

**THE TOWN OF HILTON HEAD ISLAND
SPECIAL MEETING/LAND ACQUISITION WORKSHOP**

Date: Monday, February 18, 2013

Time: 4:00 P.M.

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

Present from Town Staff: Stephen G. Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Scott Liggett, *Director of Public Projects & Facilities*; Susan Simmons, *Director of Finance*; Shea Farrar, *Senior Planner*; Brian Hulbert, *Staff Attorney*; Lynn Buchman, *Administrative Assistant*; Vicki Pfannenschmidt, *Executive Assistant*

Present from Media: None

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. Open Session

a. Land Acquisition Background

Steve Riley provided a detailed background of the origin and purpose of the Land Acquisition Program, identified the lands acquired by the Town, and noted the methods used for funding or swaps involved in such acquisitions.

b. Land Acquisition Manual

Mr. Riley referenced the Land Acquisition Manual which outlines the criteria for the program, as well as the process by which the Town Manager is to identify properties and bring them to Town Council for consideration, the role of the Town Council, and the various funding sources. He noted the need to discuss appraisal guidelines. In furtherance of the criteria goals, Mr. Riley outlined efforts that had been made over the years, resulting among other things, in a 52% permanently green area along Highway 278. Various land swaps were noted and the reasoning behind such transactions.

Mr. Riley pointed out that the Town has avoided buying land behind the gates of any PUD so that no issue is raised about the public's access rights, and for the purposes to be accomplished there is no reason to ever do so.

c. Land Acquisition Program and Economic Development

The use of the Land Acquisition Program for economic development purposes was discussed, as Mr. Riley pointed out that the Marriott Surfwatch project is an example. He posed questions for the future of whether the Town wanted to do more of that, and if so,

would that involve land already owned by the Town, land acquired from other sources, or a referendum stating that intent. Discussion points for economic development included:

- Should specific parcels be made available to attract new development or as an incentive for re-development of adjoining sites?
- Would you sell land at a reduced price to incentivize new development?
- Would you sell density rights?
- Would you provide land to your new Economic Development Corporation as a resource or consider buying land that might be used as a resource to attract business?
- Are there vacant or underperforming commercial properties that can be removed from the market by acquisition? Ms. Likins expressed her support for demolition of older structures and re-marketing the property.

Mr. Riley cautioned, however, that the public perspective may be that land is acquired simply to leave it green.

Mr. Riley referenced the chart included in the agenda packet which outlined the Town acquisitions, when the properties were acquired and the intended use at that time, and the source of funds. He pointed out that the source of funds may affect how the property may be used in the future.

Limitations on Town-owned tracts were identified as follows:

1. The Northridge Tract, which is subject to a conservation easement for the benefit of the Hilton Head Land Trust and requires their express consent for any use of the property; and
2. Properties acquired jointly with Beaufort County, where County limitations are more stringent with active recreation uses not allowed, and their viewpoint on resale of land is not clear.

d. Funding Review

Referencing materials in the agenda packet, Mr. Riley noted that from the \$12 million in 2010 referendum, there is roughly \$1.7 million left. He recounted examples of resales of land that resulted in almost \$2.4 million in funds added, for a total of a little over \$4 million available to acquire new properties at this time. Mr. Riley explained that once negotiations are underway for properties, estimated funds are held out, so the figure represents funds available for new acquisitions. He posed the question of whether this was the end of the line or whether there are other sources of funds to be considered or other uses for these funds to be discussed.

A general discussion ensued among the Council Members concerning the need to educate the public on the Town's commitment to keeping this a "green" community, but how

encouraging smart economic development can enhance the tax base. Mr. Williams asked that the chart be revised to include the restrictions, if any, on each property and identify properties available for economic development purposes.

Mayor Laughlin stated his belief that the Land Acquisition Program is the most important and beneficial program the Town has implemented, with the possible exception of the growth management ordinance. He pointed out that preservation of open space, creation of parks, beach access, and other benefits of the Program have been an unqualified success and is recognized by the citizens as such. However, he stated his belief that the need for more park development and, to some degree open space, is not as great as in the past. Absent development of new sources of revenue, there is not much else to be done. Targeting existing commercial density that is resistant to development, eliminating certain properties in terms of their use and density, facilitating redevelopment of some tracts, and acquiring land in furtherance of economic development were discussed. However, the need for public acceptance was noted.

Greg DeLoach, Assistant Town Manager, noted that as Council refines and narrows the scope of the Economic Development Corporation, one of the missions is to help Council identify properties or strategies in relation to land acquisition and economic development, and it should be utilized to do that work. Mr. Harkins emphasized the need for a high level of communication and cooperation between the Town and this entity.

Condemnation of existing buildings was discussed, and Mr. Riley explained that you must have a stated public use for the property, and it must forever remain public property. The challenge of finding willing and realistic sellers was noted.

Mr. Edwards and Mayor Laughlin discussed scenarios of acquiring buildings and what do you do with them or the land afterwards. A discussion followed of the need for education of the public for support of the available funding sources, and being able to tell a story that can relate to the public interests, value of property, and quality of life.

Mr. McCann and Mayor Laughlin discussed the limitation of taking on more projects at this time, and Ms. Likins noted that better is not necessarily more, and some projects simply improve what is already there. Utilizing a focus group was suggested by Mr. Harkins, and the use of an economic study was suggested by Mr. Edwards, followed by a discussion among the Council members. It was noted by Mr. Williams that whatever is done should be supportive of and not compete with the private sector. Discussion followed concerning utilizing the Economic Development Corporation, with the review of Council, to help focus efforts and sort the inventory data to make it more useable.

Ms. Likins voiced her support for utilization of land for affordable housing, and a discussion followed concerning partnering with existing programs that do not result in a direct public subsidy.

e. Public Comment

Jocelyn Steigar asked about proceeds from sale of land being used to retire debt. While acknowledging that there was indeed debt to be paid off and debt that will be retiring in the next few years, Mr. Riley noted there are call dates on the debt with prepayment penalties under many of the debt structures. A discussion followed concerning the source of payment for bond issues that may free revenue, and options of re-directing revenue to other purposes, providing tax relief, or asking voters to authorize the issuance of more bonds to fund land acquisitions or projects.

4. Executive Session

Mr. Riley stated he needed an executive session for contractual matters related to land acquisition.

At 5:45 p.m., Mr. Harkins moved to go into Executive Session for the reasons stated by the Town Manager. Mr. Williams seconded. The motion was approved by a vote of 7-0.

Mayor Laughlin called the meeting back to order at 6:22 p.m. and stated there was no business to take up as a result of executive session.

5. Adjournment

At 6:23 p.m., Mr. Harkins moved to adjourn. Mr. Williams seconded. The motion was approved by the quorum present.

Lynn Buchman, Secretary

Approved:

Drew A. Laughlin, Mayor