



Town of Hilton Head Island

TOWN COUNCIL WORKSHOP MEETING

Wednesday, October 30, 2024, 9:00 AM

Minutes

Call to Order

Mayor Perry called the workshop to order at 9:00 a.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

Chris Creed, Representative from Foth | Olsen

Adoption of the Agenda

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

Beach Renourishment Update - Shawn Colin, Assistant Town Manager

Shawn Colin conducted a presentation regarding the project with the following information

PROJECT OVERVIEW::

- Hilton Head Island's Beach has been renourished several times, beginning in the 1990's. Major renourishment projects were completed in 1990, 1997, 2006, and 2016
- The proposed project will include:
- Placement of approximately 2.2 million cubic yards of sand, and Installation of six rip-rap breakwaters on the Port Royal Sound shoreline at Pine Island
- The sand will be sourced from up to four offshore borrow areas located roughly 8 miles offshore
- The project is being implemented per the Town's Beach Management Plan with scheduled renourishment every 8 to 10 years
- The estimated project cost is \$42 million
- Disruptions at individual properties generally last one week or less as the moving operation progresses
- Once the operation is up and running, the project will advance along the beach at a rate of 200 to 300 feet/day

- The project schedule was developed to avoid significant impacts to nesting turtles and migratory shore birds, including piping plovers and red knots
- Construction windows are set by US Fish and Wildlife Service

PROJECT BACKGROUND

Mr. Colin provided the project/activity history from 1990 through 2017.

PROJET STATUS AND SCHEDULE

US Fish & Wildlife Service (USFWS) Biological Opinion (BO)

- Issued on August 8, 2024
- Included in State Permit Terms and Conditions

Permit is currently being reviewed by the State and USACE

Project Schedule

- Preconstruction
- Anticipated permit issue date: Dec 31, 2024
- Bid Phase: Jan – Mar 2025
- Contract Awards: April 1, 2025

Construction (3 Phases)

- Phase 1 (Renourishment): June 2025 to Oct 2025
 - Sand placement on the Island's north end
- Phase 2 (Renourishment): Sept 2025 to May 2026
 - Sand placement on south beach and central island
- Phase 3 (Breakwater Structures): To Be Determined
 - Rock breakwater structures at Pine Island

PROJECT SCOPE

Permit 1

- South Beach: place 750,000 cubic yards of sand
- Central Atlantic: place 700,000 cubic yards of sand
- The Heel/Port Royal: place 500,000 cubic yards of sand
- Fish Haul: place 50,000 cubic yards of sand

Permit 2

- Pine Island: place 200,000 cubic yards of sand and install six rock breakwaters to mitigate against sand accretion

Adriana Burnett and John McGowan conducted a presentation regarding the information below:

PROJECT FUNDING

- Estimated Project Cost - \$42.0 million
- FY 2025 (CIP) Budget Preservation Fee) - \$16.5 million
- FY 2026 Funding - \$25.5 million (Source of Funding to be determined)

FUNDING OPTIONS

- Beach Preservation Fund Balance, reducing fund balance to \$13 million +/-
- Issue Debt for ± \$42.5 million; paid for with future Beach Preservation Fees
- Beach Preservation Fund Balance + Debt Issuance.

Ms. Burnett reviewed the remaining balances on the 2017 Beach Preservation Fee Bonds – which were originally \$30.1 million.

Fiscal Year	Payment Date	Principal	Interest	Total	Call Status
2025	02/01/2025		\$ 274,375	\$ 274,375	
2026	08/01/2025	\$ 3,480,000	\$ 274,375	\$ 3,754,375	Non-Callable
2026	02/01/2026		\$ 187,375	\$ 187,375	
2027	08/01/2026	\$ 3,655,000	\$ 187,375	\$ 3,842,375	Callable on 08/01/2025
2027	02/01/2027		\$ 96,000	\$ 96,000	
2028	08/01/2027	\$ 3,840,000	\$ 96,000	\$ 3,936,000	Callable on 08/01/2025
		\$ 10,975,000	\$ 1,115,500	\$ 12,090,500	

PROJECTS FY2025 & FY2026 Cash Flows

	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
	<u>All Cash</u>	<u>Cash/Debt Mix</u>	<u>All Debt</u>
<u>FY2025</u>			
<u>Approximate Cash Balance as of June 30, 2024</u>	<u>\$39,000,000</u>	<u>\$39,000,000</u>	<u>\$39,000,000</u>
<u>Expected Revenues FY25</u>	<u>\$13,800,000</u>	<u>\$13,800,000</u>	<u>\$13,800,000</u>
<u>Budgeted Non-Beach Renourishment CIP & Operating Expense FY25</u>	<u>\$ (6,483,000)</u>	<u>\$ (6,483,000)</u>	<u>\$ (6,483,000)</u>
<u>Budgeted Beach Renourishment CIP FY25</u>	<u>\$(16,500,000)</u>	<u>\$(16,500,000)</u>	<u>\$(16,500,000)</u>
<u>Remaining FY25 Series 2017 Debt Service Payment (payable 2/1/25)</u>	<u>\$(274,375)</u>	<u>\$ (274,375)</u>	<u>\$(274,375)</u>
<u>Proceeds from potential May 2025 Bond Issue to pay for Capital Projects</u>	<u>\$ -</u>	<u>\$ 26,000,000</u>	<u>\$42,500,000</u>
<u>Projected Balance as of June 30, 2025</u>	<u>\$29,542,625</u>	<u>\$55,542,625</u>	<u>\$72,042,625</u>
<u>FY2026</u>			
<u>Expected Revenues FY26</u>	<u>\$13,800,000</u>	<u>\$13,800,000</u>	<u>\$13,800,000</u>

FEMA Anticipated Past Storms	\$7,000,000	\$7,000,000	\$7,000,000
Reimbursements (80% of Expected)			
Budgeted Non-Beach Renourishment CIP & Operating Expense FY25	\$(6,483,000)	\$(6,483,000)	\$(6,483,000)
Remaining FY26 Series 2017 Debt Service Payments (payable 8/1/25 & 2/1/26)	\$(3,941,750)	\$(3,941,750)	\$(3,941,750)
Budgeted Beach Renourishment CIP FY26	\$ (26,000,000)	\$ (26,000,000)	\$(26,000,000)
Projected Balance as of June 30, 2026	\$13,917,875	\$39,917,875	\$56,417.875

New Bond Debt Service

Communications Plan

Plan Goals

- Create widespread awareness and engagement related to the project
- Share timely information about the projects prior to and throughout each phase

Target audiences include

- Island residents and visitors
- The Chamber of Commerce and business owners
- HOAs and property management firms
- Partner groups (Shore Beach Services, Island Rec, and others)
- School Groups
- Environmental Groups
- Media

Outreach will be managed by the Communications Team

- Social Media, Web postings, News releases
- Interactive, real-time mapping during implementation

Council members held discussion, asked questions and made comments regarding: an expression of concern over a decline of revenues during renourishment and was that factored in to the project; comment that the all debt option gives a chance to build funds; the need for cash on hand to deal with the unexpected; clarification the operation will be 24 hours per day at each site; an expression of appreciation for communications to the public; inquiry into photos regarding rip-rap structures to enable the community to understand what they look like; concerns for the communities in the area of widening the channel at the bend and the need to point out the location to the public; inquiry into other debt possibilities that are being reviewed; the need for more detail on the interest rate on current debt compared to forecasted interest rate on combined debt; the importance to note these are revenue bonds for specific revenue as opposed to general obligation bonds; inquiry into the process in South Carolina for

the issuance of revenue bonds; the need for information regarding debt service and what would be the debt service for all current financing versus adding cash debt mix or all debt mix and then doing refunding and combining the debt service versus not combining and then comparing the numbers; inquiry as to notification of the project to all beach front property owners and businesses; confirmation that the Chamber and Property Owners Associations have been notified; confirmation notices will be sent via USPS as soon as the permit has been issued; a request for additional information on groins by Pine Island from an environmental and design standpoint; emphasis on the importance of communication; the need for additional information regarding the widening of the channel; the need for pros and cons of the 1st and 2nd options; concern that Tower Beach is eroded at this time and an inquiry as to the time frame for addressing; confirmation an assessment was done and an emergency permit for Tower Beach could not be permitted any faster than this project so it will be done within the project time frame; confirmation that the tides and sand movement are tracked with an annual monitoring program; the need to be aware of the interest rate when borrowing funds; confirmation the sand will be placed before the rip-rap structures will be placed to assist in access to the area; inquiry as to the Finance Department recommendations and the need for further analysis; inquiry into safety measure be taken for the rip-rap structures; inquiry into the debt rating affect; the need to protect the Town financially for ratings and future borrowing; inquiry as to whether the Beach Renourishment Fund requires a minimum amount in reserve; a request to see a rendition of the rip-rap and how it modifies the area; acknowledgement that sand is acquired through in-state waters which keeps costs down; confirmation that sand sources are monitored annually and we are fortunate the sand in those areas builds back up; inquiry as to why such a large increase in cost and confirmation it is due to limited competition, a demand from the Federal side and in increase in cost for mobilization; and confirmation future beach renourishments will be projected on an 8-10 year basis.

Chris Creed provided answers to questions from Council regarding the beach renourishment and the availability of sources. The Town is fortunate in that the sand sources were in close proximity, so it keeps the cost down. The Town is fortunate that the sand has filled in at the sources and the site can be used again. The sources are monitored to determine the effects as we keep using them. He added that the sources are located in State waters which keeps the cost down.

Mayor Perry stated he recently joined the Board of Directors for South Carolina Beach Advocates which consists of Mayors and Town Administrators from the South Carolina beach communities. They will be meeting in November and January in person to discuss ways to work with the State for funding opportunities and to create an understanding of the value of beaches for the economic impact of the State. He stated it will be a push for the State to create funding for beach renourishment.

Resilience Plan Status Update - Shawn Colin, Assistant Town Manager

Shawn Colin provided a presentation and below is an overview:

BACKGROUND

- Priority initiative in the Town of Hilton Head Island 2023-25 Strategic Action Plan to identify Strengths, Weaknesses, Opportunities & Threats (SWOT) of Hilton Head Island Resiliency and Establish an Island Resiliency Plan
- Town Council approved a Resolution June 6, 2023, supporting the proposed approach and scope of services outline to complete the SWOT assessment
- Staff procured Dewberry, an expert consultant firm in the field of resiliency planning, to conduct this assessment

SCOPE OF WORK APPROVED BY TOWN COUNCIL

Collect and compile information and conduct an analysis of the strengths, weaknesses, opportunities, and threats (SWOT) that the Town possesses and faces with respect to changing conditions

- Compilation and assessment of existing relative data and programs • Sea Level Rise forecast analysis and selection of design forecast
- Public outreach and solicitation of stakeholder input
- Public policy and regulation assessment and identify those for change • Recommendations related to floodplain management and future development
- Storm Drainage System assessment (tidal backflow prevention at tidal culverts and outfalls, pump stations, hydraulic capacity, design standards)
- Beach Renourishment program (including sustainability analysis)
- Flood Inundation Mapping
- SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis

Resilience Planning Project Overview

- Step 1: Understand the threats and hazards posed to assets
- Step 2: Identify vulnerable assets and public policy and evaluate potential impacts
 - Climate Change Projections
 - Sea-Level Rise and Flooding Risk
 - Storm Surge and Hurricanes
 - Environmental Degradation and Erosion • Infrastructure Vulnerabilities (Transportation, Utilities)
 - Social and Economic Vulnerabilities (Public Health, Housing, Businesses)
 - Public policy assessment
- Step 3: SWOT findings , including GIS mapping and geodatabase to drive decision-making on future actions for planning, policy, and engineering programs presented to Town Council
- Step 4: Additional Community Engagement to present SWOT findings and receive input
- Step 5: Town Council Prioritizes actions for Resilience Planning
- Step 6: Identify and evaluate mitigation, adaptation, and recovery actions for built, social and natural systems
- Step 7: Draft Plan for Town Council consideration for built, social and natural systems

RESILIENCE PLAN CONTENTS

1. Executive Summary
 - a. Overview of the Resilience Plan
 - b. Key Goals and Objectives
 - c. Summary of Challenges and Opportunities
 - d. Action Plan Highlights
2. Introduction
 - a. Purpose of the Plan
 - b. Background on Hilton Head Island's Resilience Efforts
 - c. Stakeholder Involvement
 - d. Guiding Principles and Vision
3. Risk and Vulnerability Assessment
 - a. Climate Change Projections
 - b. Sea-Level Rise and Flooding Risk
 - c. Storm Surge and Hurricanes
 - d. Environmental Degradation and Erosion
 - e. Infrastructure Vulnerabilities (Transportation, Utilities)
 - f. Social and Economic Vulnerabilities (Public Health, Housing, Businesses)
4. Resilience Goals and Priorities
 - a. Environmental Protection and Sustainability
 - b. Infrastructure Strengthening and Adaptation
 - c. Public Safety and Emergency Preparedness
 - d. Community Well-being and Social Resilience
 - e. Economic Resilience
5. Climate and Environmental Strategies
 - a. Flood Mitigation Measures
 - b. Shoreline Protection and Beach Renourishment
 - c. Wetland Restoration and Conservation
 - d. Water Resource Management
 - e. Tree Canopy and Greenspace Protection
 - f. Integrated Pest Management (IPM) Policy
6. Infrastructure and Community Planning
 - a. Transportation Resilience (Roadways, Public Transport)
 - b. Utility Resilience (Stormwater, Water/Sewer, Energy, Solid Waste and Recycling)
 - c. Growth Management and Zoning
 - d. Public Facilities and Critical Infrastructure Adaptation
 - e. Future-Proofing New Development
7. Public Safety and Emergency Preparedness
 - a. Hurricane Preparedness and Response
 - b. Evacuation Routes and Sheltering Plans
 - c. Community Warning Systems and Communications Strategy

- d. Lifeguard and Public Safety Programs on Beaches
 - e. Medical and Health Services for Disaster Scenarios
- 8. Community and Economic Resilience
 - a. Housing Resilience
 - b. Small Business and Tourism Support Strategies
 - c. Workforce Retention Programs
 - d. Social Services Support
- 9. Governance and Partnerships
 - a. Coordination with County, State, and Federal Agencies
 - b. Public-Private Partnerships
 - c. Community Engagement and Public Education Programs
 - d. Intergovernmental Collaboration and Policy Alignment
- 10. Infrastructure and Community Planning
 - a. Transportation Resilience (Roadways, Public Transport)
 - b. Utility Resilience (Stormwater, Water/Sewer, Energy, Solid Waste and Recycling)
 - c. Growth Management and Zoning
 - d. Public Facilities and Critical Infrastructure Adaptation
 - e. Future-Proofing New Development
- 11. Public Safety and Emergency Preparedness
 - a. Hurricane Preparedness and Response
 - b. Evacuation Routes and Sheltering Plans
 - c. Community Warning Systems and Communications Strategy
 - d. Lifeguard and Public Safety Programs on Beaches
 - e. Medical and Health Services for Disaster Scenarios
- 12. Community and Economic Resilience
 - a. Housing Resilience
 - b. Small Business and Tourism Support Strategies
 - c. Workforce Retention Programs
 - d. Social Services Support

Council members held discussion, asked questions and made comments regarding: concern with the timeline and being able to meet the deadlines; inquiry into how the table of contents compares to State and County resiliency plans; the need to ensure the water supply is addressed and protected; inquiry as to how vulnerable communities are being addressed; an observation the resilience definition needs to include business and economics and communicate with all concerned; clarification the need for short-term remedies for obvious projects needed; inquiry regarding tide monitoring activities; inquiry into rise in sea level in the past 40 years; a suggestion to include effects of new development due to upcoming LMO re-write; the need to include impervious surfaces in the study; confirmation the Town coordinates with a weather service out of Charleston for forecasting; the need to coordinate efforts with the Planned Unit Developments and their resiliency plans; the need to include infrastructure of wifi and data; a suggestion to coordinate with the Public Service

Districts; a request to address the need for all residents to have sewer connections; and an inquiry as to what is needed to expedite the project.

Mr. Orlando stated his goal was to leave the workshop with staff having full confidence in the direction they are headed. He stated the State of South Carolina office of Resilience is responsible for developing and implementing a strategic statewide resilience and risk reduction plan. He stated the State plan addresses flooding. After conducting the SWOT analysis, the Town needs to align programs including Public Service Districts, hospitals, and housing. He explained the table of contents references what they are hearing about resilience plans throughout the country.

Stormwater Utility Update - Jeff Netzinger, Engineering and Projects Director

Shawn Colin provided a presentation regarding the update with the following information:

The current level of staffing (7 full time employees), the allocation of staff resources and how they are distributed.

Staff time allocation distributed over 12 significant activity categories consisting of: Utility Management; LMO Plan Review; NPDES Permit Compliance; Regulatory Inspections; Service Request Data Management; Infrastructure Asset Management; Inventory & Modeling Program; Water Quality Programs; Capital Improvement Program; Pump Station Maintenance Program; Routine Maintenance Programs and Corrective Maintenance Program.

Jeff Netzinger continued with the presentation with the information below:

STORMWATER UTILITY REVENUE

- The Utility was established in 2001 per an IGA with Beaufort County.
- A stormwater fee is included on annual property tax bills. o Fees are calculated based on three components:
 - Administrative Fee (flat rate per account)
 - Impervious Area (based on total measured in square feet)
 - Gross Area (measured in acres)
- Fees are based on a 4,906 ft² Single-family Unit (SFU).
- Town Council elected to increased the base SFU fee rate from \$108.70 to \$150.00 for a Single-family unit in 2017.
- Beaufort County collects the fees and transfers all funds to the Town, less an administrative fee.
- The FY 2025 administrative fee is \$3.90 per account based on 35,865 accounts, totaling \$139,873.
- Total Stormwater Fee revenue was \$5,275,035 in FY 2024

Mr. Netzinger continued with a detailed review of the expenses (FY2025 Budget Allocation; Corrective Maintenance Program; Stormwater System Maintenance – Disparities in Extent of Service; Corrective Maintenance Program – Drainage Agreements; and the Corrective Maintenance Program Ranking and Project Prioritization.

SERVICE REQUEST EVALUATION

- All requests received are evaluated by staff if the request is determined to qualify for Town Service
- Staff uses a customized evaluation tool (developed in 2018) to complete a Risk Assessment and to apply Assessment Modifiers for each request.
- The Risk Assessment evaluates a variety of deficiency components:
- Inundation and Flooding Considerations as it relates to:
Roadway/Pathway Inundation and Flooding Impacts
Structure Inundation and Flooding Impacts
Amenities Inundation and Flooding Impacts
- Integrity and Safety Considerations as it relates to:
Roadway/Pathway Integrity and Safety Impacts
Structure Integrity and Safety Impacts
Amenities Integrity and Safety Impacts
- Drainage System Integrity Considerations as it relates to:
Conveyance Reduction Impacts
Drainage System Integrity Impacts
Drainage System Maintenance Impacts
- Assessment Modifiers are applied in several categories, including:
Ownership (applies a 2-point increase if Town-owned)
Multiple Unique requests (high level of public concern)
Town Leadership Directive
- Evaluation Scores are based on a 20-point scale

Mr. Netzinger reviewed the annual SWU and CIP Budget Development for FY2025.

CAPITAL IMPROVEMENT PROGRAM

Will be developed based on a 5-year program plan

CORRECTIVE MAINTENANCE PROGRAM

- As of September 26, there were 136 open, qualifying corrective maintenance projects
- The list of qualifying projects is updated dynamically throughout the year as new requests come in and others are completed
- Tropical Storm Debby generated 72 new service requests, 30 of which are still being evaluated by staff (as of 10/25)
- The FY 2025 Corrective Maintenance Program budget includes twenty-one (21) projects (5 public and 16 PUD/POA)
- Four (4) high-priority projects were added during the first quarter of FY 2025 (3 public and 1 PUD/POA)
- Total project budgets are summarized below:
- FY25 Budgeted Projects (≥ 10) 25 \$1,912,000
- Non-budgeted Projects (< 10) 111 \$1,593,000

ANNUAL SWU & BUDGET DEVELOPMENT

- The Corrective Maintenance Program budget is determined based on several factors, including:
 - Available funding
 - Staff capacity to implement projects
 - Contractor capacity to complete projects
 - The number of open qualifying requests is increasing
 - The increase is related to:
 - Aging systems experiencing increasing rates of failure (metal pipe and perforated pipe are examples) MORE REQUESTS
 - Increasing extent of service as the Town adds new drainage agreement partners * MORE REQUESTS
 - Staff capacity to implement projects remains flat
 - Contractor capacity is limited on Hilton Head Island; many entities compete to utilize the same pool of contractors with the necessary expertise, skilled workers, and equipment

STORMWATER UTILITY –PROGRAM CHALLENGES/OPPORTUNITY

- Extent of Service
 - Will continue to increase as new Drainage Agreement Partners are added
 - Will increase as new drainage easements are acquired
- Level of Service
 - Will increasing as routine maintenance programs expand to provide improved and more consistent service
 - Will increase to allow for proactive condition assessment of existing infrastructure
- Project Delivery Limitations for CIP and Corrective Maintenance Programs
 - Staff Capacity
 - Funding Capacity
 - Contractor Availability
- Emergent Needs
 - Aging infrastructure continues to experience failure at higher rates requiring repair, rehabilitation, or replacement
 - Resilience improvements will be necessary, informed by the Resilience Study followed by an Island-wide Stormwater Master Plan
- Opportunity for Consideration
 - Utilize fund balance in FY26 to accommodate Drainage Agreement Partner reimbursement requests to address lower priority projects

Council members held discussion, asked questions and made comments regarding: inquiry into capability to accelerate CIP investments regarding staffing, contractors and capabilities; inquiry as to the goal for the Town to have the greatest amount of capability to solve drainage problems; acknowledgment this ties in with the resiliency program; concern over the reimbursement program for Property Owner Associations; the need to

move in the direction of solving problems in an accelerated manor; inquiry into whether we're doing enough and spending enough for the program; the need for data and information to make policy changes; the need for a long-term plan; the need to review fees and adjust to meet needs; inquiry as to dollars collected from the stormwater utility fees and if they come back to Hilton Head Island and where the funds are directed; concern for areas not participating even though residents pay the fee; a suggestion this becomes a priority with the new Council; concern for the Bay Pines area and a suggestion to inquire about Beaufort County providing funds for us to assist; the need to give serious consideration to increase funding for the program; the need for information to go out to residents regarding the program and how it works; the need to address this subject at the Strategic Planning Workshop; a challenge for staff to examine funding without raising rates for property owners; a need to look at expanding staff; and the need to rank critical areas that are not part of the drainage agreements and compose a list, along with cost analysis and sources of funding.

Public Comment

Melinda Tunner addressed Council stating there is enough money to pay for beach renourishment and all other beach related expenses and explained how she came to that conclusion. She recommended that Council look at it in further years until the bond is paid off. She questioned what problem they are trying to solve by adding more debt on top of the debt incurred for beach renourishment. Ms. Tunner inquired as to the rate of the 2017 bond and if the money invested is making more than the rate there is no reason to pay it off early. She stated the need for additional information before the decision is made.

Adjournment

The workshop adjourned at 11:58 a.m.

Approved: November 12, 2024


Kimberly Gammon, Town Clerk


Alan R. Perry, Mayor

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