



Town of Hilton Head Island
TOWN COUNCIL MEETING
Tuesday, October 1, 2024, 3:00 PM
Minutes

Call to Order

Mayor Perry called the meeting to order at 3:00 p.m.

Council Members present: Alan Perry, Mayor, David Ames, Ward 3, Mayor Pro-Tempore; Alex Brown, Ward 1; Patsy Brison, Ward 2; Tammy Becker, Ward 4; Steve Alfred, Ward 5; Glenn Stanford, Ward 6

Also present: Marc Orlando, Town Manager; Curtis Coltrane, Town Attorney; Kimberly Gammon, Town Clerk

Invocation – Reverend Bill McCutchen, Hilton Head Presbyterian Church

Reverend McCutchen delivered the invocation.

Adoption of the Agenda

Mr. Ames moved to approve. Ms. Brison seconded. Motion Carried 7-0.

Mr. Ames moved to add an item to the next Town Council meeting agenda with the intent of discussing the Town forming a team of Town and Pope Avenue business representatives to recommend to Council a consolidated area parking plan by a date certain. Mr. Alfred seconded.

Ms. Brison stated she would be voting in favor of the motion. She added that she pointed out several clerical and legal questions about the resolution that was adopted and has not yet heard back. She said it definitely needs cleaned up. Ms. Brison supported the idea of putting together a team of business and community residents to consider the matter further.

Motion carried 5-2 (Becker and Perry opposed).

Unfinished Business

Consideration of an Ordinance of the Town of Hilton Head Island, South Carolina Amending Title 12, Chapter 3, of the Municipal Code Entitled: Motor Vehicles and Traffic Control, Parking, to Revise Regulations Related to Paid Parking and Other Matters Related Thereto, and to Provide for Severability and an Effective Date, Second and Final Reading – Josh Gruber, Deputy Town Manager

Mr. Gruber stated the materials before Council are essentially the same substance as it was before Council at the last meeting. There have been no proposed requested

amendments or alterations.

Mayor Perry asked for public comment.

Katie Henderson signed up to speak but was not in attendance.

Dan Kramer signed up for public comment regarding this item but was not in attendance

Amy Fee addressed Council expressed her appreciation to Council for granting additional time to investigate, talk to and gather research from the stakeholders in the Coligny Beach area.

Deborah Urato addressed Council expressing her concerns that if there is no charge for parking in the Coligny area, everyone will be funneled into that area which will have a negative impact on residents. She voiced her concerns regarding enforcement.

Mr. Ames moved to approve. Mr. Alfred seconded. Motion carried 7-0.

New Business

Consideration of an Ordinance to Amend the Town of Hilton Head Island Budget for the Fiscal Year Ending June 30, 2025; to Provide for the Budgeted Appropriations of the Prior Year Budget Roll Forward and Certain Other Appropriations and Commitments and the Expenditures of Certain Funds; to Allocate the Sources of Revenue for the Said Funds; and to Provide for Severability and an Effective Date - First Reading - Adriana Burnett, Finance Director

Ms. Burnett conducted a presentation requesting that Town Council consider proposed budget amendments for Fiscal Year 2025 to the General Fund, Capital Improvements Program, and Stormwater Utility Fund. These proposed amendments address budgeted carry forwards for existing projects or contracts, unbudgeted requests due to impacts from Tropical Storm Debbie, and approval of funding for land acquisitions previously authorized by the Town Council. An ordinance to amend the Fiscal Year 2025.

SUMMARY OF BUDGET AMENDMENTS:

Pursuant to Section 5 of the Town's adopted Fiscal Year 2025 budget Ordinance, for all Funds, all outstanding encumbrances as of June 30, 2024, will carry forward into Fiscal Year 2025 to the same department, account, or project for which they are encumbered in Fiscal Year 2024 subject to approval by the Town Council via an appropriate budget amendment.

Therefore, as part of the annual budget review process, the Town evaluates its current budgeted funds following the closure of the previous fiscal year to determine if a corresponding budget amendment is necessary. With Fiscal Year 2025 now underway, and the Town having experienced an unexpected tropical storm that resulted in several unbudgeted expenditures, it is recommended that the Town Council consider several budget amendments provided for within this Staff Report. Below is a detailed description for each of the recommended budget amendments

according to its corresponding Fund and an explanation of the requested amendment.

1) General Fund Amendments – Totaling \$1,622,546

In the development of the Fiscal Year 2025 General Fund budget, an initial estimate of the “Carry Forward” funding from the Fiscal Year 2024 budget was included in the adopted budget. With the closure of the Fiscal Year 2024 budget, these preliminary estimates are being revised to reflect the actual unspent balances across various General Fund budget line items. It is important to emphasize that the current approved budget for Fiscal Year 2025 General Fund will remain unchanged, except for the inclusion of unspent funds carried forward from Fiscal Year 2024.

a) Budgeted Carry Forwards - \$1,622,546

1. The Town has contracts for General Fund Facilities Maintenance operating expenses that were executed in Fiscal Year 2024 and are only partially completed with the remaining budgeted funds being expended in the current Fiscal Year 2025 budget. These appropriations remain unspent from the prior Fiscal Year 2024 budget and have not previously been rolled forward. Due to the ongoing nature of these expenditures, a total of \$118,950 is requested to be carried forward into Fiscal Year 2025.
2. The Town has contracts for General Fund Community Planning operating expenses that were executed in Fiscal Year 2024 and are only partially completed with the remaining budgeted funds being expended in the current Fiscal Year 2025 budget. These appropriations remain unspent from the prior Fiscal Year 2024 budget and have not previously been rolled forward. Due to the ongoing nature of these expenditures, a total of \$403,596 is requested to be carried forward into Fiscal Year 2025.
3. The Town Council approved a budget amendment for the Fiscal Year 2024 budget to provide funding for the Coastal Community Development Corporation and the Hilton Head Regional Habitat for Humanity, as Affiliated Agencies. Additionally, the Town Council approved separate Memorandums of Understanding (MOU) with these agencies outlining the conditions under which the appropriated funds may be requested. These funds remain unexpended with both entities working towards satisfying the terms of their MOUs and as such, the approved Fiscal Year 2024 funds are requested to be carried forward into the Fiscal Year 2025 budget in the cumulative amount of \$1,100,000.

2) Capital Improvement Program Amendments – Totaling \$8,468,892

In the development of the Fiscal Year 2025 Capital Improvement Program (CIP) Budget, an initial estimate of the “Carry Forward” funding from the Fiscal Year 2024

budget was included in the adopted budget. With the closure of the Fiscal Year 2024 budget, these preliminary estimates are being revised to reflect the actual unspent balances across various CIP budget line items. A detailed spreadsheet outlining the proposed carry forward amounts for each respective CIP line item

It is important to emphasize that the current approved budget for Fiscal Year 2025 CIP projects will remain unchanged, except for the inclusion of unspent funds carried forward from Fiscal Year 2024 and the additional appropriation of funds due to impacts arising from Tropical Storm Debby.

a) Budgeted Carry Forwards - \$4,780,346

1. The Town executed a contract in Fiscal Year 2024 to purchase and install a replacement pump at the Lawton Pump Station. The Fiscal Year 2024 CIP budget allocated funding for the purchase and installation of this pump. The pump was purchased in September 2023, received in July 2024, and installed on September 4, 2024. A carry forward from the Fiscal Year 2024 budget in the amount of \$327,316 is requested for the Fiscal Year 2025 budget.
2. The Town is in the process of accepting delivery of various pieces of Fire Rescue equipment that were previously contracted for during the Fiscal Year 2024 budget. The Town began receiving these vehicles in June 2024 and anticipates completing all deliveries prior to the expiration of Fiscal Year 2025. Therefore, a carry forward from the Fiscal Year 2024 budget in the amount of \$4,453,030 is requested. These funds have previously been rolled forward due to production delays and supply chain issues and will continue to be requested until the Town has received all equipment outlined under its contract.

b) Unbudgeted Expenditures due to Tropical Storm Debbie - \$713,546

1. On August 6th and 7th, 2024, the Town was impacted by Tropical Storm Debby. This storm caused the Town to incur unbudgeted Capital Improvement Program expenditures in the amount of \$713,546. The \$665,994 is requested to be transferred from existing CIP fund balance to address the replacement of two (2) high-capacity pumps at the Wexford Pump Station, each capable of moving 33,000 gallons of water per minute. An additional amount of \$47,552 is requested to be transferred from existing Stormwater Fund balance to the CIP Stormwater Program to facilitate this equipment replacement.

c) Land Acquisition Funding - \$2,975,000

1. Town Council previously authorized the purchase of real estate located at 4 Office Way in an amount totaling \$2,975,000. An appropriation of funds from available Tax Increment Financing (TIF) balance is therefore requested in this amount to the CIP budget. This

transfer will also ensure that the Town complies with applicable timing criteria set forth under South Carolina law requiring utilization of such funds.

3) Stormwater Utility Fund Amendments – Totaling \$1,557,166.

In the development of the Fiscal Year 2025 Stormwater Utility Fund Budget, an initial estimate of the “Carry Forward” funding from the Fiscal Year 2024 budget was included in the adopted budget. With the closure of the Fiscal Year 2024 budget, these preliminary estimates are being revised to reflect the actual unspent balances across various Stormwater Utility Fund budget line items. It is important to emphasize that the current approved budget for Fiscal Year 2025 Stormwater Utility Fund will remain unchanged, except for the inclusion of unspent funds carried forward from Fiscal Year 2024 and the additional appropriation of funds due to impacts arising from Tropical Storm Debbie.

a) Budgeted Carry Forwards - \$474,241

1. The Town has contracts for stormwater-related operating expenses that were executed in Fiscal Year 2024 and are only partially completed with the remaining budgeted funds being expended in the current Fiscal Year 2025 budget. These appropriations remain unspent from the prior Fiscal Year 2024 budget and have not previously rolled forward. Due to the ongoing nature of these expenditures, a total of \$474,240 is requested to be carried forward into the Fiscal Year 2025 budget.

b) Unexpected Expenditures due to Tropical Storm Debbie - \$1,035,373

1. The Town has encountered new emergent operating expenses maintenance and repair needs associated with unanticipated events due to Tropical Storm Debby. All projects deemed eligible for FEMA reimbursement will be included in the Town's request for federal disaster assistance. Due to the ongoing nature of these expenditures, a total of \$1,035,373 is requested to be funded by Stormwater Utility Fund balance. A detailed spreadsheet outlining these amounts for each respective line item is enclosed as Attachment 4 and a summary of each of these items is contained below:

(1) Jarvis Creek Pump Station: One of four pumps failed due to a motor seal leak, rendering it inoperable. The pump was transported to the manufacturer's facility in Florida for repairs. The total cost for transport, inspection, and repair is \$59,298.

(2) Wexford Pump Station: During Tropical Storm Debby, several equipment failures occurred at the Wexford Pump Station. These included a malfunctioning control panel that prevented automatic operation, a moisture sensor alert for Pump 1, and debris-induced failure for Pump 2, which was transported to Florida for repair. Due to the loss of one pump, two 12-inch bypass pumps were rented and

staged to mitigate the risk of reduced pumping capacity for the remainder of the 2024 Hurricane Season. The total cost for these issues is \$200,848.

(3) Jarvis Creek and Lawton Pump Stations: During Tropical Storm Debby, bar screens at both Jarvis Creek and Lawton Pump Stations experienced severe matting from vegetative debris, which significantly reduced stormwater throughput. Modifications were necessary to improve flow and reduce risk. The total cost for modifying seven screens across both facilities is \$92,601.

(4) Townwide Debris Removal: During Tropical Storm Debby, a contractor was employed to clear inlets, ditches, and pipe ends, and to remove blockages throughout the Town. Notable issues included a complete blockage under Helmsman Way at Palmetto Bay Marina, a blockage under Colonnade Road in Shipyard, and fallen trees in the Ashmore Channel between William Hilton Parkway and Mathews Drive. The total cost for this emergency response was \$51,413.

(5) Critical Drainage Infrastructure: During Tropical Storm Debby, critical drainage infrastructure failures occurred in two locations. A 42-inch pipe in Shipyard collapsed, requiring immediate repair to protect Shipyard and North Forest Beach. Additionally, a 42-inch pipe in Spanish Wells partially collapsed and is at risk of complete failure, which threatens over 40% of the Spanish Wells community. Immediate repairs are essential. The total cost for these repairs is \$615,010.

(6) Lawton Pump Station Equipment Failure: In early September, an equipment failure was discovered at the Lawton Pump Station during the installation of new Pump 3. The Pump 2 impeller was damaged, likely during Tropical Storm Debby, rendering the pump inoperable. It was transported to the manufacturer's facility in Florida for inspection and repair. If the failure is determined to be due to a manufacturing defect, it will be covered under warranty. The total cost for transport and inspection is \$16,203.

An additional amount of \$47,552 is requested to be transferred from existing Stormwater Fund balance to the CIP Stormwater Program to facilitate this equipment replacement.

Ms. Burnett requested the Town Council consider proposed budget amendments for Fiscal Year 2025 to the General Fund, Capital Improvements Program, and Stormwater Utility Fund. These proposed amendments address budgeted carry forwards for existing projects or contracts, unbudgeted requests due to impacts from Tropical Storm Debbie, and approval of funding for land acquisitions previously authorized by the Town Council.

Mayor Perry asked for public comment:

Katie Henderson signed up to speak but was not in attendance.

Council members held discussion, asked questions and made comments regarding: confirmation the carry forward was unspent funds allocated in FY2024 that need to be moved to FY2025; confirmation the revenue source for fire trucks is the Hospitality Tax Fund; confirmation staff will come back to Council with further information regarding fire truck leases; confirmation the deadline to utilize the TIF funds is the end of July, 2025; confirmation an additional amendment will be required fore the end of FY2025 due to Hurricane Helene; confirmation the Stormwater Utility Fund is a reserve fund to cover expenses that arise; inquiry into outstanding Stormwater Utility agreements with 22 in place, 4 pending and the possibility of an additional 32 if they are interested; possible eligibility of FEMA reimbursement for some storm related expenses; a request that Finance create a pie chart that allocates how sources of funding are being spent; and a request for a multi-year CIP budget.

Mr. Ames moved that the Town of Hilton Head Island adopt an Ordinance on First Reading Amending the Budget for the Fiscal Year Ending June 30, 2025; to Provide for the Roll Forward of Certain Budgeted Appropriations from the Prior Year Budget, to Provide Certain Other Appropriations and Commitments for the Expenditures of Certain Funds; and to Allocate the Sources of Revenue for the Said Funds in the following manner:

- 1. To the General Fund in the amount of \$1,622,546;**
- 2. To the Capital Improvement Program Fund in the amount of \$ 8,468,892; and**
- 3. To the Stormwater Utility Fund in the amount of \$1,557,166.**

Mr. Alfred seconded. Motion carried 7-0.

Public Comment - Non Agenda Items

Deborah Urato addressed Council regarding the need to require all short-term rentals be required to be ADA compliant, have elevators and sprinkler systems, etc. She stated this would cut down on the number of short-term rentals.

Executive Session

Discussion of Negotiations Incident to Proposed Contractual Arrangements and Discussions for the Proposed Sale or Purchase of Property (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 (a)(1)) related to:

1. Folly Field Road Area

Discussion of Personnel Matters Relating to Town Manager Performance Evaluation [Pursuant to South Carolina Freedom of Information Act 30-4-70 (a)(1)]

At 4:03 p.m. Mr. Ames moved to enter into Executive Session for the purposes stated by the Town Manager listed above. Mr. Alfred seconded. Motion carried

7-0.

Action from Executive Session

No action taken

Adjournment

The meeting was adjourned at 5:30 p.m.

Approved: October 15, 2024

A handwritten signature in blue ink, appearing to read "Kimberly Gammon", written over a horizontal line.

Kimberly Gammon, Town Clerk

A handwritten signature in blue ink, appearing to read "Alan R. Perry", written over a horizontal line.

Alan R. Perry, Mayor

The recording of this Meeting can be found on the Town's website at www.hiltonheadislandsc.gov