



**The Town of Hilton Head Island**

**Regular Town Council Meeting**

**June 21, 2016**

**4:00 P.M.**

**BENJAMIN M. RACUSIN COUNCIL CHAMBERS**

**AGENDA**

---

**As a Courtesy to Others Please Turn Off/Silence All Mobile Devices During  
the Town Council Meeting**

- 1) Call to Order**
- 2) Pledge to the Flag**
- 3) Invocation**
- 4) FOIA Compliance** – Public notification of this meeting has been published, posted and distributed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 5) Proclamations and Commendations**
  - a. Civil Air Patrol Week
  - b. Beaufort County School District Character Education Student of the Month
    - Hilton Head Island Early Childhood Center  
Jaxson Payne – Kindergarten
- 6) Approval of Minutes**
  - a. Town Council Special Meeting, May 31, 2016
  - b. Town Council Meeting/Public Hearing, June 7, 2016
  - c. Town Council Special Meeting, June 14, 2016
- 7) Report of the Town Manager**
  - a. Town Manager's Items of Interest
    - (1) Town News
    - (2) Noteworthy Events
- 8) Reports from Members of Council**
  - a. General Reports from Council
  - b. Report of the Intergovernmental Relations Committee – Bill Harkins, Chairman
  - c. Report of the Community Services Committee – Kim Likins, Chairman
  - d. Report of the Public Planning Committee – Tom Lennox, Chairman
  - e. Report of the Public Facilities Committee – David Ames, Chairman
  - f. Report of the Public Safety Committee - Marc Grant, Chairman
  - g. Report of the Finance and Administrative Committee - John McCann, Chairman
  - h. Report of the Circle to Circle Committee - Tom Lennox, Town Council Liaison

**9) Unfinished Business**

**a. Second Reading of Proposed Ordinance 2016-18**

Second Reading of Proposed Ordinance 2016-18 to amend Title 4 Finance and Taxation of the Municipal Code of the Town of Hilton Head Island, South Carolina by amending Chapter 12 (Allocation of South Carolina Accommodations Tax Revenues), Section 4-12-20 Management of the Special Fund for Tourism Promotion; and provide for severability and an effective date.

**b. Second Reading of Proposed Ordinance 2016-16**

Second Reading of Proposed Ordinance 2016-16 to amend Title 16, "The Land Management Ordinance," of the Municipal Code of the Town of Hilton Head Island, South Carolina, by amending Section 16-1-107, the Official Zoning Map with respect to those certain parcels identified as Parcels 118, 227, 30, 4D, 149E, 149B, 149D and 149 on Beaufort County Tax Map 7, to rezone the parcels from RM-8 (Moderate Density Residential) zoning district to the MS (Main Street) Zoning District; and providing for severability and an effective date.

**c. Second Reading of Proposed Ordinance 2016-19**

Second Reading of Proposed Ordinance 2016-19 to amend Title 4 (Finance and Taxation) of the Municipal Code of the Town of Hilton Head Island, South Carolina by renaming Title 4; creating within Title 4 a new Chapter 11 (Road Usage Fee) which establishes a road usage fee; and providing for severability and an effective date.

**d. Second Reading of Proposed Ordinance 2016-09**

Second Reading of Proposed Ordinance 2016-09 to raise revenue and adopt a budget for the Town of Hilton Head Island, South Carolina, for the Fiscal Year ending June 30, 2017; to establish a property tax levy; to establish funds; to establish a policy for acquisition of rights of way and easements; and providing for severability and an effective date.

**10) New Business**

**a. Consideration of a Recommendation –Accommodations Tax Advisory Committee**

Consideration of a Recommendation from the Accommodations Tax Advisory Committee for the Chamber of Commerce Visitor and Convention Bureau's proposed 2016-17 "30 Percent" Budget.

**b. Consideration of a recommendation from the Finance and Administrative Committee that Town Council notify the Hilton Head Island-Bluffton Chamber of Commerce (Chamber) that in accordance with paragraph 6 of the contract for professional services (contract, effective December 1, 2015 between the Town and the Chamber), that it is the desire of this council that the Town shall notify the Chamber during November 2019 that it intends to terminate the contract and follow state law section 6-4-10 and the Town's procurement code in the selection of its designated marketing organization.**

**c. Discussion by Town Council of a recommendation to encourage the Hilton Head Island Economic Development Corporation (HHIEDC) to undertake the necessary steps to dissolve itself and transfer HHIEDC assets to the Town of Hilton Head Island.**

**11) Appearance by Citizens**

**12) Executive Session**

**a. Personnel**

(1) Discussion of the Town Manager Performance Evaluation Process.

**13) Possible actions by Town Council concerning matters discussed in Executive Session**

**14) Adjournment**

# Proclamation

By  
**The Town of Hilton Head Island**

***WHEREAS**, the Civil Air Patrol, commonly referred to as CAP, was founded on December 1, 1941, to supplement the U.S. military during World War II; and*

***WHEREAS**, in 1948 CAP was designated as the US. Air Force's official auxiliary with three missions – emergency services, cadet programs, and aerospace education; and*

***WHEREAS**, since CAP's beginning, the organization has set itself apart during the country's most tumultuous times: locating enemy submarines during World War II, assisting rescuers and state agencies immediately following the September 11, 2001, terrorist attacks, heavily supporting hurricane relief efforts in 2005, 2008 and 2012 and in response to the Gulf Coast oil spill in 2010, as well as aiding communities during other natural disasters, such as floods, wildfires, ice storms and tornadoes; and*

***WHEREAS**, CAP further provides vital homeland security missions that help ensure the protection of the nation's capital and the nation as a whole by assisting Air Force pilots with target-intercept training as well as the military with acquiring distant targets; and*

***WHEREAS**, CAP provides exceptional educational and growth opportunities for youth through its nearly 24,000-member strong cadet program, which annually provides access to top national summer flight academies to learn to fly powered or glider aircraft, as well as to more than 30 national programs emphasizing leadership and careers in aviation; and*

***WHEREAS**, CAP's Aerospace Education Program annually touches more than 1,800 educators, more than 150,000 youths, cadets and others in classrooms across America – teaching multidisciplinary aviation concepts that emphasize aviation's connection to history, math, science, government and economics.*

***NOW THEREFORE, I, David Bennett, Mayor of the Town of Hilton Head Island, South Carolina**, hereby proclaim that **June 20 - 26, 2016** shall be recognized on Hilton Head Island as*

## ***Civil Air Patrol Week***

*and I encourage all citizens to join in the observance.*

***IN TESTIMONY WHEREOF**, I hereunto set my hand and caused this seal of the **Town of Hilton Head Island** to be affixed this **Twenty-first day of June, Two Thousand and Sixteen**.*

*David Bennett, Mayor*

*Attest:*

*Victoria L. Pfannenschmidt, Town Clerk*

*presented to*  
***Jaxson Payne***  
*Hilton Head Island Early Childhood Center*

***Beaufort County School District***  
***Character Education Student of the Month***  
***May, 2016 - Responsibility/Cooperation***

An illustration of three diverse children (two boys and one girl) with different hair colors and styles, smiling and holding a white rectangular sign. The sign has the word "Responsibility" written on it in a blue, serif font. Below the sign is a row of colorful books with spines of various colors (red, yellow, green, blue, purple, etc.) and some text on them, though it's small and hard to read.



David M Bennett

*David G. Bennett, Mayor  
Town of Hilton Head Island*

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

**Date:** Tuesday, May 31, 2016

**Time:** 2:07 P.M.

**Present from Town Council:** David Bennett, *Mayor* Bill Harkins, *Mayor Pro Tem*; David Ames, Marc Grant, Tom Lennox, John McCann, *Council Members*

**Absent from Town Council:** Kim Likins, *Council Member*

**Present from Town Staff:** Charles Cousins, *Director of Community Development*; Brian Hulbert, *Staff Attorney*; Susan Simmons, *Director of Finance*; Teri Lewis, *LMO Official*; Jill Foster, *Deputy Director of Community Development*; Bob Klein, *Building Official*; Chris Yates, *Chief Building Inspector*; Joheida Fister, *Fire Marshal*; Melissa Cope, *Systems Analyst*; Lynn Buchman, *Senior Administrative Assistant*.

**Present from Media:** Rebecca Lurye, Island Packet; and Tori Simkovic, WJCL-TV

---

**1) CALL TO ORDER**

Mayor Bennett called the meeting to order at 2:07 p.m.

**2) PLEDGE TO THE FLAG**

**3) INVOCATION**

**4) FOIA Compliance** – Public notification of this meeting has been published, posted and distributed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**5) Unfinished Business**

None

**6) New Business**

**a. Discussion Related to the Issues Surrounding the Use of Lock-Out Units in the Town with the Law Firm of Robinson McFadden**

Mayor Bennett noted this was a Special Meeting of Town Council to discuss in a public setting the issues surrounding the practice of lock-out units being used as two long-term use rentals and to determine a path forward in the best interests of the community at large. In an effort to obtain a fresh look at the legal underpinnings and to provide recommendations to Town Council, he recognized attorneys Bill Metzger and Frank Ellerbe from the firm of Robinson McFadden, who have been engaged to look at all the data available, listen to the concerns of Town Council, Town Staff, and interested residents and citizens.

Mr. Metzger indicated he and his colleague are in the early stages of information gathering, reviewing and digesting the materials provided and concerns expressed, and they are not in a position at this time to render any preliminary or definitive opinion. After hearing all sides of the issue and will return to present Town Council with their recommendations.

Bob Klein, Building Official, summarized what had occurred over the past few years and the concerns expressed about accessibility to circuit panels by other occupants, and the definitions of “dwelling unit,” “accessible,” and “readily accessible.” He explained that having failed to meet

the 5 criteria of “dwelling unit”, the lock-out is not considered a separate unit, therefore, the issue of ready access is not applicable. Mayor Bennett questioned why both sides of the unit being rented on a long-term basis to two separate unrelated households is being allowed to occur. Brian Hulbert, Staff Attorney, noted the Town does not have an Ordinance which regulates short-term or long-term rentals, nor an Ordinance that regulates the number of families that can live in a dwelling unit. With a tourism-driven economy, he noted that there are numerous houses and timeshares with multiple family occupants that are not regulated by the Town.

Mr. Harkins expressed his desire to seek recommendations from the attorneys for better ways to handle the situation since a continuation of the status quo does not inure to the benefit of the neighborhood nor to the reputation of the Island.

Mr. Lennox noted that the issue appears to be how to resolve the conflict between the definitions as defined in the regulations and what the Town believes to be in the best interest of the community.

Mr. Klein requested that the attorneys review the initial permit and appeal process that occurred in 1981, as the lock-out units were addressed and approved. Mr. Klein indicated that his initial review of the issue did not include a site visit, therefore, he was under the impression that the lock-out unit had a separate kitchen, which led him to believe the lock-out was a separate unit. However, after access to an actual unit was obtained, the investigation revealed the lock-out did not meet the criteria for a dwelling unit, and his opinion changed.

Mr. Ames explained the lock-outs were initially designed to augment the number of hotel rooms for short-term rental with on-site management of the units, but because of various factors, the use of the units changed incrementally over time. He expressed the desire to return to a short-term rental operation or a long-term operation with on-site management. Mr. Harkins noted this could lead to a discussion of what is management and the difficulty of codifying this as a policy statement.

Mr. Hulbert explained how individual owners rent the units either privately or through rental agents for short-term or long-term as an entire unit or renting the lock-out separately. Charles Cousins, Director of Community Development, noted that although there is no inventory of lock-out units on the Island, he is aware of realtors who manage developments on the Island with lock-outs and offered to provide those contacts to legal counsel. Mr. Hulbert added that there are also private residences operating as multi-family dwellings with lock-outs.

Mr. Ames stated his concerns about the way in which the lock-out units are being used on the Island, which is counter-productive to the perception and brand of the Island, and that the Town’s Ordinances do not match up with the purpose or brand, so something needs to be done.

Joheida Fister, Fire Marshal, stated that her department conducts fire inspections and fire plan review, but only the Building Department enforces electrical code violations, including those identified by Fire Rescue, so the issue of access to electrical panels was referred to the Building Department. Mr. Klein noted that in the case of a fire, all occupants would need to exit the building and would not need access to the electrical panel.

Comments from the public were elicited, which included:

- Jack Daly suggested the central focus should be ready access to electrical panels, and not that the lock-out does not meet the criteria defining a dwelling unit although it is occupied as such. He asked for a fresh, objective definition of ready access for the occupant that could be applied to all lock-out units and residential dwellings.

- Fred Carty, who agreed with Mr. Klein's interpretation that "readily accessible," would include the electrical panel being behind a locked door, and claimed there was no fire issue nor crime involved with the lock-out units.
- Ann Delvecchio expressed her safety concerns about fire regulations being circumvented or not adhered to.
- Deborah Urato noted an easy-to-unlatch door and on-site management changed over the years so that the lockouts could be rented to unrelated parties of questionable stature, which she considered a crime safety issue.
- John Lentz, a long-term property manager and rental agent, noted all electrical panels are located behind large washers and dryers and are inaccessible in every unit. He explained his process for screening long-term rentals for units he managed, and he had no documented crime problems associated with his renters.
- Bruce Bartow noted the problem was ready access to the electrical panel, as has been pointed out to the attorneys from Robinson McFadden on a site visit today. He suggested a solution to continuation of lock-out units is 24/7 on-site management, which was how Oceanwalk was originally designed. He noted that crime over the last few years has dropped dramatically as a result of a decrease in the number of owners participating in long-term split rentals, but crime problems from the cheap, inexpensive rentals will not go away.
- Tom Weatherhead and Henry Sanders stated the issue is interpreting the National Electrical Code (NEC) definition of ready access by occupants, the definition of legal dwelling unit, and the fact that the split unit is being rented out separately regardless of the fact that it does not meet the criteria for a dwelling unit. Mr. Sanders also urged that on-site management be required and the codes be enforced.
- Bill Greene stated that lock-outs are also located in residential single-family neighborhoods where houses are divided into 2 or 3 units and rented separately with one electrical panel.
- Chester Williams stated he appeared at the Construction Board of Adjustments and Appeals hearing where Mr. Klein's determination was upheld that the lock-out was not a separate dwelling unit, as clearly set forth on the floor plans in the condominium regime documents. Therefore, the issue of ready access does not apply to a single unit. Mr. Williams stated this is an internal Oceanwalk governance issue that a vocal minority of owners is trying to impose on the majority of owners without success, and they are now seeking the Town's assistance in imposing management regulations on condominium regimes.
- Linda Ward, Board Vice President at Oceanwalk, disagreed with Mr. Williams' comments and noted that all criminal problems are coming from the small, cheap rentals.

Mr. Metzger confirmed with Mr. Klein that his interpretation of "readily accessible" would allow for the electrical panel to be behind a locked door since his decision was that the lock-out units are part of one single dwelling unit. Mayor Bennett suggested it is being treated as two units rented to unrelated parties.

A discussion followed concerning other elements shared by these units, including water, plumbing and heat and air units, and how electrical bills are split. Mr. Klein noted that the type

of clientele living in the lock-outs and crime issues are not something that the Building Department can address, but must be addressed by the individual complexes.

Brian Hulbert stated that it was the Town's position that the units referred to as lock-out units are not in violation of any local or State Ordinances. Charles Cousins, Director of Community Development, added that this decision was made by Bob Klein, as Building Official, which decision was appealed to the Construction Board of Adjustment who upheld that decision.

Mayor Bennett stated that regardless of the code interpretation that the lock-outs are one unit, the reality is that there are two unrelated parties renting on a long-term basis what he considers to be two units. He considered this tantamount to sub-standard housing, reflecting poorly on our community and its reputation, undermining our brand, and possibly fostering an environment where criminals can live and hide among us. He expressed the desire to seek a solution that works for our community with the assistance of the Robinson McFadden attorneys. Mr. Harkins agreed with the Mayor's remarks.

Mr. Hulbert confirmed that the Town LMO permits lock-outs and has done so since the LMO was adopted in 1987. Mr. Hulbert and Mr. Cousins also stated that lock-outs exist in many resort communities around the state and country. Mr. Metzger noted they will be looking at other projects in Myrtle Beach and Columbia.

A brief discussion followed about the possibility of clarifying the definition of a dwelling unit where the usage is in conflict with the definition. Further discussion ensued concerning the challenges of changing the code to address one item when there are numerous homes on Hilton Head Island that may fall under the definition, the legal non-conforming uses that are already permitted, and whether new regulations adopted can be applied to existing older structures. Mr. Hulbert added that those definitions are mandated by State law as adopted from the International Building and Electrical Codes, and suggested a possible solution would be changes to the definition of lock-out unit and the creation of rules related to such units in our local ordinances.

Mr. Harkins inquired if the Town could legally legislate management practices, and Mr. Metzger acknowledged it would be unwise to give legal opinions at this time, as there may be privilege issues to be discussed in an Executive Session so decisions can be made based on advice given.

Mr. Ames noted that due to various economic factors, the lock-out units are not as attractive for investment as they once were. Mr. Cousins agreed that short-term rentals was the initial intent for the lock-outs, but the challenge is that the code does not distinguish between short-term and long-term rentals, and the covenants may or may not address that issue. Mr. Ames noted that the market is very different today than it was in the past, and the lock-outs were designed for something they are not being used for now.

Mr. Lennox confirmed with Mr. Bartow that although crime was down and ownership was changing at Oceanwalk, that any amendments to the bylaws would require a 2/3 vote of the owners, which they cannot obtain, and a downturn in the economy would result in more split unit rentals, therefore the Town is being asked to assist.

At 3:49 PM Mr. Harkins moved to enter Executive Session to receive legal advice from the Robinson McFadden attorneys, and Mr. McCann seconded. The motion was approved by a vote of 6-0.

Mayor Bennett called the meeting back to order at 4:55 p.m. stating that no action was taken as a result of the Executive Session.



**7) Adjournment**

Mayor Bennett adjourned the meeting at 4:56 p.m.

---

Lynn Buchman  
Senior Administrative Assistant

Approved:

---

David Bennett, Mayor

DRAFT

**THE TOWN OF HILTON HEAD ISLAND**  
**REGULAR TOWN COUNCIL MEETING/PUBLIC HEARING**

**Date:** Tuesday, June 7, 2016

**Time:** 4:00 P.M.

**Present from Town Council:** David Bennett, *Mayor* Bill Harkins, *Mayor Pro Tem*; David Ames, Marc Grant, Tom Lennox, Kim Likins, John McCann, *Council Members*

**Present from Town Staff:** Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Scott Liggett, *Director of Public Projects & Facilities/Chief Engineer*; Brad Tadlock, *Fire Chief*; Brian Hulbert, *Staff Attorney*; Susan Simmons, *Director of Finance*; Tom Fultz, *Director of Administrative Services*; Ed Boring, *Deputy Fire Chief – Support Services*; Mike Mayers, *Deputy Fire Chief – Operations*; Jeff Buckalew, *Town Engineer*; John Troyer, *Deputy Finance Director*; Erica Madhere, *Finance Administrator*; Nicole Dixon, *Senior Planner*; Julian Walls, *Facilities Manager*; Jill Foster, *Deputy Director of Community Development*; Jennifer Ray, *Urban Designer*; Tom Dunn, *Emergency Management Coordinator*; Derrick Coaxum, *Assistant Facilities Manager*; Melissa Cope, *Systems Analyst*; Cindaia Ervin, *Finance Assistant*; Vicki Pfannenschmidt *Executive Assistant*

**Present from Media:** Rebecca Lurye, *Island Packet*

---

**1) CALL TO ORDER**

Mayor Bennett 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 distributed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**5) Proclamations and Commendations**

**a. Girl Scout Recognition**

Nancy Sulek, Girl Scout Leader of Troops 140 and 177 and Girls Scouts Jillian Angner and Magdalene Sulek were present to accept the proclamation.

**b. Beaufort County School District Character Education Student of the Month**

- Hilton Head Island High School  
Lauren Concino – 12<sup>th</sup> Grade

Lauren Concino was present to accept the certificate.

**6) Approval of Minutes**

**a. Town Council Budget Workshop, May 10, 2016**

Mrs. Likins moved to approve. Mr. McCann seconded. The minutes of the May 10, 2016 Town Council Budget Workshop were approved by a vote of 5-0-2. Mr. Harkins and Mr. Ames abstained as they were not present at the meeting.

**b. Town Council Meeting, May 17, 2016**

Mr. Harkins moved to approve. Mr. McCann seconded. The minutes of the May 17, 2017 regular Town Council meeting were approved by a vote of 6-0-1. Mr. Lennox abstained as he was not present at the meeting.

**7) Report of the Town Manager**

**a. Hilton Head Island Rotary Club 50<sup>th</sup> Anniversary Service Project**

Bruce Siebold reviewed the details of the project and members of Council concurred that Mr. Riley continue to work with the Rotary on the implementation of such.

**b. Fire Rescue Emergency Management Update**

Tom Dunn, Emergency Management Coordinator presented an overview of the Emergency Center Operation and reviewed in detail, the plan, training and personnel involved.

**c. Town Manager's Items of Interest**

Mr. Riley reported on some items of interest listed below. In addition, he updated Council on the status of the Arbor Nature Appeal.

(1) Town News

(2) Noteworthy Events

**8) Reports from Members of Council**

**a. General Reports from Council**

Mr. Grant reported on the conditions of some of the roads in his ward from the recent heavy rainfalls noting that drainage problems exist and asked that they be looked at for future improvements.

Mr. Harkins referenced Alex Brown's offer to assist in meeting with resident regarding the acquisition of roads. He requested that Mr. Brown update Council at a future meeting. After discussion, Mayor Bennett asked that a presentation be conducted by the Hilton Head PSD with Mr. Brown and Mr. Ford included at a future Town Council meeting under the Town Managers report.

**b. Report of the Intergovernmental Relations Committee – Bill Harkins, Chairman**

No report.

**c. Report of the Community Services Committee – Kim Likins, Chairman**

Mrs. Likins reported the Venue Committee continues to meet with the next meeting scheduled for June 16 at 4:30 p.m.

**d. Report of the Public Planning Committee – Tom Lennox, Chairman**

Mr. Lennox said the Committee met June 2 to approve the RFP for the vision consultant and the phase one proposal of the communications consultant Rawle Murdy. He announced the next meeting of the Committee would take place on July 7.

Mayor Bennett announced that Mr. McCann has chosen to step down from the committee and become the alternate and Mr. Ames would be a member of the Committee.

**e. Report of the Public Facilities Committee – David Ames, Chairman**

Mr. Ames stated the Committee met on May 23 to review a request of AT&T to locate a telecommunications tower in the parking lot of Islanders Beach Club and a recommendation will be coming forward to Town Council to approve a long-term lease for that portion of the park for a cell tower.

**f. Report of the Public Safety Committee - Marc Grant, Chairman**

No report.

**g. Report of the Finance and Administrative Committee - John McCann, Chairman**

Mr. McCann stated the Committee met earlier in the day and a recommendation would be coming forward to Council regarding a bid process for the Designated Marketing Organization. He added that they reviewed the annual forms for the Town Manager performance evaluation and they will be distributed to members of Council in the next few weeks.

**h. Report of the Circle to Circle Committee - Tom Lennox, Town Council Liaison**

Mr. Lennox reported the Committee held four public forums and over 400 citizens participated. He recognized Jim Gant's efforts and stated a recommendation would be coming forward to the Planning Commission this month and then on to Council in July.

**9) Unfinished Business**

**a. Second Reading of Proposed Ordinance 2016-12**

Second Reading of Proposed Ordinance 2016-12 authorizing the issuance and sale of not to exceed \$30,500,000 General Obligation Refunding Bonds, in one or more series including a taxable series, with appropriate series designations, of the Town of Hilton Head Island, South Carolina; fixing the form and certain details of the bonds; authorizing the Town Manager or his lawfully authorized designee to determine certain matters relating to the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; other matters relating thereto; and providing for severability and an effective date.

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

**b. Second Reading of Proposed Ordinance 2016-13**

Second Reading of Proposed Ordinance 2016-13 authorizing the issuance and sale of not exceeding \$25,000,000 General Obligation Bond Anticipation Notes, Series 2016, or such other appropriate series designation, of the Town of Hilton Head Island, South Carolina; fixing the form and details of the notes; authorizing the Town Manager to determine certain matters relating to the notes; providing for the payment of the notes and the disposition of the proceeds thereof; other matters relating thereto; and providing for severability and an effective date.

Mr. Harkins moved to approve. Mr. McCann seconded. Resident Larry Myers asked for the name of bond counsel. Mr. Riley stated McNair Law Firm was bond counsel. The motion was unanimously approved by a vote of 7-0.

**c. Second Reading of Proposed Ordinance 2016-14**

Second Reading of Proposed Ordinance 2016-14 authorizing the issuance and sale of not to exceed \$21,200,000 General Obligation Bonds, in one or more series, in one or more years, with appropriate series designations, of the Town of Hilton Head Island, South Carolina; fixing the form and certain details of the bonds; authorizing the Town Manager or his lawfully authorized designee to determine certain matters relating to the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; to adopt written procedures related to continuing disclosure; other matters relating thereto; and providing for severability and an effective date.

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

**d. Second Reading of Proposed Ordinance 2016-15**

Second Reading of Proposed Ordinance 2016-15 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 \$25,200,000; 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. Harkins moved to approve. Mr. McCann seconded. The motion was unanimously approved by a vote of 7-0.

**10) New Business**

**a. First Reading of Proposed Ordinance 2016-18**

First Reading of Proposed Ordinance 2016-18 to amend Title 4 Finance and Taxation of the Municipal Code of the Town of Hilton Head Island, South Carolina by amending Chapter 12 (Allocation of South Carolina Accommodations Tax Revenues), Section 4-12-20 Management of the Special Fund for Tourism Promotion; and provide for severability and an effective date.

Mr. Harkins moved to approve. Mr. McCann seconded. The motion was approved by a vote of 7-0. Larry Myers, Theo Shofield, General Manager of the Omni Resort, and Jim Harris addressed Council regarding the ordinance. The motion was unanimously approved by a vote of 7-0.

**b. First Reading of Proposed Ordinance 2016-16**

First Reading of Proposed Ordinance 2016-16 to amend Title 16, "The Land Management Ordinance," of the Municipal Code of the Town of Hilton Head Island, South Carolina, by amending Section 16-1-107, the Official Zoning Map with respect to those certain parcels identified as Parcels 118, 227, 30, 4D, 149E, 149B, 149D and 149 on Beaufort County Tax Map 7, to rezone the parcels from RM-8 (Moderate Density Residential) zoning district to the MS (Main Street) Zoning District; and providing for severability and an effective date.

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

**c. First Reading of Proposed Ordinance 2016-19**

First Reading of Proposed Ordinance 2016- 19 to amend Title 4 (Finance and Taxation) of the Municipal Code of the Town of Hilton Head Island, South Carolina by renaming Title 4; creating within Title 4 a new Chapter 11 (Road Usage Fee) which establishes a road usage fee; and providing for severability and an effective date.

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

**d. General Discussion of Proposed Hilton Head Plantation Beach Sand Stockpile.**

The Mayor invited Mr. Harkins as a representative of Hilton Head Plantation to speak regarding the matter. Mr. Harkins noted that due to the imminent threat of danger to the storm water system that the Town is responsible for he felt the need for this to come forward for consideration. Mr. McCann moved to have limited discussion of this agenda item to the funding that Hilton Head Plantation requests only as it relates to our current budget considerations. Mr. Harkins seconded. The motion was approved by a vote of 4-3. (Mayor Bennett, Mrs. Likins and Mr. Ames were opposed.)

Peter Kristian conducted a detailed presentation regarding the current situation and the need for the beach renourishment and the Town's responsibility to protect the storm water system within Hilton Head Plantation. Upon the completion of his presentation, Scott Liggett was invited to speak. Mr. Liggett explained why he felt there was not a threat to the storm water system.

Lenore Gleason questioned the placement of sand and it remaining in the area of placement. Jay Wiendl spoke regarding the potential threat to the storm water system and the loss of marshland. Chet Williams suggested an assessment to the residents of Hilton Head Plantation.

Mayor Bennett moved to the issue of the sand stockpile and location of such. Julie Hallquist, President of the POA of Singleton Beach, Terry Herron, a Singleton Beach resident and George ? spoke against the placement of sand in the Singleton Beach location noting the damage it would do to roadways, etc. Susan Murphy representing the Hilton Head Audubon Society spoke regarding concern for the folly. Lenore Gleason and Marty Gleason stated they felt all alternatives have not been reviewed. Chris Baker stated one location was being destroyed to restore the beauty of another.

After lengthy discussion by Council, at 7:25 p.m. Mayor Bennett called for a recess. The meeting reconvened at 7:37 p.m.

The Mayor stated he was still looking for the direction from Council regarding the issue. Mr. McCann stated that having recognized the needs of Hilton Head Plantation and the concerns for Singleton Beach, he proposed that Council not provide any sand to Hilton Head Plantation, thereby preserving Singleton Beach and that Council give Hilton Head Plantation \$100,000 for three consecutive years for them to acquire their own sand, take care of their own permitting and at the same time preserve the area of Singleton Beach and the eco system of Hilton Head Plantation with the proviso that the renourishment is completed. Mr. Harkins agreed. Mr. Lennox added that he would like included in the recommendation that the situation represents a threat to the Hilton Head Plantation storm water management system. Mr. Ames asked for clarification that the renourishment will take place as soon as possible after Mr. Kristian gets all the permitting in line and not wait for the full amount of funding. Mr. Kristian confirmed that it will.

It was the consensus of Council to direct the Town Manager to bring the Mr. McCann's proposal forward. Mr. Riley stated that the funding would come forward as part of the budget ordinance.

Julie Hallquist thanked Council.

**e. Budget Wrap-Up**

Susan Simmons reviewed the suggested changes from the May 10 Budget Workshop and Mayor Bennett asked Council members for their input on suggested changes. After review and discussion the following changes were agreed upon by Council:

The amount of budgeted changes from the original proposal and major budget discussions for each fund are summarized below.

**General Fund:**

**Public Projects & Facilities – Engineering – Operating (increase of \$100,000).** This budget increases by \$100,000 for emergency access on dirt roads.

**Public Safety – Police Services – Operating (net increase of \$160,517).** The Sheriff's Office requested two changes for updated costs which have been incorporated: \$136,944 savings and \$8,961 cost increase. Council considered new requests from the Sheriff. From the four patrol officers and one detective requested, Council approved two officers at a budget increase of \$288,500 and awaits the performance audit results prior to determining further action

**Townwide – Operating (increase of \$150,000).** Last year, Council created an \$850,000 line item for its initiatives with staff directed to move the amounts to the appropriate departments during the fiscal year. Staff estimates that approximately \$677,000 will be available to roll forward to the new year for continued work on these initiatives. Council desires a budget of \$150,000 for Hilton Head Island Cultural and Arts Network (HHICAN) but has not worked out the organizational details; therefore, this item will remain a Townwide – Operating – Town Council Initiatives line item. Other initiatives will be funded in the amounts directed by Council but will be reported in other areas of the budget as described below.

**Town Council – Operating.** This budgeted line item will include amounts for the following items.

Visioning	\$400,000
Public Communications	\$100,000
Arts (venue and other analysis)	\$200,000

**Townwide – Grants** Before discussion of the First Tee item below, Mrs. Likins informed the Mayor she was going to recuse herself due to a potential conflict of interest pertaining to the matter and she left the dais. The required Potential Conflict of Interest form will be attached to the approved, signed minutes.

The Town will provide a one-time funding request to First Tee at a budget increase of \$50,000 and will institute normal affiliated agency control and reimbursement processes.

Mrs. Likins returned to the dais at the conclusion of the above discussion.

The Town will provide Coastal Discovery Museum (CDM) \$100,000 for a Mitchelville Preservation Project (MPP) Executive Director with the conditions that CDM and MPP formalize the collaboration, CDM will ensure that a qualified employee is hired and make up any budget shortfall; and that the CDM/MPP collaboration will include Council in the process; and ensure success of the collaboration by establishing, measuring and reporting on metrics.

The Economic Development Corporation (EDC) requested and Town staff included \$496,874 in this budgeted line. Council determined to put the EDC funding on hiatus which will result in a savings from the originally proposed budget.

Mr. McCann moved to add the subject of EDC personnel to the Executive Session items. Mr. Harkins seconded. The motion was approved by a vote of 7-0.

**Debt Service Fund: No changes.**

*Per Council's request, staff in the near future will issue public communications regarding future bonding plans and anticipated savings from bond refundings planned for this summer.*

**Capital Projects Fund:**

No budgetary level changes; however, the Park Upgrades project will now include addressing Cordillo Court park needs pushing other planned upgrades (likely at Chaplin Park) out to future years. (Initially, Cordillo Courts was included in the proposed General Fund – Town Council Initiatives.) The agenda package includes the one-year budget and ten-year plan; Council adopts only the one-year budget.

**Stormwater Fund:**

**Projects – Maintenance & Repairs:** There is only one change for this fund which is a \$100,000 increase for Pine Island/Barrier Beach Repair at Hilton Head Plantation to be funded with available prior year funds. In the detailed project attachment to the budget, this project reports \$100,000 which Council would be adopting for fiscal year 2017 and \$100,000 each for fiscal year 2017 and 2018 in its four-year plan.

**11) Appearance by Citizens**

Chet Williams addressed Council regarding prostate cancer.

Tai Scott addressed Council regarding Gullah Geechee catering.

Mr. Riley suggested moving the Executive Session items to the June 14, 2016 Town Council Special Meeting with the exception of Item 13.b.(1) and the EDC Personnel item. All of Council concurred.

**12) 6:00 P.M. – PUBLIC HEARING ON THE MUNICIPAL BUDGET FOR FY17**

Mayor Bennett opening the Public Hearing at 6:06 p.m. Marian Johnson Payne, Vernie Singleton, Terry Herron and Peter Kristian spoke in favor of funds being allocated for the position of Executive Director for the Mitchelville Preservation Project. Jim Harris spoke in favor of capturing fees from larger vehicles as a revenue source.

There being no more requests to speak, Mayor Bennett closed the Public Hearing at 6:19 p.m.

**13) Executive Session**

Mr. Riley stated he needed an executive Session regarding Legal Matters: Receipt of Legal Advice related to pending litigation concerning a BZA appeal. At 9:10 p.m. Mr. Harkins moved to enter into Executive Session for the reasons stated by the Town Manager. Mr. McCann seconded. The motion was approved by a vote of 7-0.

Mayor Bennett called the meeting back to order at 9:34 p.m. stating that no action was taken during executive session and there was no action to be taken as a result of Executive Session.

**14) Possible actions by Town Council concerning matters discussed in Executive Session**

None.



**15) Adjournment**

Mayor Bennett adjourned the meeting at 9:35 p.m.

---

Vicki L. Pfannenschmidt  
Executive Assistant/Town Clerk

Approved:

---

David Bennett, Mayor

DRAFT

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

**Date:** Tuesday, June 14, 2016

**Time:** 3:00 P.M.

**Present from Town Council:** David Bennett, *Mayor*; Bill Harkins, *Mayor Pro Tem*; David Ames, Marc Grant, Tom Lennox, Kim Likins, John McCann, *Council Members*

**Present from Town Staff:** Steve Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Scott Liggett, *Director of Public Projects & Facilities/Chief Engineer*; Brad Tadlock, *Fire Chief*; Brian Hulbert, *Staff Attorney*; Susan Simmons, *Director of Finance*; Nancy Gasen, *Director of Human Resources*; Tom Fultz, *Director of Administrative Services*; Ed Boring, *Deputy Fire Chief – Support Services*; Mike Mayers, *Deputy Fire Chief – Operations*; Jeff Buckalew, *Town Engineer*; John Troyer, *Deputy Finance Director*; Erica Madhere, *Finance Administrator*; Julian Walls, *Facilities Manager*; Jill Foster, *Deputy Director of Community Development*; Derrick Coaxum, *Assistant Facilities Manager*; Melissa Cope, *Systems Analyst*; Cindaia Ervin, *Finance Assistant*; Vicki Pfannenschmidt *Executive Assistant*

**Present from Media:** Teresa Moss, *Island Packet*

---

**1) CALL TO ORDER**

Mayor Bennett 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 distributed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**5) Unfinished Business**

**a. Revised First Reading of Proposed Ordinance 2016-09**

Revised First Reading of Proposed Ordinance 2016-09 to raise revenue and adopt a budget for the Town of Hilton Head Island, South Carolina, for the Fiscal Year ending June 30, 2017; to establish a property tax levy; to establish funds; to establish a policy for acquisition of rights of way and easements; and providing for severability and an effective date.

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

**8) New Business**

None

**11) Executive Session**

Mr. Riley stated he needed an Executive Session for Land Acquisition: Discussion of negotiations incident to the proposed sale, lease or purchase of property: (1) related to a parcel in the Coligny Area and (2) related to a parcel in the Northridge Area; Legal Matters: Receipt of Status Update related to legal matters handled by Alford & Thoreson; Contractual Matters: Discussion of negotiations incident to proposed contractual arrangements for attorney review of HHI-Bluffton Chamber ATAX expenditures related to the existing Town/Chamber of Commerce contract and Personnel Matters: Discussion of employment/potential search process related to town manager.

At 3:04 p.m. Mr. Harkins moved to enter into Executive Session for the reasons stated by the Town Manager. Mr. McCann seconded. The motion was approved by a vote of 7-0.

**12) Possible actions by Town Council concerning matters discussed in Executive Session**

Mayor Bennett called the meeting back to order at 4:38 p.m. stating that no action was taken during Executive Session and stated there was one item to address as a result of Executive Session.

- a. Consideration of an engagement letter with attorney Burnet R. Maybank, III of the law firm of Nexson/Pruet for the review of accommodations tax expenditures by the Chamber of Commerce from the promotional fund and preparation of a legal opinion, as required by paragraph 2.8 of the contract between the Town and the Hilton Head Island-Bluffton Chamber of Commerce.

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

**14) Adjournment**

Mayor Bennett adjourned the meeting at 4:39 p.m.

---

Vicki L. Pfannenschmidt  
Executive Assistant/Town Clerk

Approved:

---

David Bennett, Mayor



## ITEMS OF INTEREST

---

### JUNE 21, 2016

---

## Town News

---

Hilton Head Island Fire Rescue was recognized by the American Heart Association with the Mission: Lifeline EMS Gold Award 2016.

The Gold Recognition criteria includes:

- Percentage of patients with non-traumatic chest pain  $\geq 35$  years, treated and transported by EMS who received a pre-hospital 12-lead electrocardiogram
- Percentage of STEMI patients treated and transported directly to a STEMI receiving center, with pre-hospital first medical contact to device time  $\leq 90$  minutes
- Volume of at least 8 STEMI patients in the 2015 calendar year and the agency must also have achieved Silver award in previous year.

ST Segment Elevation Myocardial Infarction (STEMI) is the name cardiologists currently use to describe a classic heart attack.

“Myocardial infarction,” or heart attack, refers to the death of a portion of the heart muscle (myocardium) caused by an interruption of blood flow. “ST segment elevation” refers to a particular pattern seen on the electrocardiogram (ECG), often seen when a substantial part of the heart muscle is dying. Recognizing the ST Elevation and immediate angioplasty and stenting within the 90 minute window are critical for improved patient outcomes.



**Contact:** Brad Tadlock, Fire Chief, at [bradt@hiltonheadislandsc.gov](mailto:bradt@hiltonheadislandsc.gov) or 843-682-5153

On June 2, 2016, Town Staff hosted an educational session to the general public that stressed the importance of purchasing flood insurance. Representatives from Hub International and Selective Insurance Company of America, along with Nicole Dixon and Richard Spruce, presented various topics pertaining to flood insurance and flood awareness. The workshop was part of an overall outreach effort for the Community Rating System program.

**Contact:** Nicole Dixon, Senior Planner and the Town's Community Rating System Coordinator, at [nicoled@hiltonheadislandsc.gov](mailto:nicoled@hiltonheadislandsc.gov) or 843-341-4686

The Board of Directors of the Center for Public Safety Excellence, Inc. has appointed Town Manager, Steve Riley, for a term of 3 years to serve as a Commissioner on the Commission on Fire Accreditation (CFAI) to fill the International City/County Management Association representative seat.

Steve is one of the eleven commissioners on CFAI, representing a cross-section of the fire service industry, including fire departments, city and county management, code councils, the U.S. Department of Defense, and the International Association of fire fighters.

The CFAI is responsible for reviewing all of the agencies applying for accredited status and oversees the development of DFAI materials and training to support its mission.

**Contact: Steve Riley, Town Manager, at [steve@hiltonheadislandsc.gov](mailto:steve@hiltonheadislandsc.gov) or 843-341-4700.**

## Noteworthy Events

---

Some of the upcoming meetings at Town Hall:

- Public Facilities Committee – June 27, 2016, 10:00 a.m.
- Board of Zoning Appeals – June 27, 2016, 2:30 p.m.
- Design Review Board – June 28, 2016, 1:15 p.m.
- Construction Board of Adjustments and Appeals, June 28, 2016, 5:30 p.m.
- Town Administrative Offices Closed July 4, 2016 in observance of Independence Day
- Finance and Administrative Committee – July 5, 2015 - CANCELLED
- Town Council – July 5, 2015 – CANCELLED
- Venue Committee – July 7, 2016, 9:00 a.m.
- Public Planning Committee – July 7, 2016 3:00 p.m.
- Community Services Committee – July 11, 2016, 9:00 a.m.
- Public Safety Committee – July 11, 2016, 10:00 a.m.
- Design Review Board – July 12, 2016, 1:15 p.m.
- Accommodations Tax Advisory Committee – July 13, 2016, 9:00 a.m.
- Parks and Recreation Committee – July 14, 2016, 3:30 p.m.
- Finance and Administrative Committee – July 19, 2016, 2:00 p.m.
- Town Council Meeting – July 19, 2016, 4:00 p.m.

(Additional meetings may be scheduled and all meetings are subject to change and/or cancellation. Please visit the Town of Hilton Head Island website at [www.hiltonheadislandsc.gov](http://www.hiltonheadislandsc.gov) for Committee meeting dates and agendas.

## 2016 Hilton Head Island Events

---

July 4, 2016 8:00am-9:30am	Hilton Head Island Firecracker Run	Shelter Cove Community Park
July 4, 2016 11:00am-3:00pm	One Island One Community 4 <sup>th</sup> of July Community Picnic	Honey Horn
July 4, 2016 5:00pm-10:00pm	4 <sup>th</sup> of July Shelter Cove 2016	Shelter Cove Harbour
July 4, 2016 6:00pm-11:00pm	Harbour Town 4 <sup>th</sup> of July Fireworks	Harbour Town
July 4, 2016 7:30pm-10:00pm	Skull Creek 4 <sup>th</sup> of July Celebration	Skull Creek Intracoastal Waterway

# **MEMORANDUM**

**TO:** Town Council

**FROM:** Stephen G. Riley, ICMA-CM, Town Manager

**RE:** Second Reading of Proposed Ordinance Number 2016-18 Amendment to no longer name the selected DMO for the allocation of State Accommodations Tax by ordinance

**DATE:** June 8, 2016

**CC:** Gregory D. DeLoach, Esq., Assistant Town Manager  
Susan Simmons, Director Finance Department  
Brian Hulbert, Esq., Staff Attorney

---

No changes were made to Proposed Ordinance #2016-18 as a result of First Reading on June 7, 2016.

**AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND**

**ORDINANCE NO. 2016-**

**PROPOSED ORDINANCE NO. 2016-18**

**AN ORDINANCE TO AMEND TITLE 4 FINANCE AND TAXATION OF THE MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA BY AMENDING CHAPTER 12 (ALLOCATION OF SOUTH CAROLINA ACCOMMODATIONS TAX REVENUES), SECTION 4-12-20 MANAGEMENT OF THE SPECIAL FUND FOR TOURISM PROMOTION; AND PROVIDE FOR SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, the Town Council of the Town of Hilton Head Island, South Carolina previously adopted Ordinance 98-03, Chapter 12 of Title 4 entitled "Allocation of South Carolina Accommodations Tax Revenues" on February 3, 1998 to allocate 30% of South Carolina Accommodations Tax Revenues to a special fund for advertising and promotion of tourism and to select the Visitor and Convention Bureau of the Hilton Head Island Chamber of Commerce as the non-profit organization to manage and direct the expenditures of the 30% special fund; and

**WHEREAS**, the Town Council of the Town of Hilton Head Island, South Carolina now desires to amend Section 4-12-20 of Chapter 12 of Title 4 for the purpose of not naming any particular organization to be the designated marketing organization (DMO) by ordinance.

**NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; AND IT IS HEREBY ORDERED ORDAINED BY AND UNDER THE AUTHORITY OF THE SAID TOWN COUNCIL, AS FOLLOWS:**

**NOTE:** Underlined and bold-face typed portions indicate additions to the Municipal Code. ~~Stricken~~ portions indicate deletions to the Municipal Code.

**Section 1.      Amendment.**

That Chapter 12 (Allocation of South Carolina Accommodations Tax Revenues) is hereby amended as follows:

Section 4-12-20. Management of the special fund for tourism promotion.

- (a) The ~~visitor and convention bureau of the Hilton Head Island chamber of commerce~~ **Town's selected designated marketing organization (DMO)** shall be the designated non-profit ~~organization~~ to manage and direct the expenditures of the thirty (30) percent special fund as designated by S.C. Code Ann. section 6-4-10(3) (Supp. 1997) for tourism promotion.
- (b) Immediately upon receipt to the special fund, the town shall distribute the tourism promotion funds to the **DMO** ~~visitor and convention bureau of the Hilton Head Island chamber of commerce.~~



- (c) On or by April 1 of each calendar year, the **DMO** ~~visitor and convention bureau~~ shall submit to the town's accommodations tax advisory committee for review its proposed budget. At the end of each fiscal year, the **DMO** ~~visitor and convention bureau~~ shall submit to the town an accounting of the expenditures.
- (d) On or by May 15 of each calendar year, the town's accommodations tax advisory committee shall submit a formal recommendation for the **DMO's** ~~visitor and convention bureau~~ proposed budget to the town council for approval.
- (Ord. No. 98-03, § 1, 2-3-98; Ord. No. 99-07, § 1, 3-16-99)

**Section 2 Severability.** If any section, phrase, sentence or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

**Section 3. Effective Date.** This Ordinance shall be effective upon adoption by the Town Council of the Town of Hilton Head Island, South Carolina.

**PASSED, APPROVED, AND ADOPTED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2016.**

\_\_\_\_\_  
David Bennett, Mayor

**ATTEST:**

By: \_\_\_\_\_  
Victoria L. Pfannenschmidt, Town Clerk

First Reading: \_\_\_\_\_  
Second Reading: \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Gregory M. Alford, Town Attorney

Introduced by Council Member: \_\_\_\_\_



## **TOWN OF HILTON HEAD ISLAND**

### *Community Development Department*

---

**TO:** Stephen G. Riley, ICMA~CM, *Town Manager*  
**VIA:** Teri B. Lewis, AICP, *LMO Official*  
**CC:** Charles Cousins, AICP, *Director of Community Development*  
**FROM:** Nicole Dixon, CFM, *Senior Planner*  
**DATE:** June 8, 2016  
**SUBJECT:** ZA-000745-2016 – Beaufort County School Campus Rezoning

---

Town Council made no changes to Proposed Ordinance 2016-16 as a result of the meeting on June 7, 2016.

**AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND**

**ORDINANCE NO. 2016-#**

**PROPOSED ORDINANCE NO. 2016-16**

**AN ORDINANCE TO AMEND TITLE 16, "THE LAND MANAGEMENT ORDINANCE," OF THE MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, BY AMENDING SECTION 16-1-107, THE OFFICIAL ZONING MAP WITH RESPECT TO THOSE CERTAIN PARCELS IDENTIFIED AS PARCELS 118, 227, 30, 4D, 149E, 149B, 149D AND 149 ON BEAUFORT COUNTY TAX MAP 7, TO REZONE THE PARCELS FROM RM-8 (MODERATE DENSITY RESIDENTIAL) ZONING DISTRICT TO THE MS (MAIN STREET) ZONING DISTRICT; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, on October 7, 2014, the Town Council did adopt a new Land Management Ordinance (LMO); and

**WHEREAS**, the Planning Commission held a public hearing on May 18, 2016 at which time a presentation was made by staff and an opportunity was given for the public to comment on the proposed zoning map amendment application; and

**WHEREAS**, the Planning Commission, after consideration of the staff presentation, public comments and the criteria set forth in Section 16-2-103, voted 5-0-0 to recommend that Town Council approve the proposed zoning map amendment application. The Planning Commission recommended approval due to time constraints with the construction of the Island Recreation Center expansion project, but due to concerns with all of the available uses in the MS (Main Street) Zoning District, further recommended that Town Council require the Beaufort County School District work with Hilton Head Plantation to put forth an application to rezone into the PD-1 zoning district with uses on the property limited to educational, recreational, and minor utility; and

**WHEREAS**, after due consideration of said zoning map amendment application and the recommendation of the Planning Commission, the Town Council, upon further review, finds it is in the public interest to approve the proposed zoning map amendment application.

**NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AND IT IS ORDAINED BY THE AUTHORITY OF THE SAID COUNCIL:**

**Section 1. Amendment.** That the Official Zoning Map of the Town of Hilton Head Island, as referred to in Section 16-1-107 of the LMO, be hereby amended to modify the zoning designation of those certain parcels identified as parcels 118, 227, 30, 4D, 149E, 149B, 149D and 149 on Beaufort County Tax Map 7, to rezone the parcels from RM-8 (Moderate Density Residential) Zoning District to the MS (Main Street) Zoning District. The attached Vicinity Map shows the location of the subject properties.

**Section 2. Severability.** If any section, phrase, sentence or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall

be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

**Section 3. Effective Date.** This Ordinance shall be effective upon its adoption by the Town Council of the Town of Hilton Head Island, South Carolina.

**PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2016.**

THE TOWN OF HILTON HEAD  
ISLAND, SOUTH CAROLINA

\_\_\_\_\_  
David Bennett, Mayor

ATTEST:

\_\_\_\_\_  
Victoria L. Pfannenschmidt, Town Clerk

Public Hearing: May 18, 2016

First Reading:

Second Reading:

APPROVED AS TO FORM:

\_\_\_\_\_  
Gregory M. Alford, Town Attorney

Introduced by Council Member: \_\_\_\_\_



## **MEMORANDUM**

**TO:** Town Council

**FROM:** Susan M. Simmons, CPA, Director of Finance

**VIA:** Stephen G. Riley, ICMA-CM, Town Manager

**DATE:** June 13, 2016

**RE:** First Reading of Proposed Ordinance No. 2016-19 - Road Usage Fee

---

**Recommendation:** Staff recommends Town Council approve the second reading of Proposed Ordinance No. 2016-19 to enact a Road Usage Fee.

**Clarifications:**

In proposed Section 4-11-30 for the definition of motor vehicles, staff corrected the reference to the similar law of Beaufort County to be road “use” fee rather than “maintenance.”

**Motor vehicles: Such motorized vehicles (as defined by Beaufort County for its road use fee and) required by the state to be licensed, which are carried on the tax records of Beaufort County and registered to addresses within the Town of Hilton Island, South Carolina.**

Regarding concerns over which Consumer Price Index will be used and how the penalty will be applied, the Town as requested by the County will ease implementation by modeling the Town’s fee after the County’s similar fee. No additional changes deemed necessary.

**ORDINANCE NO.**

**PROPOSED ORDINANCE NO. 2016-19**

**AN ORDINANCE TO AMEND TITLE 4 (FINANCE AND TAXATION) OF THE MUNICIPAL CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA BY RENAMING TITLE 4; CREATING WITHIN TITLE 4 A NEW CHAPTER 11 (ROAD USAGE FEE) WHICH ESTABLISHES A ROAD USAGE FEE; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Hilton Head Island owns and maintains approximately 18 miles of roads and related roadway improvements for the safety and welfare of its residents and for access and egress to residential and business activities and for emergency evacuation; and

**WHEREAS**, the Town desires to adequately maintain its roads and roadway improvements; acquire and stabilize certain private roads currently totaling over 8 miles; and prioritize newly acquired roads in order to pave these roads as feasible based on available funding and staff resources; and

**WHEREAS**, all residents who own and operate motor vehicles principally housed and garaged in the Town of Hilton Head Island enjoy the benefits provided by the Town's ownership and maintenance of such roads and roadway improvements; and

**WHEREAS**, the ownership and maintenance of Town-owned roads and roadway improvements is an extremely large and escalating expense to the Town of Hilton Head Island and such expense should be borne in large part by the owners and operators of motor vehicles in the Town of Hilton Head Island; and

**WHEREAS**, the Town has and will continue to fund significant primary road and roadway improvements used to a large extent in the tourism industry with tourism-related and other funds; and

**WHEREAS**, the Town provides fire rescue services to its residents and visitors whether the calls be to residential, commercial, waterways and beach, or roadway addresses; and

**WHEREAS**, the Town finds that fire rescue calls to roadway addresses most recently accounted for nine percent (9%) of total fire rescue calls, and

**WHEREAS**, the Town finds that there is a lack of funding sources to currently maintain its roads and roadway improvements and to provide fire rescue apparatus/vehicles in a manner that adequately provides access and egress, emergency evacuation and fire rescue services for the safety and welfare of its citizens; and

**WHEREAS**, it is deemed appropriate by Town Council to amend the Town Code to create a road usage fee and establish the rate at twenty-five dollars (\$25) and provide for subsequent annual increases as appropriate based on the Consumer Price Index;

**NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; AND IT IS ORDAINED BY THE AUTHORITY OF THE SAID TOWN COUNCIL:**

NOTE: Underlined and bold-faced typed portions indicate additions to the Municipal Code. Stricken portions indicate deletions to the Municipal Code.

Section 1 Amendment. That Title 4 is renamed and Section 11 is created as follows:

TITLE 4 FINANCE ~~– AND~~ TAXATION AND FEES

CHAPTER 11 ROAD USAGE FEE

Sec. 4-11-10. Creation and Authority.

The Road Usage Fee is enacted pursuant to the authority of Section 5-7-30 of the Code of Laws of South Carolina, (1976, as amended 2008) which provides, in relevant part, that municipalities may enact all ordinances which appear necessary and proper for the security, general welfare, and convenience of the municipality or for preserving health, peace, order and good government; and further that municipalities may establish uniform service charges.

Section 4-11-20. Declaration of purpose and intent.

This chapter is enacted to preserve the general health, safety and welfare of the general public within the Town of Hilton Head Island, South Carolina by creating a uniform fee to be collected for the purpose of creating a new fund to pay, in whole or in part, for the current and future acquisition, construction, and maintenance of Town-owned roads and roadway improvements, and also for the acquisition and refurbishment of fire rescue apparatus/vehicles that respond to service calls on these same roads.

Sec. 4-11-30. Definitions.

The following definitions shall apply.

*Fire Rescue apparatus/vehicles:* The technical equipment or machinery needed for fighting fires and providing emergency medical services.

*Maintenance:* Road and roadway improvement work performed routinely or periodically to preserve these assets similarly to as-built condition and may include patching, sealing, repairing potholes and ruts, regrading road shoulders, resurfacing, overlaying, repaving, and restriping; and similar road work performed for emergency repairs or replacements.

*Motor vehicles:* Such motorized vehicles (as defined by Beaufort County for its road maintenance fee and) required by the state to be licensed, which are carried on the tax records of Beaufort County and registered to addresses within the Town of Hilton Island, South Carolina.

*Refurbishment:* The act of improving apparatus/vehicles to extend their useful lives with an upgrade of major components or systems with safety as a primary concern.

Roads and roadway improvements: Town-owned roads to include existing and newly acquired or constructed roads and bridges; and roadway improvements including but not limited to signage, signalization, crosswalks, safety improvements, medians and curbing.

Section 4-11-40. Road usage fee.

A uniform service charge is hereby imposed on all motor vehicles with registered addresses within the boundaries of the town. The road usage fee shall be the sum of twenty-five dollars (\$25) per vehicle per annum or such adjusted value to reflect the one (1) year percentage increase if any, in the Consumer Price Index.

Section 4-11-50. Payment of road usage fee.

Payment of the fee established herein shall be the liability of any person owning such motor vehicles within the town and shall be subject and paid to, with any other licensing fees and taxes imposed by, Beaufort county.

Section 4-11-60. Collection of road usage fee.

The road usage fee due and payable to the town shall be collected by the county and disbursed to the town through an agreement with the treasurer of the county.

Section 4-11-70. Delinquent road usage fee.

All road usage fees shall be delinquent when not paid as required by the county. Delinquent road usage fees shall bear penalties in accordance with the ordinances of the county.

Section 4-11-80. Road usage fee fund.

(a) A restricted fund to be known as the "Road Usage Fee Fund" is hereby established and all revenues received from the road usage fee shall be reported in this fund which is controlled by the town manager who shall maintain a separate accounting for these funds. The revenues and any accrued interest thereon shall be spent only as provided in section 4-11-90, infra.

(b) Additions to this fund may also include appropriations from the general fund by the town council and voluntary contributions of money and other liquid assets to the road usage fee fund from any source. Once funds are deposited into the "Road Usage Fee Fund", the funds become dedicated funds and may only be used for the purposes set forth in section 4-11-90, infra.



**Section 4-11-90. Permitted uses of funds.**

**(a) The town council is hereby authorized to utilize the funds collected from the road usage fee and any other funds deposited into the “Road Usage Fee Fund” for the following purposes provided that the uses shall not include an allocation for town staff personnel costs:**

- (1) Maintenance of Town-owned roads and roadway improvements within the territorial limits of the town;**
- (2) Acquisition and stabilization of private roads within the territorial limits of the town;**
- (3) Paving of newly acquired private roads within the territorial limits of the town;**
- (4) Acquisition or construction of future Town-owned roads and roadway improvements within the territorial limits of the town;**
- (5) Acquisition or refurbishment of fire rescue apparatus/vehicles which may be used to provide services to roadway addresses provided such uses shall be funded in the approximate proportion of services calls to roadway addresses to total service calls;**
- (6) Principal, interest, redemption premium and any other costs associated with debt incurred for a purpose authorized herein; and**
- (7) Establishment of replacement reserve accounts associated with a purpose authorized herein.**

**(b) Authorization to utilize any funds from the “Road Usage Fee Fund”, as provided in section 4-11-80, shall be by the annual budget ordinance duly adopted by the town council of the town. Funds not used in any fiscal year shall be carried forward and used in the following year for permitted uses described above.**

**Section 2 Severability.** If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

**ORDINANCE NO.**

**PROPOSED ORDINANCE NO. 2016-19**

**Section 3 Effective Date.** This Ordinance shall be effective July 1, 2016 or as soon thereafter as feasible to be implemented by Beaufort County on behalf of the Town.

**PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2016.**

\_\_\_\_\_  
**David G. Bennett, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Victoria L. Pfannenschmidt, Town Clerk**

**First Reading:** \_\_\_\_\_

**Second Reading:** \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Gregory M. Alford, Town Attorney**

**Introduced by Council Member:**

\_\_\_\_\_



## **MEMORANDUM**

**TO:** Town Council

**FROM:** Susan M. Simmons, CPA, Director of Finance

**VIA:** Stephen G. Riley, ICMA-CM, Town Manager

**DATE:** June 15, 2016

**RE:** **Second Reading of Proposed Ordinance No. 2016-09**

---

### **Recommendation:**

Staff recommends Council approve second reading of Proposed Ordinance No. 2016-09. There were no changes as a result of revised first reading held on June 14, 2016. The ordinance establishes the fiscal year 2017 General, Capital Projects, Debt Service and Stormwater Funds' budgets.

ORDINANCE NO. \_\_\_\_\_

PROPOSED ORDINANCE NO. 2016-09

**AN ORDINANCE TO RAISE REVENUE AND ADOPT A BUDGET FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, FOR THE FISCAL YEAR ENDING JUNE 30, 2017; TO ESTABLISH A PROPERTY TAX LEVY; TO ESTABLISH FUNDS; TO ESTABLISH A POLICY FOR ACQUISITION OF RIGHTS OF WAY AND EASEMENTS; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, Section 5-7-260(3) of the Code of Laws for South Carolina 1976, as amended, and Section 2-7-20 of the Municipal Code of the Town of Hilton Head Island, South Carolina, require that the Town Council act by ordinance to adopt a budget and levy taxes, pursuant to public notice; and

**WHEREAS**, Town Council also desires to set aside funds for an Operating Reserve to provide for emergency-related expenditures and to offset fiscal year tax revenue income stream deficiency; and

**WHEREAS**, Town Council finds that it would be more economical and efficient to authorize the Town Manager to move forward with construction contract modifications, change orders, contract price adjustments, and execution of contracts for supplies, services, and construction where the contract amount involved does not exceed the budget line item or project budget as approved by Town Council in the Consolidated Municipal Budget.

**NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; AND IT IS HEREBY ORDAINED BY THE AUTHORITY OF THE SAID COUNCIL:**

**NOTE:** Underlined and bold-face typed portions indicate additions to the Ordinance. ~~Stricken~~ Portions indicate deletions to the Ordinance.

**Section 1. Adoption of the Budget.** The prepared budget of estimated revenues and expenses, a copy of which is attached hereto and incorporated herein, is hereby adopted as the budget for the Town of Hilton Head Island for the fiscal year ending June 30, 2017.

**Section 2. Establishment of Property Tax Levy.** A tax to cover the period from July 1, 2016 through June 30, 2017, inclusive, for the sums and in the manner hereinafter mentioned, is and shall be, levied, collected and paid into the treasury of the Town of Hilton Head Island for its uses at a rate of mills on assessed value of real estate and personal property of every description owned in the Town of Hilton Head Island, except such property as is exempt from taxation under the Constitution and laws of the State of South Carolina. Said tax levy shall be paid into the Town Treasury for the credit of the Town of Hilton Head Island for its corporate purposes, for the purpose of paying current operational expenses of the said municipality 15.20 mills, Debt Service 6.14 mills, and Capital Projects Fund .84 mills making the total levy of 22.18 mills.

**Section 3. Establishment of Funds.** To facilitate operations, there shall be established and maintained a General Fund, a Capital Projects Fund, a Debt Service Fund, a Stormwater Fund and other appropriate funds in such amounts as are provided for in the aforesaid Budget, as hereby adopted or as hereafter modified pursuant to law.

**Section 4. Acquisition of Rights of Way and Easements.** The Town Manager is charged with the duty of executing all necessary documents to obtain rights of way, easements, and other property interests necessary to complete duly authorized Capital Improvement Projects. Capital Improvement Projects based on the ownership and life expectancy of the assets or improvements or based on the funding source authorized may be budgeted in the General, Capital Projects or Stormwater Funds. If expenditures are expressly authorized for an approved Capital Improvement Project in any of the budgeted funds, then the Town Manager is hereby authorized to execute all necessary documents and to expend such funds as are approved pursuant to the Capital Improvement budgets. Provided, however, in the event that the costs of an acquisition of such real property interests materially exceeds the amount budgeted in the approved Capital Improvement Project and the Town Manager is unable to shift additional funds from other authorized sources, the Town Manager shall be required to obtain the approval of Town Council for such additional expenditures. Nothing herein shall obviate the requirement that no condemnations shall be commenced without the appropriate approval of the Town Council for the Town of Hilton Head Island.

**Section 5 Severability.** If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

**Section 6. Effective Date.** This Ordinance shall be effective upon its enactment by the Town Council for the Town of Hilton Head Island.

**PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF  
HILTON HEAD ISLAND ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2016.**

\_\_\_\_\_  
David Bennett, Mayor

ATTEST:

\_\_\_\_\_  
Victoria L. Pfannenschmidt, Town Clerk

First Reading: \_\_\_\_\_

Public Hearing: \_\_\_\_\_

Revised First Reading: \_\_\_\_\_

Second Reading: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Gregory M. Alford, Town Attorney

Introduced by Council Member: \_\_\_\_\_



## **MEMORANDUM**

**TO:** Town Council

**CC:** Accommodations Tax Advisory Committee

**FROM:** Susan M. Simmons, CPA, Director of Finance

**VIA:** Stephen G. Riley, ICMA-CM, Town Manager

**DATE:** May 6, 2016

**SUBJECT:** Chamber of Commerce/Visitor & Convention Bureau 2016-2017 Budget

---

### **Recommendation:**

Staff recommends that Council consider approval of the fiscal year 2016-2017 budget for the Chamber of Commerce Visitor and Convention Bureau (VCB) which is required by State law and Town Code for the VCB to continue as the Town's designated marketing organization (DMO) for State Accommodations Tax purposes.

The Accommodations Tax Advisory Committee (ATAC) voted unanimously to recommend to Town Council that the proposed 2016-2017 budget be approved. The ATAC recommendation letter is attached.

### **Summary:**

On April 7, 2016, the VCB presented in detail to ATAC its proposed budget and marketing plan for 2016-2017. The plan is presented in a new format as recommended last year by ATAC and Council. The budget breaks down revenues and expenses in rows by functional categories and in columns by the major funding sources with the Town of Hilton Head Island in the second column (after the total column) with a budget of \$2,050,000.

### **Background:**

According to State law, 30% of the two percent bed tax funds collected by the State of South Carolina is allocated to the pre-determined Destination Marketing Organization with an ongoing tourist program, which for the Town is the VCB. Town Code requires ATAC to review the VCB's proposed budget and marketing plan each year and make a recommendation to Town Council. Attached is the recommendation memo from the ATAC Chairman, Mike Alsko which includes a synopsis of the VCB's proposed budget and marketing plan. Each Council member has previously been provided a bound book from the VCB entitled 2016-2017 Hilton Head Island Destination Marketing Plan. The budget can be found on pages 49-53; these budget pages are attached.



## THE TOWN OF HILTON HEAD ISLAND ACCOMMODATION TAX ADVISORY COMMITTEE

To: Mayor David Bennett, Town of Hilton Head Island  
Town Council Members, Town of Hilton Head Island  
Steve Riley, Town Manager, Town of Hilton Head Island

From: Mike Alsko, Chairman, Accommodation Tax Advisory Committee

Date: April 27, 2016

Subject: Recommended approval of the DMO's 2016-2017 marketing plan and budget

---

On April 7, 2016, the Accommodations Tax Advisory Committee met to hear and review the marketing and budget presentation of the Town's Designated Marketing Organization (DMO), the Hilton Head Island Visitor and Convention Bureau (HHIVCB). As the Town's DMO, the HHIVCB is allocated 30% of available annual ATAX funding, through state statute, for the purpose of promoting and enhancing tourism to the Island and the ATAC is asked to make a recommendation to Town Council whether or not to approve the DMO's marketing plan and budget for its upcoming fiscal year.

### **Summary of Presentation**

Ariana Pernice, VP of the HHIVCB, started the presentation by showcasing the new look of the HHIVCB's marketing plan book and reviewing its layout. Ms. Pernice explained to the Committee that the purpose of a DMO is to represent the destination and help in the long-term development of a community through the creation and implementation of a travel and tourism strategy. Additionally, she stated that the mission is to lead the local travel and tourism industry by marketing and guiding the Hilton Head Island destination brand experience to generate sustainable economic vitality.

Key discussion points include:

- The HHIVCB is the destination marketing division of the Chamber and the marketing efforts put forth are delivered on a consistent basis to a well-defined consumer that aligns with HHIVCB visitor research.
- Hilton Head metrics are favorable to its competitors
  - Hilton Head Island revenue per available room (RevPAR) is \$168.80, up 7.8%; occupancy is up 3%; average daily rate is up 4.7%
- Branding initiatives through national and quality publications have grown the 2015 estimated visitor count to 2.65M.
- Today's leisure traveler desires unique experiences and choices when traveling. The HHIVCB approaches this opportunity by applying a multi-faceted marketing program, utilizing print as the foundation to engage the consumer on multiple levels. Through its destination public relations program, the HHIVCB has been able to secure placements with some of the top media outlets nationwide such as Garden & Gun, TODAY, Forbes and Southern Living.
- The HHIVCB has evolved its website to meet more of the customers' needs for planning trips to the Island, using the Island Compass App while here, and ensuring the visitor turns into repeat guests after they leave. The Compass app has been downloaded more than 8,000 times.
- **The HHIVCB will no longer move forward with partners that are not able to track and provide data related to the audience they are marketing towards**

The HHIVCB also outlined a number of goals they have laid out for the near and longer term.

Short-term goals include:



- Growing shoulder and off-season group business by increasing group room nights by 5%
- Growing off-season group business by increasing prospects by 7%
- Increasing destination presence within new, and current, airline markets of origin
- Increasing destination presence within key drive markets
- Increasing conversion rates for member referrals by 10%

Long-term goals include:

- Driving year-round business growth by use of strategic initiatives and programming
- Enhanced research and development of branding for the destination
- Building public and private funding for the DMO through available pass-through and state sponsored opportunities

A continued focus of the HHIVCB is international marketing. The top five international markets are: Canada, UK, Germany, France, and Brazil. The approach with the international market is to focus on print, television, and digital advertising along with participating in trade shows. In the past year, the US dollar has remained strong and is having a slight impact on inbound international travelers. It was noted that these travelers are still visiting but are being more mindful of their expenses. Additionally, China and India are emerging markets for international travelers but the HHIVCB is not directly focusing on them at this point as their assessment is that it is pre-mature to do so when evaluating the ROI of that type of investment.

The HHIVCB recognizes the value that meetings and groups bring to the Island and they are actively involved in engaging this specific audience. They are currently partnered with Destination Analyst, a San Francisco-based travel market research firm that conducted a study on Hilton Head Island in 2014. They are making recommendations for promoting non-traditional offerings, offering creative incentives, and generating interest in attracting small corporate meetings. A stated challenge is that Hilton Head Island lacks the availability of a convention center. However, the HHIVCB has been able to overcome this objection through their tradeshow involvement by bringing a personalized exposure of the destination to meeting planners at these events.

### **Committee Review**

The Committee was impressed with the new format of the marketing plan and budget. It was noted that the layout made it easier to follow the flow of information and was less cumbersome to navigate in its condensed format from previous versions. In addition, the Committee commented on Ms. Pernice's positive influence on how she prepared for and handled the presentation. The Committee remains encouraged with the direction of the Island's destination marketing efforts and applaud the HHIVCB's extensive tourism research and planning.

During the marketing plan and budget review, various committee members asked Ms. Pernice additional questions about the submitted plan. Some of the questions (*with summary responses*) included:

- What were the biggest successes of our destination last year?
  - *Continued destination accolades; successful air service recruitment; strength in partnerships; ability to react to crisis (adjusting marketing to address visitor concerns that our destination was impacted by last year's upstate flooding); engaged marketing council*
- What was the biggest experience our destination learned from last year?
  - *Finding the niche beyond what the Island is currently strong at delivering (arts/culture vs. beach/sports)*
- What are our destination's needs over the next 3 years?
  - *Continued investment and upkeep of our various hospitality and tourism products*
- What is the future of the printed vacation planner as we enter a digital age?
  - *Active conversation within the HHIVCB to determine when the current planner will become obsolete; other markets are beginning to release destination "look books" focusing on imagery over content*
- What are some of the barriers to conversion with group and meeting business?
  - *Space is the main barrier to converting*
- How are we tracking ROI on international marketing?
  - *Only working with partners who can provide trackable data*
- Can you explain the increase in the trade show budget line item?
  - *Increasing participation levels and adding additional shows*
- Can you define and clarify the personnel and overhead expense?
  - *Admin costs calculated at approximately 37% of budget; slightly lower than the national average for VCB organizations who perform destination marketing*
- What are the typical demographics of groups and meetings wanting to come to the Island?

- *Small to small-medium in size; want to stay 5 to 7 nights*

### **Recommendation**

Overall, the Committee continues to believe that the HHIVCB is representing the Island well and has revised and presented the material in a way the Committee has requested.

**The Committee made a motion to recommend to Town Council that they approve the budget and marketing plan as presented. The motion was seconded and was approved by a vote of 5-0.**

Respectfully submitted on behalf of the Accommodations Tax Advisory Committee,

A handwritten signature in black ink, appearing to read 'Mike Alsko', with a stylized flourish at the end.

Mike Alsko, Chairman  
Accommodations Tax Advisory Committee

### **2015/2016 Accommodations Tax Advisory Committee Members:**

Mike Alsko, Chairman  
Stewart Brown, Vice Chairman  
Trish Heichel  
Rob Bender  
Brad Marra  
Cliff McMackin

**Hilton Head Island-Bluffton Chamber of Commerce**  
**Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues and Expenditures**  
**FY 2016-17 Budget**

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton I Beaufort Co DMO	Membership
<b>Revenues</b>							
Town of HHI DMO	1,665,000	1,665,000					
Town of HHI Supplemental Grant	385,000	385,000					
VCB Private Sector	340,000		340,000				
SCPRT Destination Specific	650,000			650,000			
SCPRT Coop	650,000				650,000		
Private Match Coop	1,300,000				1,300,000		
Town of Bluffton DMO	85,000					85,000	
B/C Bluffton & Daufuskie	240,000						240,000
<b>Total Revenues</b>	<b>5,315,000</b>	<b>2,050,000</b>	<b>340,000</b>	<b>650,000</b>	<b>1,950,000</b>	<b>85,000</b>	<b>240,000</b>
<b>Membership Revenue</b>							<b>1,700,000</b>
<b>Total Revenues with Membership</b>	<b>7,015,000</b>						
<b>Expenses</b>							
<b>Research &amp; Planning</b>	<b>110,000</b>	<b>62,700</b>	<b>14,850</b>	<b>32,450</b>			
<b>Destination PR</b>							
Agency Fees	150,000	85,500	20,250	44,250			
Out-of-Pocket/ Promos	20,000	11,400	2,700	5,900			
Satellite Media Tour	15,000	8,550	2,025	4,425			
Monitoring Services (Print/Online/B	18,000	10,260	2,430	5,310			
<b>Sub-total</b>	<b>203,000</b>	<b>115,710</b>	<b>27,405</b>	<b>59,885</b>			
<b>Destination Photography &amp; Video</b>	<b>35,000</b>	<b>19,950</b>	<b>4,725</b>	<b>10,325</b>			
<b>Social Media</b>							
Agency Promotions	78,000	44,460	10,530	23,010			
Content Hub	15,000	8,550	2,025	4,425			
TBEX & Skift Forum	10,000	5,700	1,350	2,950			
Crowd Riff & SM Hub	25,000	14,250	3,375	7,375			
<b>Sub-total</b>	<b>128,000</b>	<b>72,960</b>	<b>17,280</b>	<b>37,760</b>			
<b>Digital Marketing</b>							
VERB Daily Site Work	72,000	41,040	9,720	21,240			
Special Section Updates	20,000	11,400	2,700	5,900			
SEO/Ad Serve/Hosting	42,000	23,940	5,670	12,390			
SEM Leisure Marketing	280,000	159,600	37,800	82,600			
SEM Sports (Tennis/Golf)	50,000	28,500	6,750	14,750			
Signature Experiences Leisure	10,000	5,700	1,350	2,950			
Wayfinder/App Updates	10,000	5,700	1,350	2,950			

**Hilton Head Island-Bluffton Chamber of Commerce**  
**Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues and Expenditures**  
**FY 2016-17 Budget**

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton	Beaufort Co DMO	Membership
Digital contingency	5,000	2,850	675	1,475				
Sub-total	489,000	278,730	66,015	144,255				
<b>Consumer Promos &amp; Lead Gen</b>								
SCPRT Coops	20,000	11,400	2,700	5,900				
Air Service Promotions								
Boston/ NYC JetBlue	See coop budget							
Ohio/ Allegiant Air	See coop budget							
Leisure Publication Promotion	117,000	66,690	15,795	34,515				
National Geo/ Cultural	see leisure coop budget							
Co-op Publication TBD	see leisure coop budget							
Ad Production	5,000	2,850	675	1,475				
Sub-total	142,000	80,940	19,170	41,890				
<b>Insiders/Collateral/Fulfillment</b>								
E-Promos/E-News	17,000	9,690	2,295	5,015				
Vacation Planner	170,000	96,900	22,950	50,150				
Airport Displays	10,000	5,700	1,350	2,950				
Fulfillment/Envelopes/Mail	100,000	57,000	13,500	29,500				
Toll-Free Phone	4,000	2,280	540	1,180				
Sub-total	301,000	171,570	40,635	88,795				
<b>Group Sales &amp; Marketing</b>								
Corp. Lead Prospecting	40,000	22,800	5,400	11,800				
Group Closing Fund	0	0	0	0				
First Time Groups	0	0	0	0				
Select Service FAM	5,000	2,850	675	1,475				
Promotional Giveaways	7,000	3,990	945	2,065				
Site inspections/ Flights for Sites	6,000	3,420	810	1,770				
Sales Industry Dues	5,400	3,078	729	1,593				
Trade/ Affinity Sponsorships	25,000	14,250	3,375	7,375				
Website Updates - included in digital		0	0	0				
Trade Shows	75,000	42,750	10,125	22,125				
Trade Media Co-op	20,000	11,400	2,700	5,900				
Group Signature Experiences	20,000	11,400	2,700	5,900				
SEM - Group	20,000	11,400	2,700	5,900				
SEM - Weddings	5,000	2,850	675	1,475				

**Hilton Head Island-Bluffton Chamber of Commerce**  
**Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues and Expenditures**  
**FY 2016-17 Budget**

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton I Beaufort Co DMO	Membership
CVENT & Lead Gen - supplemental grant		0	0	0			
Social Media Promotions	5,000	2,850	675	1,475			
Contingency	2,000	1,140	270	590			
Trade/ PR	See PR Budget	0	0	0			
<b>Sub-total</b>	<b>235,400</b>	<b>134,178</b>	<b>31,779</b>	<b>69,443</b>			
<b>International</b>							
Coastal SC USA Coop	60,000	34,200	8,100	17,700			
Brand USA Coops	80,000	45,600	10,800	23,600			
SEM	20,000	11,400	2,700	5,900			
ITB Trade Show	6,500	3,705	878	1,918			
Travel South Intl Show	2,500	1,425	338	738			
Travel South Euro	8,750	4,988	1,181	2,581			
WTM - Latin America	4,000	2,280	540	1,180			
IAGTO	3,500	1,995	473	1,033			
IPW	8,000	4,560	1,080	2,360			
<b>Sub-total</b>	<b>193,250</b>	<b>110,153</b>	<b>26,089</b>	<b>57,009</b>			
<b>VCB Contingency</b>	<b>15,245</b>	<b>2,060</b>	<b>2,497</b>	<b>10,688</b>			
<b>HHI Destination Marketing Operations &amp; Management</b>							
VCB Sales, Mkt, V Services & Ops:							
Personnel	952,250	400,433	58,211	63,375	352,069	20,443	57,720
Benefits	219,750	92,408	13,433	14,625	81,247	4,718	13,320
Operations	293,000	123,210	17,911	19,500	108,329	6,290	17,760
<b>Sub-total</b>	<b>1,465,000</b>	<b>616,050</b>	<b>89,555</b>	<b>97,500</b>	<b>541,645</b>	<b>31,450</b>	<b>88,800</b>
<b>HHI Supplemental Grant</b>							
Golf	200,000	200,000					
Community Calendar	40,000	40,000					
Sports Marketing (Tennis/Bike)	34,500	34,500					
Culinary & Culture	20,500	20,500					
Meetings & Group	90,000	90,000					
VCB Sales, Mkt, Visitor Services & Operations	0	0					
<b>Sub-total</b>	<b>385,000</b>	<b>385,000</b>					
<b>SCPRT</b>							
Meetings/ RBC	180,000				180,000		
RBC Heritage	400,000				400,000		
Group Co-ops	150,000				150,000		



**Hilton Head Island-Bluffton Chamber of Commerce**  
**Hilton Head Island Visitor Convention Bureau Schedule of Functional Revenues and Expenditures**  
**FY 2016-17 Budget**

	VCB TOTALS	Town of HHI DMO	VCB Private Sector	SCPRT Dest. Specific	SCPRT Co-ops	Town of Bluffton I Beaufort Co DMO	Membership
Air Service Promos	125,000				125,000		
SEM Coop	273,355				273,355		
Leisure Mini Social Coops	20,000				20,000		
Leisure Coops	160,000				160,000		
Smithsonian	30,000				30,000		
Destination Events	70,000				70,000		
Sub-total	1,408,355				1,408,355		
<b>Town of Bluffton DMO</b>							
Promotions	53,550					53,550	
<b>B/C Bluffton &amp; Daufuskie DMO</b>							
Promotions	151,200						
						151,200	1,700,000
<b>TOTAL VCB EXPENSES</b>	<b>5,315,000</b>	<b>2,050,001</b>	<b>340,000</b>	<b>650,000</b>	<b>1,950,000</b>	<b>85,000</b>	<b>240,000</b>
<b>Total Expenses with Membership</b>	<b>7,015,000</b>						<b>1,700,000</b>
							<b>7,015,000</b>
<b>Revenues Minus Expenses:</b>	<b>0</b>						
Expenses for Hilton Head Island Specific Programs							
Expenses for other marketing programs							

# **MEMORANDUM**

**TO:** Town Council

**FROM:** Finance and Administrative Committee

**Re:** Designated Marketing Services for the Town

**DATE:** June 16, 2016

---

At its June 7, 2016 meeting, the Finance and Administrative Committee discussed a recommendation related to the Town of Hilton Head Island (Town) / Hilton Head Island-Bluffton Chamber of Commerce (Chamber) contract and now seeks Council's adoption of same.

Consideration of a recommendation from the Finance and Administrative Committee that Town Council notify the Hilton Head Island-Bluffton Chamber of Commerce (Chamber) that in accordance with paragraph 6 of the contract for professional services (contract, effective December 1, 2015 between the Town and the Chamber), that it is the desire of this council that the Town shall notify the Chamber during November 2019 that it intends to terminate the contract and follow state law section 6-4-10 and the Town's procurement code in the selection of its designated marketing organization.