

THE TOWN OF HILTON HEAD ISLAND
REGULAR TOWN COUNCIL MEETING

Date: Tuesday, September 20, 2011

Time: 4:30 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: Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Brian Hulbert, *Staff Attorney*; Lavarn Lucas, *Fire Chief*; Charles Cousins, *Director of Community Development*; Scott Liggett, *Director of Public Projects and Facilities/Chief Engineer*; Nancy Gasen, *Director of Human Resources*; Susan Simmons, *Director of Finance*; Jill Foster, *Deputy Director of Community Development*; Brian Hulbert, *Staff Attorney*; Marcy Benson, *Senior Grants Administrator*; Heather Colin, *Development Review Administrator*; Shawn Colin, *Comprehensive Planning Manager*; Victoria Shanahan, *Accounting Manager*; Natalie Majorkiewicz, *Systems and Reporting Administrator*; Vicki Pfannenschmidt, *Executive Assistant*

Present from Media: Tom Barton, *Island Packet*

1) CALL TO ORDER

Mayor Laughlin called the meeting to order at 4:30 p.m.

2) PLEDGE TO THE FLAG

3) INVOCATION

4) 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.

5) Proclamations and Commendations

6) Approval of Minutes

a. Town Council Special Meeting/Land Acquisition Workshop – August 31, 2011

Mr. Heitzke moved to approve. Mr. Harkins seconded. The motion was approved by a vote of 7-0.

b. Town Council Meeting – September 6, 2011

Mr. Heitzke moved to approve. Mr. Williams seconded. The motion was approved by a vote of 7-0.

Mr. Edwards said he wanted to clarify the outcome of an agenda item from the September 6 meeting. He said the Island Packet reported that Town Council voted to award the Community Vision of Hilton Head the \$75,000 that was requested. He said that is not what took place and Town Council only voted to request the Town Manager to review the budget and see if the funds were available. Mayor Laughlin confirmed that the money was not awarded and stated Mr. Edwards' recollection of the agenda item was correct.

7) **Report of the Town Manager**

a. Audubon International Green Community Award

JoEllen Lampman of Audubon International presented the award to Mayor Laughlin.

b. Semi-Annual Report of the Planning Commission, Al Vadnais, Past Chairman

Mr. Vadnais provided Town Council with an update on the Planning Commission activities for the first half of 2011.

c. Update on LMO Permitting Process, Teri Lewis/Bob Gentzler

Jill Foster reviewed the new process for Commercial Construction Permitting. She explained that staff, with the assistance of Mr. Terry Ennis and Mr. Bob Gentzler developed a procedure to make the process as understandable and as time-efficient as possible. She stated there will be a Staff Project Manager assigned to each project. She said that person will be the applicant's "advocate" in moving the project through review, approval and construction as seamlessly as possible. She thanked everyone involved and noted there were more than 60 stakeholders that participated during the review. Ms. Foster said they are also reviewing software updates for the permitting process and will be coming forward with cost estimates for the change.

Mr. Gentzler commented that this was a successful process due to support from Charles Cousins. He stated the four staff members that he and Mr. Ennis worked with were very competent and they worked along with stakeholders in finding the best procedures. He complimented staff on their willingness to review and improve the process. Mr. Gentzler stated his "hot button" in the process was customer service which was kept at the forefront of adopting changes. He noted that as the change is implemented the focus needs to remain on the "user".

Jill Foster distributed public information brochures and the procedure for Commercial Construction Permitting.

Mr. Williams suggested that the cost estimates and RFQ's for the software upgrades be worked on before the budget process begins. Ms. Foster said that staff is already doing this by going to different communities, conferences and reviewing software packages that would meet the Town's needs. She said she would like to include it in her budget request for FY2013.

Mayor Laughlin expressed his thanks to the staff, Mr. Gentzler and Mr. Ennis.

d. Town Manager's Items of Interest

Mr. Riley reported on some Items of Interest.

e. August, 2011 Policy Agenda, Management Targets and CIP Updates

Mr. Riley referred to the Policy Agenda update for August included in the Agenda packet. He said he was available to answer any questions.

8) **Reports from Members of Council**

a. General Reports from Council

Mr. Williams said he had attended a meeting of LCOG on Monday, September 19, 2011. He said they are working on projects for the region consisting of Jasper, Hampton,

Beaufort and Colleton Counties. He reported there are fourteen projects being reviewed and seven of them are in Beaufort County. He reviewed the key projects affecting Hilton Head Island.

b. Report of the Intergovernmental Relations Committee – George Williams, Chairman

Mr. Williams commented that Mr. Riley informed all of the September 28 Special Intergovernmental Relations Committee meeting concerning redistricting earlier and he had nothing else to report.

c. Report of the Personnel Committee – Lee Edwards, Chairman

Mr. Edwards reported the Personnel Committee met earlier in the day to review applications for a vacant position on the Design Review Board. He stated the Committee will be conducting interviews in the near future.

d. Report of the Planning & Development Standards Committee –Bill Ferguson, Chairman

Mr. Ferguson said there were two meetings scheduled for next week. He announced there is a special meeting scheduled for Monday, September 26, 2011 at 2:00 p.m. and a regular meeting scheduled for Wednesday, September 28, 2011 at 4:00 p.m.

e. Report of the Public Facilities Committee – Kim Likins, Chairman

No report.

f. Report of the Public Safety Committee – Bill Harkins, Chairman

Mr. Harkins reported the Committee had recommended Town staff draft an ordinance dealing with towing.

g. Report of the LMO Rewrite Committee – Kim Likins, Ex-Officio Member

Mrs. Likins reported the Committee had reviewed the first version of the RFQ. She said there would be a presentation by Todd Ballantine next week and a final review of the RFQ. She announced the Committee would be coming forward to Town Council in the near future to request additional funding.

Mayor Laughlin recognized the passing of Don Ryan, Chairman of the Board and CEO of CareCore, noting Mr. Ryan was an avid promoter of economic development in Beaufort County who will be sorely missed.

9) Appearance by Citizens

Mary Amonitti appeared before Town Council and spoke concerning recycling on the beach.

10) Unfinished Business

a. Revised Second Reading of Proposed Ordinance 2011-18

Second Reading of Proposed Ordinance 2011-18 providing for the issuance and sale of Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Hospitality Fee Pledge), in one or more series, in the principal amount of not exceeding \$26,250,000; delegating the authority to the Town Manager to determine certain matters with respect to the bonds; prescribing the form and details of such bonds; other matters relating thereto; and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mr. Harkins seconded. Mr. Williams commented that he was hesitant to vote in favor of this but he felt Council has to approve it due to past costs and what is budgeted for the future. The motion was approved by a vote of 7-0.

b. Revised Second Reading of Proposed Ordinance 2011-20

Second Reading of Proposed Ordinance 2011-20 providing for the issuance and sale of Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Beach Preservation Fee Pledge), in one or more series, in the principal amount of not exceeding \$11,000,000; delegating the authority to the Town Manager to determine certain matters with respect to the bonds; prescribing the form and details of such bonds; other matters relating thereto; and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mr. Williams seconded. Mr. Williams motioned to pass a resolution to limit the amount of money bonded to \$8 million. Mr. Edwards seconded. Mr. Williams expressed concerns of borrowing the entire \$11 million and stated he felt Council needed to be conservative. He said if more money is needed the Town could issue additional bonds in a few years.

Mrs. Likins asked for examples of what types of projects would be funded with the Beach preservation Fees. Mr. Riley stated a few of the projects which would be eligible would be the Coligny Beach Redevelopment, beach parking, Collier Beach, and portions of Chaplin Linear Park. He added that down the road enhancement and renovations of existing beach parks could also be included.

Mr. Riley stated that this ordinance was written for \$11 million when it was expected that the bids would come in higher for the Port Royal Beach Renourishment. He explained the Town would have up to five years to spend the money borrowed and could consider using the additional funds available for other qualifying projects.

Mayor Laughlin said he did not feel the Town is headed on a path of drawing down the reserves. He stated he felt the bulk of the cost of this bond issue will be incurred regardless of whether the Town borrows \$11 million or \$8 million. He added that with interest rates being favorable and discussion of major projects coming up in the next five years he feels it is more efficient to issue the bonds for the \$11 million.

Mr. Riley asked Susan Simmons to address Council concerning the interest rates. Ms. Simmons explained that on the \$11 million the annual payment would be close to \$1.4 million and on \$8 million it would be about \$1 million. She explained with either the \$11 million bond or the \$8 million bond, the Town would maintain the reserves.

Mr. Edwards asked what the costs would be if the Town just borrowed the \$8 million now and in a couple years would need \$3 million. Ms. Simmons explained she could not predict the interest rates but there would be rating expense of over \$50,000 and additional variable costs due to the issuance of bonds, along with the current interest rate at the time of issuance.

Brent Robertson explained that with this the Town has a seven year payback plan on principle. He informed Council that for every \$1 million borrowed there is \$18,000 in interest charged annually and for every \$1 million not borrowed, in order to fund the current project or any projects Council would have to take \$875,000 out of the reserves.

Mr. Harkins said there is a need for extra capital for upcoming projects and noted that interest will probably not go much lower but it can go higher.

Mr. Edwards said in philosophy he agrees with Mr. Williams but he thinks the likelihood of needing the money relatively soon makes him lean towards approving the entire \$11 million. The motion for a resolution amending the amount to \$8 million failed by a vote of 1-6. Mr. Williams was in favor. The original motion was approved by a vote of 6-1. Mr. Williams was opposed.

c. Second Reading of Proposed Ordinance 2011-22

Second Reading of Proposed Ordinance 2011-22 of the Town of Hilton Head, South Carolina, authorizing the execution of that certain Drainage Easement Agreement with Palmetto Electric Cooperative, Inc. over property owned by the Town of Hilton Head Island, South Carolina, pursuant to the authority of the S. C. Code Ann. Sec. 5-7-40 (Supp. 2010), and Sec. 2-7-20, *Code of the Town of Hilton Head Island, South Carolina*, (1983); and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

11) New Business

a. Consideration of a Recommendation for approval of Jenkins Island Tower Conceptual Location

Consideration of a Recommendation that the Town Council of the Town of Hilton Head Island, South Carolina, approve in concept the location of a telecommunications tower on the Town's Jenkins Island property.

Mr. Heitzke moved to approve. Mr. Williams seconded. The motion was approved by a vote of 7-0.

b. First Reading of Proposed Ordinance 2011-25

First Reading of Proposed Ordinance 2011-25 authorizing the execution of an amendment to lease with the Museum-Chamber Partnership for property owned by the Town of Hilton Head Island, South Carolina, pursuant to the authority of S.C. Code Ann. Sec. 5-7-40 (Supp. 2006), and Sec. 2-7-20, *Code of the Town of Hilton Head Island, South Carolina*, (1983); and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mrs. Likins seconded. Bill Miles approached the dais and said the project is 60% completed with plans to be permitted. He stated the intent is to move forward. Mr. Miles explained the Chamber Board has reviewed the plans and will have future conversations about the plans and funding. He said this one year extension will give them time and opportunity to raise capital to build the new Welcome Center.

Mr. Williams reminded Mr. Miles that when the Town purchased the property the intent was to have something new and improved at the location. He stated living up to that intent is very important. Mr. Williams wished the Chamber luck in completing this project.

Mr. Edwards asked if the funds to design the project were in place. Mr. Miles said the design money is not a problem. He explained they want to ensure they get the money to build before spending any more dollars. The motion was approved by a vote of 7-0.

12) Executive Session

Mr. Riley stated he needed an executive session for legal matters pertaining to ongoing litigation involving the Town and SCDOT regarding Parcel E; contractual matters pertaining to a proposed cell tower lease on the Fire Station 7 site; contractual matters pertaining to a proposed three party agreement between the Town, Greenwood Development Company and the Palmetto Dunes POA regarding the Station 6 relocation project; and legal matters pertaining to ongoing litigation with DHEC-OCRM regarding setback lines.

At 5:58 p.m. Mr. Heitzke moved to go into Executive Session for the reasons stated by the Town Manager. Mr. Ferguson seconded. The motion was approved by a vote of 7-0.

Mayor Laughlin called the meeting back to order at 6:32 p.m. and asked if there was any business to take up as a result of executive session.

Mrs. Likins moved that the Town Council authorize the Mayor and Town Manager to execute and deliver the agreement by and between the Town of Hilton Head Island, South Carolina, Greenwood Communities and Resorts, Inc., and the Palmetto Dunes Property Owner’s Association, Inc., and to take such other and further actions as may be necessary to complete the transaction described in the agreement. Mr. Williams seconded. The motion was approved by a vote of 7-0.

Mrs. Likins moved that Town Council give approval on First Reading to an ordinance authorizing the Town to execute and deliver easements encumbering Town owned real property to Greenwood Communities and Resorts, Inc., and the Palmetto Dunes Property Owner’s Association, Inc., and that the Mayor and Town Manager be authorized to execute and deliver the easements, and to take such other and further actions as may be necessary to complete the conveyance of the easements. Mr. Heitzke seconded. The motion was approved by a vote of 7-0.

13) Adjournment

Mr. Williams moved to adjourn. Mr. Heitzke seconded. The meeting was adjourned at 6:34 p.m.

Vicki Pfannenschmidt, Secretary

Approved:

Drew A. Laughlin, Mayor