Water Utility Enterprise Fund

Mr. Liggett explained the creation of the Fund. He reviewed the revenues and expenses of the fund and descriptions of proposed projects.

5) Continued Review of other Budget Items

Mr. Riley explained the budget presented to Town Council was predicated on past policy and direction of Town Council and their list of goals and objectives. He said staff has looked at opportunities to trim the budget. He noted that in most communities the CIP is the last thing funded and on Hilton Head Island it is the first. Mr. Riley reviewed the Point of Sale Bill and said the Governor has until June 14 to approve or veto the Bill. He spoke concerning the economic impact of the Heritage. He explained the reserves and reason for them. He invited Susan Simmons to explain the fund balances. Mr. Riley explained the difficulty in conducting comparative data studies. Mr. Riley pointed out that property taxes are only 37% of the Town's budget. He said he has full confidence in the budget estimates given to Town Council.

Mayor Laughlin spoke concerning the level of service given by Town staff. He commented the Community aspires to be the best and Town Council has an extremely ambitious Policy Agenda. He stated he remains committed to doing everything that can be done to improve the Community. He complimented staff on their work and their effort to continue to improve the level of service given to the Community.

Mr. Williams stated that after getting answers to his questions he is much more confident on where the Town is and where it is going. He stated staff has done an excellent job.

Mrs. Likins commented she knows preparation of the budget is a daunting task and the information provided has been extremely helpful.

6) Appointments and Reappointments to Boards and Commissions

Mr. Edwards moved that Town Council accept the following appointments and reappointments to Town Boards and Commissions:

Accommodations Tax Advisory Committee

- Reappoint Frank Soule as an At-Large representative to a 3-year term 7/1/2011-6/30/2014.
- Appoint Robert Stenhammer as Lodging representative. Mr. Stenhammer's appointment becomes effective immediately and runs through 6/30/2013;

Board of Zoning Appeals

- Appoint Glenn Stanford to an At-Large 3-year term 7/1/2011-6/30/2014.

Construction Board of Adjustment & Appeals

- Reappoint Michael R. Lynes to a 4-year term 7/1/2011-6/30/2015;
- Reappoint Jay R. Owen to a 4-year term 7/1/2011-6/30/2015;
- Reappoint Gary M. Schmidt to a 4-year term 7/1/2011-6/30/2015;
- Reappoint Robert N. Tanner to a 4-year term 7/1/2011-6/30/2015.

Design Review Board

- Reappoint Jennifer Moffett to a 3-year term 7/1/2011-6/30/2014;
- Reappoint W. Thomas Parker to a 3-year term 7/1/2011-6/30/2014;
- Reappoint Todd Theodore to a 3-year term 7/1/2011-6/30/2014.

Parks and Recreation Commission

- Reappoint Daniel Gafgen to 3-year term 7/1/2011-6/30/2014;
- Appoint Heather Rath to 3-year term 7/1/2011-6/30/2014.
- Appoint Peter Keber to 3-year term 7/1/2011-6/30/2014.

Planning Commission

- Reappoint Gail Quick to 3-year term 7/1/2011-6/30/2014;
- Reappoint Tom Lennox to 3-year term 7/1/2011-6/30/2014;
- Appoint David Bennett to a 3-year term 7/1/2011-6/30/2014.

Mr. Williams seconded. The motion was approved by a vote of 7-0.

7) Appearance by Citizens

None.

8) Adjournment

Mr. Heitzke moved to adjourn. Mr. Williams seconded. The meeting adjourned at 7:08 p.m.

Vicki Pfannenschmidt, Secretary

Approved: July 5, 2011

Drew A. Laughlin, Mayor