

# TOWN OF HILTON HEAD ISLAND

One Town Center Court, Hilton Head Island, S.C. 29928

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May 19, 2011

Drew A. Laughlin  
Mayor

Kenneth S. Heitzke  
Mayor ProTem

\_\_\_\_\_  
Council Members

Wm. Lee Edwards  
Willie (Bill) Ferguson  
William D. Harkins  
Kimberly W. Likins  
George W. Williams, Jr.

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Stephen G. Riley  
Town Manager

Mr. Gary Kubic, County Administrator  
Beaufort County  
Post Office Drawer 1228  
Beaufort, SC 29901

Re: Storm Water Utility Intergovernmental Agreement

Dear Gary:

My staff and I have reviewed your comments regarding the draft agreement. As a follow up to my April 21<sup>st</sup> letter and to maintain the pace of the schedule for renewal, below is our final draft proposal regarding the resolution of all the items included in your letter dated April 6, 2011 (your original comments in italics):

1. *The agreement is for a ten year period. Perhaps, we could incorporate additional language that would provide the requirement for an annual review by our engineers and experts to insure that it remains current with the state of the art stormwater management practices and standards.*

In response, Section 3.02 was added to the agreement:

**3.02 Periodic Review of this Agreement:** The Stormwater Implementation Committee shall conduct periodic review of this Agreement to insure that it remains current with the state of the art stormwater management and practices and shall provide recommendations for updates to the agreement if necessary.

2. *The agreement should identify baseline standards for us to follow. The Stormwater Implementation Committee has suggested language that defines a level of protection for maintenance of water quality. The Committee recommends this language as a baseline standard, "Minimum Water Quality Controls in jurisdictions must be protective enough to reach and maintain state designated water uses."*

In response, Section 6.02 was revised to match the Committee's language:

**6.02 Regulatory Obligations of the Town:** The Town shall adopt and enforce ordinances and development standards as necessary to comply with State and Federal standards regarding stormwater management, erosion and sedimentation, pollution control, and flooding. **Minimum water quality controls in jurisdictions shall be protective enough to reach and maintain state designated water uses.**

3. *"The management cost of the utility needs to be allocated equitably between the Utility partners (the County and the four municipalities). The proposed one percent administrative fee would not cover these costs."*

The Town agrees that the administrative costs of the utility need to be allocated equitably among the county and the four municipalities based on the development of a line item budget defining the specific deliverables and approved regionally coordinated services provided to the municipalities under the agreement. The Storm Water Implementation Committee met on April 28<sup>th</sup> and discussed an administrative fee proposal using a fixed dollar amount based upon the SFU

base rate that would be more equitable than a percentage based fee. We agree with the Committee and propose that the administrative fee should be calculated as a fixed dollar amount for each single family unit (SFU) billed by the Storm Water Utility. Based upon the County's calculations of a \$309,000.00 administrative budget for fiscal year 2012, the fee would be \$2.80 per Single Family Unit (SFU) for fiscal year 2012. Below is the revision of section 4.01 and 4.01(a) reflecting this proposal:

**4.01 Use of Revenue:** In accordance with the provisions of S. C. Code Ann. 48-14-120(C) (Supp. 2010), and S. C. Regs. 72-310 (Supp. 2010), all Stormwater Utility User Fees collected within the Town, less an administrative fee, shall be returned to the Town. The administrative fee is to be calculated as a fixed dollar amount for each single family unit (SFU) billed by the Stormwater Utility. The Utility shall define its administrative costs each year during the annual budget process. For fiscal year 2012 the fee shall be \$2.80 per Single Family Unit (SFU) base rate applied to the fee paying lands within the limits of the Town. After FY-12, the Stormwater Implementation Committee shall conduct annual reviews of the Utility's administrative budget and recommend any changes to the amount billed per SFU and the Utility shall provide the Town an itemized proposal for the administrative services and deliverables to be provided in the coming fiscal year. This proposal shall be submitted to the Town by March 15 of each calendar year. The Town shall provide a written recommendation of acceptance to the Utility by April 15 of the same year. This shall serve as the basis for the annual administrative fee to be calculated per Town SFU, and included in each entity's annual budget.

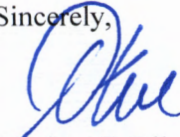
(a) The administrative fee shall be used by the County to defray the County's administrative costs in managing the Stormwater Utility.

Also, to clarify section 5.07, the first sentence has been deleted, as stormwater work is linear in nature and may require work across parcels whereby fees are not collected, such as Rights of Way.

**5.07 Qualifications and Extents of Service:** Only parcels from which a storm water fee is collected shall be eligible for service, unless specifically exempted from such fee by State or Federal law. (deleted)

As planned in the SWU IGA implementation schedule (see attached,) the Town's Intergovernmental Relations Committee has recommended that the proposed SWU IGA be approved by Town Council. We anticipate this approval at the June 7<sup>th</sup> meeting.

Sincerely,

  
Stephen G. Riley, CM  
Town Manager

C: Drew Laughlin  
Gregg Alford  
Curtis Coltrane  
Scott Liggett  
Jeff Buckalew  
Cary Gaffney

Attachments: Revised IGA draft agreement, IGA implementation schedule