

**THE TOWN OF HILTON HEAD ISLAND**  
**REGULAR TOWN COUNCIL MEETING**

**Date:** Tuesday, September 6, 2011

**Time:** 4:00 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:** 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*; Ed Boring, *Deputy Fire Chief – Support Services*; Brian Hulbert, *Staff Attorney*; Jeff Buckalew, *Town Engineer*; Jennifer Lyle, *Assistant Town Engineer*; Jayme Lopko, *Senior Planner*; Nicole Dixon, *Senior Planner*; Victoria Shanahan, *Accounting Manager*; Natalie Majorkiewicz, *Systems and Reporting Administrator*; Julian Walls, *Facilities Manager*; Paul Rasch, *Emergency Management Coordinator*; Vicki Pfannenschmidt, *Executive Assistant*

**Present from Media:** Tom Barton, *Island Packet*

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**1) CALL TO ORDER**

Mayor Laughlin called the meeting to order at 4:00 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**

**a. Captain William Hilton Weekend**

Barbara Muller, President of the Heritage Library Foundation accepted the Proclamation. Also present for the Proclamation were Iva Welton, Vice President; Nancy Burke, Secretary; Joe Burke; Bill Altstaetter; Treasurer; Gwen Altstaetter, Bill Standen, and Natalie Hefter from the Coastal Discovery Museum.

**6) Approval of Minutes**

**a. Town Council Meeting – August 2, 2011**

Mr. Heitzke moved to approve. Mr. Williams seconded. The minutes from the August 2, 2011 Town Council meeting were approved by a vote of 7-0.

## 7) **Report of the Town Manager**

### a. Semi-Annual Report of the Parks and Recreation Commission, Marc Stuckart, Chairman

Due to a scheduling conflict Mr. Stuckart was not present to give his report. His presentation will be rescheduled.

### b. Town Manager's Items of Interest

Mr. Riley reported on some Items of Interest.

### c. Port Royal Beach Renourishment Project

Mr. Liggett updated Town Council on the status of the Port Royal Beach Renourishment Project. He stated that Great Lakes Dredging has delayed their mobilization to Hilton Head Island by three weeks and it will occur on October 10 and the sand pumping will begin the first week of November. He said he has requested an updated schedule. He explained the logistics of the project and asked if there were any questions. Mr. Heitzke asked if there would be any pipes placed at the Beach House in Port Royal. Mr. Liggett responded there would be no access through Port Royal for the beach fill work. He said all access will take place through Islanders Beach. All access through Port Royal will relate to the construction of the groin.

### d. Waste Hauling and Recycling Franchise Agreement-Quarterly Report

Mr. Liggett updated Town Council on the status of the waste hauling and recycling program. Mr. Edwards stated he has had positive feedback concerning the program and inquired as to when the commercial aspect would commence. Mr. Riley said that the commercial component of the program will be discussed at the Town Council Workshop slated for December of 2011.

Mr. Williams asked if Staff had any information pertaining to a reduction in recycling at the Beaufort County Drop Off Center on the Island. Mr. Liggett said he would request an activity report and get back to Council with that information.

### e. Town of Hilton Head Island Credit Rating – Susan Simmons

Susan Simmons reported the Town has maintained an exemplary credit rating. She explained that while over 162 governments were placed on credit watch, we were not. Ms. Simmons noted that the policies and actions taken by the Town have been favorably viewed by the bond rating companies. She added that the Towns' strong financial position and reserves have assisted in maintaining high ratings.

## 8) **Reports from Members of Council**

### a. General Reports from Council

Mayor Laughlin referred to a recent article by Tom Barton in the Island Packet concerning the Town's efforts in streamlining Commercial Permitting process. He referred to the adopted Town Council Goals for 2016 and stated he believes reviewing processes and procedures fulfills the goal of revitalizing the built environment. Mayor Laughlin noted this effort was done with the assistance of Terry Ennis and Bob Genzler who both donated their time and expertise as consultants in advising staff what was needed to complete the process. He thanked Town Staff for their hard work. The Mayor noted that the article was picked up by newspapers in Columbia, Charleston, and Savannah and had been picked up

by the Associated Press for distribution which assists in getting the word out to developers about the new process.

Mrs. Likins stated she had received a call from the General Manager of the Palmetto Dunes POA stating he had just completed going through the new process and he was very pleased.

Mr. Heitzke reported the Southern Beaufort County Implementation Plan Committee has begun meeting again. He said there was a meeting on August 23 and they are attempting to get Hardeeville and Jasper County on board. He also stated there was unfinished business that was being addressed.

Mr. Harkins encouraged all applicants from the arts community for Accommodations Tax Funds to consider addressing becoming more of a unified arts community. He asked them to think about a joint effort in applying for funds.

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

Mr. Williams stated there would be a special meeting of the Intergovernmental Relations Committee on Wednesday, September 28, 2011 at 5:30 p.m. concerning redistricting.

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

Mr. Edwards stated there was a vacancy on the Planning Commission due to the resignation of Tom Crews and a replacement would be discussed in the Executive Session.

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

Mr. Ferguson asked Jill Foster to approach Council concerning the Beaufort County Hazard Mitigation Plan which was reviewed at the recent meeting of the Committee. Ms. Foster explained the details of the Plan and said it would be coming forward to Town Council at a future Town Council meeting.

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

Mrs. Likins stated the Committee met today and a recommendation would be coming forward at the September 20 Town Council meeting concerning leasing land for a cell tower on town owned property located at Jenkins Island.

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

No report.

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

Mrs. Likins reported the Committee continues to make significant progress. She stated they have completed going through all issues identified during the education phase and broken them into categories which include education, issues that can be addressed by staff and issues that need consultants. Staff has completed a draft RFQ that will be discussed at the next meeting.

**9) Appearance by Citizens**

None.

## 10) Unfinished Business

### a. Second Reading of Proposed Ordinance 2011-17

Second Reading of Proposed Ordinance 2011-17 authorizing and providing for the issuance of Special Obligation Bonds (Hospitality Fee Pledge) of the Town of Hilton Head Island, South Carolina; prescribing the form of bonds; providing for the payment of the bonds from the sources provided herein; creating certain funds and providing for payments into such funds; amending Chapter 13 of Title 4 (Finance and Taxation) of *The Municipal Code of the Town Of Hilton Head Island, South Carolina*, by amending Section 4-13-80, Permitted Uses of Funds, and Section 4-13-110, Sunset; making other covenants and agreements in connection with the foregoing; and providing for severability and an effective date.

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

### b. 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. Ferguson seconded. Mr. Williams stated he was concerned with the statement in the memo concerning the cash flow analysis and the need for a new funding approach in the future. He said he was concerned with voting on the new money when they did not know what the impact would be in other funds. Mr. Riley stated this was just a scenario and what was done in the analysis was take a 1% growth rate in revenues and a 2% increase annually in transfers to the general fund and CIP without knowing what will be done in the CIP and the future needs in the general fund. He said he viewed the chart as cautionary because the Town is not about to go broke. He stated Susan ran another scenario showing that if the CIP is cut back, it takes the chart into a positive cash flow.

Susan Simmons reviewed the details used for the projections. She explained she used current projects and added a 2% growth factor which may or may not be the case. She explained there are various options that Council could utilize in issuing the debt. Ms. Simmons distributed another scenario explaining that in this one in the year 2015 instead of transferring \$1,497,000 to the Capital Projects Funds, she changed it to \$500,000 resulting in a swing from being \$11 million in the negative to \$16.5 million to the positive. She pointed out that a moderate change of \$1 million will have a huge impact over a 25 year span.

Mr. Williams pointed out that if this is approved Council needs to recognize it will have consequences on other funding methodologies. Mr. Harkins suggested more time be spent on minimizing the unknowns. Mr. Edwards stated he would like to know the alternatives if Council does not approve this item.

Mayor Laughlin asked if the bonds are authorized and the Town does not issue them would the Town incur any cost. Brent Robertson of Merchant Capital said there would be no costs incurred until bonds are issued. Mr. Robertson answered additional questions concerning the issuance of bonds and reviewed available options.

Mayor Laughlin referred to the cover memo for the Proposed Ordinance and the statement that there were no substantive changes except for a deletion of one sentence. He noted concern this may require a third reading. Mr. Riley agreed and said it would require a Revised Second Reading at the next meeting.

Mr. Williams said he would like additional information on projections before the September 20 Town Council meeting. The motion was approved by a vote of 7-0.

**c. Second Reading of Proposed Ordinance 2011-19**

Second Reading of Proposed Ordinance 2011-19 authorizing and providing for the issuance of Special Obligation Bonds (Beach Preservation Fee Pledge) of the Town of Hilton Head Island, South Carolina; prescribing the form of bonds; providing for the payment of the bonds from the sources provided herein; creating certain funds and providing for payments into such funds; making other covenants and agreements in connection with the foregoing; and providing for severability and an effective date.

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

**d. 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. Harkins seconded. Mr. Edwards pointed out the cover memo for the Proposed Ordinance included the statement that there were no substantive changes except for a deletion of one sentence and asked if this Proposed Ordinance would also require a second revised reading. Mr. Riley affirmed that a Revised Second Reading will be necessary.

Mr. Williams referred to the spreadsheet included and requested that it be updated. He asked if Council should consider using the Reserve Funds to pay for the Beach Renourishment and then use the Beach Fees for the Reserve Funds. Mr. Riley explained the \$12 million Reserve Fund is earmarked for recovery from a catastrophe. Mr. Williams said he would like to have a discussion concerning the issue. Ms. Simmons reminded Mr. Williams how the Reserve Fund impacted the Town's credit rating and said she did not feel the Town's financial advisor and bond attorney would recommend spending the Reserve Fund to pay for the project. Mr. Riley said staff would put together various scenarios for Council to review. The motion was approved by a vote of 7-0.

**e. Second Reading of Proposed Ordinance 2011-21**

Second Reading of Proposed Ordinance 2011-21 authorizing the conveyance of various portions of right of way located along on U.S. Highway 278 near the intersection of Squire Pope Road to the South Carolina Department of Transportation, pursuant to the authority of 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. Mr. Ferguson seconded. The motion was approved by a vote of 7-0.

## 11) **New Business**

### **a. Consideration of a Recommendation concerning Community Vision of Hilton Head**

Consideration of a Recommendation to provide financial support for further study by the Community Vision of Hilton Head (CVHH).

Mr. Dan Castro of CVHH explained the purpose of the request. Mr. Castro and Mr. Paul Gibson, Treasure of CVHH answered questions. Mr. Harkins asked if the request would qualify for Accommodations Tax Grant Funding. Mr. Riley stated that would have to be researched.

Mr. Williams stated he felt the project was scaled much larger than the needs of the community. He said he supports the expenditure if the money could be found. He asked Mr. Castro if CVHH can delay the request until the next budget cycle. Mr. Castro stated, if necessary, that could be done.

Mrs. Likins said when this came before the Public Facilities Committee there were concerns about all of the arts agencies on the Island being able to utilize the proposed facility. Mr. Castro responded that the facility would serve most of the organizations that bring in high volume attendance and revenue.

After lengthy discussion, Mr. Williams moved that Council request the Town Manager to review the budget to see if the \$75,000 requested could be available. Mr. Heitzke seconded. Mr. Edwards stated he would like to add that if the Town Manager could come back with a funding source, he would like the CVHH to give the entire presentation of the project to Town Council as a whole. Mr. Harkins added he would like to review the costs for the consultant.

Mayor Laughlin stated the CVHH had previously made a presentation to the Mayor's Task Force for the Future and the one thing that impressed him was they came in and gave a presentation on their goals and what they were doing to further them. He stated it was refreshing to have a group come in and not ask what the Town was doing but state what they were doing. Mayor Laughlin said if the Town is serious about enhancing the arts offerings and being an arts destination there should be consideration for the request. He said he personally will support some funding for the study. He clarified that it would be wrong to encourage the group to think there would be public funding to build, program, operate, or maintain the building. The motion was approved by a vote of 6-1. Kim Likins was opposed.

### **b. Consideration of a Recommendation concerning Palmetto Electric**

Consideration of a Recommendation to grant a permanent storm drainage easement to Palmetto Electric Cooperative, Inc. to allow for the construction and maintenance of a storm water discharge pipe on Town owned property (PIN R510 008 000 0200 0000, also known as the Ashmore Tract).

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

## 12) **Executive Session**

Mr. Riley stated he needed an executive session for contractual matters pertaining to land acquisition, included a request for an easement by Palmetto Electric over Town-owned land and a request to consider acceptance of private dirt roads in the Lawton Beach subdivision; contractual matters including a proposed cell tower lease on the Station 7 site; a three-party agreement to facilitate relocating Fire Station 6; a request for a lease extension on the Welcome Center site; legal matters regarding ongoing litigation; and a personnel matter pertaining to appointments to Boards and Commissions.

At 6:24 p.m., Mr. Heitzke 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 7:04 p.m. and asked if there was any business to take up as a result of executive session.

Mr. Ferguson moved that the Town Council for the Town of Hilton Head Island adopt an ordinance 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, known as the Ashmore Tract. Mr. Heitzke seconded. The motion was approved by a vote of 7-0.

Mrs. Likins moved that the Town Council for the Town of Hilton Head Island adopt a resolution authorizing the Mayor and Town Manager to execute and deliver a Drainage Easement Agreement, a Maintenance Easement Agreement, and an Emergency Access Easement with Lawton Beach Holdings, LLC and to accept the conveyance of certain rights of way from Lawton Beach Holdings, LLC. Mr. Edwards seconded. The motion was approved by a vote of 7-0.

Mr. Edwards moved to appoint Brian Hughes to replace Tom Crews on the Planning Commission. Mrs. Likins seconded. The motion was approved by a vote of 7-0.

### **13) Adjournment**

Mr. Ferguson moved to adjourn. Mr. Heitzke seconded. The motion was approved by a vote of 7-0. The meeting was adjourned at 7:06 p.m.

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Vicki Pfannenschmidt, Secretary

Approved:

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Drew A. Laughlin, Mayor