

THE TOWN OF HILTON HEAD ISLAND
TOWN COUNCIL BUDGET WORKSHOP

Date: Wednesday, May 22, 2013

Time: 4:30 P.M.

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

Absent from Town Council: Lee Edwards, *Council Member*

Present from Town Staff: Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*, Scott Liggett, *Director of Public Projects and Facilities/Chief Engineer*; Charles Cousins, *Director of Community Development*; Lavarn Lucas, *Fire Chief*; Tom Fultz, *Director of Administrative Services*; Susan Simmons, *Director of Finance*; Bret Martin, *Deputy Director of Finance*; Victoria Shanahan, *Accounting Manager*; Jeff Buckalew, *Town Engineer*; Cary Gaffney, *Storm Water Administrator*; Julian Walls, *Facilities Manager*; Ed Boring, *Deputy Fire Chief- Support Services*; Natalie Majorkiewicz, *Systems & Reporting Administrator*; Jill Foster, *Deputy Director of Community Development*; Nancy Gasen, *Director of Human Resources*; Lynn Buchman, *Administrative Assistant*

Present from Media: Brian Heffernan, *Island Packet*

1) CALL TO ORDER

Mayor Laughlin called the meeting to order at 4:30 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) Updated Information from questions raised on:

a. General Operating Budget

Susan Simmons, Director of Finance, noted that although she had no handouts, she was prepared to entertain questions. There were none.

b. Debt Service

Ms. Simmons handed out a chart showing the total outstanding principal stacked by security type for the Fiscal Years ending 2013 through 2036, which Mr. Harkins indicated was the information he was seeking on the total debt, and assuming no more debt was incurred, what the curve would be over time. Ms. Simmons confirmed for Mr. Harkins that at least once a year opportunities for refinancing are reviewed. She noted that the bond rating calls have been completed, and two of the three bond ratings have already been reaffirmed at the present rate with S&P and Fitch both at AA+, and Moody's is yet to be received, but is expected to be reaffirmed, as well.

Ms. Simmons provided a copy of Note 10 to the Financial Statements outlining the interest rates, and as an improvement next year she promised more consistent information in one place.

Mr. Riley indicated a discussion about roll-up vs. roll-back or hold steady was in order at this time or at another workshop if preferred so that adjustments could be made if needed. A brief discussion followed among the Council Members, Mr. Riley, and Ms. Simmons concerning the effects reassessment might have on tax rates and tax revenue generated to support a no increase budget. Also discussed was the need for decisions on how to proceed under the proposed budget with new capital projects, the funding for such projects, and the operating costs associated with them.

4) Capital Improvements Program (CIP)/Storm Water Utility (SWU) Review

Scott Liggett, Director of Public Projects and Facilities/Chief Engineer, continued the discussion of the proposed capital improvements program for FY2014 begun at the last meeting. The Tax Increment Financing projects identified by Council in the prior year were outlined, the likely revenues to be generated in FY2014, and the shortfall in funds to pay for the projects. Absent an extension in the TIF program or an alternate funding source, he asked for a discussion of the contingencies which included postponing, de-prioritizing, or emphasizing of the projects.

A lengthy discussion followed among the Council Members, Mr. Liggett, and Mr. Riley concerning the status of each project, the reasons for projection changes from last year, possible ways to scale back or defer projects, and the ability to interrupt or reallocate any of the funding streams.

Charles Cousins, Director of Community Development, and Mr. Riley also pointed out that more parking will be needed in Shelter Cove Park which will need to be factored in as an increased cost and a budgeting challenge to be considered.

The values and virtues of the Rowing and Sailing Center as a private/public partnership and ways to scale back the project were discussed among the Council Members. Mr. Liggett outlined the site implementation plans in detail. He was asked to review the project and return with a revised proposal to possibly scale back the project, with input from the stakeholders.

Alternate funding for the mast arm project was discussed to remove it from the TIF funding. Ms. Simmons and Mr. Riley explained that the rounded TIF revenue figures were projected based on numbers provided by Beaufort County last fall, and better estimates would not be available for several months. Ms. Simmons indicated the figures represent Plan A assuming no extension of TIF, with an alternate Plan B to be developed if TIF is extended. Mr. Riley also noted that there may be a trigger point at this time next year when a decision will need to be made about bidding out deferred projects in order to capture the TIF funds, and several are in a good position to do that. He stated there was a good possibility of obtaining a TIF extension if USC-B is part of that equation, and indicated that may happen in late July, with paperwork to follow.

Mr. Liggett recapped the discussions that indicated funding of 3 out of the 6 projects on the list – Chaplin Linear Park with the central spine pathway, scaling back of the Rowing and Sailing Center while maintaining a standard of quality, and the balance devoted to Coligny. This would constitute the contingency plan if the TIF extension does not happen.

Mr. Liggett addressed questions posed at the last meeting and discussions ensued concerning the Rowing and Sailing Center annual operating costs and funds spent to date, the cost of office space leased for Finance at the Village of Wexford, the Honey Horn

Drive apron improvements, the LeMoyne Avenue project, Jenkins Island Road project, and the Stoney secondary road and Summit Drive projects. In response to Mr. Grant's inquiry about funds available for water and sewer along Gumtree Road, Mr. Liggett reported there is no additional money proposed for FY2014 for the continued partnership with the Public Service District, but a relationship has just been consummated with the PSD for sewer projects within Ward 1 in other areas. Ms. Likins asked for an explanation of the need for the Leamington/Fresh Market Shoppes roadway improvements, and Mr. Liggett noted the design improvements that would consolidate the entry points with a signal, negate the need for a U-turn for emergency vehicles, median closures that would occur, and improvement in efficiency of traffic moving through that area.

Mr. Liggett briefly outlined the projects constituting those that are still active and for which money needs to be available. He presented historical figures showing total funds for CIP at approximately \$20M, with funds rolled over and new projects funded, noting there is less of a need in FY2014 to roll funds forward. Mr. Liggett and Mr. Grant discussed the source of beach funding, the approximate amount collected each year, what beach frontages receive the benefit of such funds, and areas that will need renourishment in the near future.

Mr. Liggett outlined the existing facilities improvements and monies that are suggested to be rolled from FY2013 to complete those projects, and a brief discussion followed among Council Members and Mr. Riley.

Mr. Liggett noted that Park Development would be revised for the Rowing and Sailing Center as discussed earlier. He reported that the Island Rec Center Enhancements Phase I (parking lot improvements) bids are in and a contract is being awarded, with the project slated for completion this summer. He asked for guidance as to what is to be included in for the next phase of Rec Center improvements, given the stance taken on the Aquatics Center, which Mr. Riley explained. A brief discussion followed as to what had been funded to date and the need to fund further improvements to the Rec Center. Mayor Laughlin noted that, consistent with earlier discussions, the boardwalk to Collier Beach and Collier Beach projects would not be funded this year. Although these funds are not available for Ward 1 water and sewer improvements, Mr. Grant asked for Council support to find funding for the Public Service District's final phase along Gumtree Road.

A discussion followed concerning placement of tennis courts in Chaplin Park or elsewhere and possibly alternate locations for the Aquatics Center, both of which were determined to be topics for future discussions.

Mr. Liggett briefly outlined the rolled money proposed from FY2013 for new facilities improvements, as well as for pathways. He explained the process followed for design development, acquisition, and construction of pathways.

The larger items for roadway improvements were outlined by Mr. Liggett, and he provided an update on the projects. He noted the budgeted funds are sufficient for private road acquisition, and he outlined the acquisitions currently being undertaken. A discussion followed concerning the problems with the County refusal to accept paved roads acquired. Mr. Liggett suggested prior agreement with the County for maintenance be obtained before dedication of dirt roads. A brief discussion followed concerning the ownership issue of private dirt roads that prevent maintenance by either County or Town except in emergency

access situations, and Mr. Liggett outlined the arduous procedures to be followed in such special circumstance cases for a one-time scraping.

In conclusion, Mr. Liggett presented summary columns showing rolled money, new money, and what is proposed to be changed based on the comments and guidance received at the meeting. Since Storm Water Utility review had been covered at the previous workshop, Mr. Liggett had nothing further to add and indicated he would answer any questions, either now or at subsequent meetings.

Mr. Harkins confirmed that Mr. Liggett would be reviewing the plan for the Rowing and Sailing Center to determine ways to reduce the funding without diminishing quality, while seeking input from the private sector.

5) Appearance by Citizens

Lou Strayer stressed to Council that the Rowing and Sailing Center would be a community center open to all citizens and not a private club. He outlined the background of the private/public partnership undertaken, the immediate need for the Center, and cited numerous ways the project could be scaled back and the willingness of the private sector to sit down with the Town to work out a suitable plan.

Several other citizens appeared in support of the Rowing and Sailing Center, citing the benefits of such a Center.

6) Adjournment

Mr. Williams moved to adjourn. Mr. McCann seconded. The workshop was adjourned at 6:47 p.m. by a vote of 6-0.

Lynn Buchman
Administrative Assistant

Approved:

Drew A. Laughlin, Mayor