



Town of Hilton Head Island
Finance & Administrative Committee
Tuesday, August 17, 2021, 2:00 p.m.
Benjamin M. Racusin Council Chambers
AGENDA

The Finance & Administrative Committee meeting will be held in-person at Town Hall in the Benjamin M. Racusin Council Chambers. The outside doors will be opened to the public at 1:00 p.m., seating will be limited, face coverings are strongly encouraged for all who attend the meeting.

1. Call to Order

2. FOIA Compliance: Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.

3. Approval of Minutes

a. Regular Meeting – July 20, 2021

4. Appearance by Citizens

5. Unfinished Business

6. New Business

- a. Town of Hilton Head Island Financial Update
- b. Consideration of the Affiliated Agency Town Funding Standardization Process
- c. Consideration of the American Rescue Plan Funding Appropriations

7. Adjournment

Please note that a quorum of Town Council may result if four (4) or more of their members attend this meeting.



Town of Hilton Head Island
**Finance & Administrative
Regular Committee Meeting**

Tuesday, July 20, 2021, 2:00 p.m.

MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; Bill Harkins, Glenn Stanford, Alexander Brown, Jr. and Tamara Becker (Alternate) *Council Members*

Present from Town Council: David Ames; *Council Member*

Present from Town Staff: Marc Orlando, *Town Manager*; John Troyer, *Director of Finance*; Cindaia Ervin; *Finance Assistant*

Present from the Media: None

1. Call to Order

The Chairman called the meeting to order at 2:00 p.m.

2. FOIA Compliance

Public notification of this meeting has been published, posted and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Agenda

Chairman Lennox asked for a motion to approve the agenda. Mr. Stanford made a motion to approve the agenda as submitted. Mr. Harkins seconded. By way of roll call, the motion was approved by a vote of 4-0-0.

4. Approval of Minutes

a. Regular Meeting- April 20, 2021

Chairman Lennox asked for a motion to approve the minutes of the April 20, 2021 meeting. Mr. Harkins moved to approve. Mr. Stanford seconded. By way of roll call, the motion passed with a vote of 4-0-0.

b. Regular Meeting- May 4, 2021

Chairman Lennox asked for a motion to approve the minutes of the May 4, 2021 meeting. Mr. Harkins moved to approve. Mr. Stanford seconded. By way of roll call, the motion passed with a vote of 4-0-0.

c. Regular Meeting- June 15, 2021

Chairman Lennox asked for a motion to approve the minutes of the June 15, 2021 meeting. Mr. Harkins moved to approve. Mr. Stanford seconded. By way of roll call, the motion passed with a vote of 4-0-0.

5. Appearance by Citizens

Chairman Lennox, ask if there were any citizens of the public that had any comments for today's meeting. Prior to the meeting, Mr. Skip Hoagland signed up to address the Finance & Administrative Committee. Those comments stated will be made a part of the official minutes.

Skip Hoagland, *Windmill Harbour*: Addressed members of the Committee regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

6. Unfinished Business- None

7. New Business

a. General Discussion regarding Moody's Annual Issuer Comment Report

John Troyer, Director of Finance, provided that Committee with an update regarding a letter received from Moody's. Their comments report included their opinion of how well we not only as a Town are doing but also a Coastal Community compared to others like us. Mr. Troyer stated that when Covid-19 first became a concern Moody's reached out and put all the coastal community on credit watch. They felt that Covid-19 was a "social risk under our environmental, social and governance framework, given the substantial implications for public health and safety and the economy". Though Covid-19 was unknown risk, that was continuously evolving, the long-term impact was still unknown but it did not change their opinion of the Town of Hilton Head Island at the time. Through decisions that were made within the Town; Mr. Troyer felt that it had been overall a good year.

Moody's provides the Town a rating when entering the Bond Market which ultimately helps with our sales. Their overall credit overview of the Town was a Aaa rating. This rating is far stronger than the median rating of Aa3 for other US Cities like us and having such a rating like this equates for less than 5% of communities within the US. Factors that contributed to this: having a robust financial position, extensive tax base and strong wealth and income profile. Other areas of interest that were brought up were: Finances, Economy and Tax Base, Debt and Pensions and Management and Governance.

The Town's financial position per Moody's is very healthy and consistent by having a cash balance of 110.4% of the Town's operating revenues is far greater than other US cities and a fund balance as a percent of operating revenues 53.5% essentially higher than other Moody's rated cities. Mr. Troyer spoke about the Economy and Tax Base for the Town. We have a strong economy and tax base, which are aligned with its Aaa rating which is doing well over all. Debt and Pensions burdens are small overall and too reflected in the Aaa rating; however, both are lower in perspective to the national average. Management and Governance plays a huge roll as most South Carolina cities rate Aa, which is strong said Mr. Troyer. Main revenue sources are property taxes and business licenses', however, due to ACT 388 the Town is not allowed to indecently raise tax revenues which sets a maximum operating millage increase based on CPI increases and population growth. Mr. Troyer informed the Committee that the Town is in its 5th year of 5 mils. The Committee as a whole had favorable thoughts regarding the positive feedback from Moody's.

b. Town of Hilton Head Island Financial Update

John Troyer, Director of Finance, provided the Finance & Administrative Committee a Financial update on the Town's progress. He informed the Committee that the last few month's collections were slightly impacted by the County's delay in the collection of property taxes. The delay of property tax billing has impacted many of the Town's collections causing totals to be collected slower; however, they have been increasing over the last few months. This delay was temporary as the new tax payment deadline approached March 31st. Mr. Troyer stated that year-to-date collections have improved since February and will continue until all taxes are collected. Property tax collections have met last year-to-date amounts and are 99.9% of budget. Some collections highlighted for May: Tax Increment Financing up 6.8%, Local ATAX up 43.3%, Stormwater up 2.3% and Property Taxes up 3.4%. Other positive collections: Business License at 18.3%, State ATAX at 27.6% of budget, permits at 29.9% of budget and Real Estate Transfer fees are at 99.9%. Mr. Troyer mentioned that last year's deadline was extended from April 20th to June 20th for a number of these revenues due to Covid-19.

Mr. Troyer also provided insight into the Town's General Fund. The Town's General Fund last month was 99.8% collected of the eventual actual with June revenues still coming in. Our collections are 102.9% of last year-to-date (YTD). Last month, Mr. Troyer reported that YTD expenses in 2021 are 3.6% more than 2020 YTD. YTD spending through part of June is 3.6% more than last ytd and within expectations. Of the funds budgeted, the Town is at 91.8% of budget as of year-end; however, some bills are still yet to be received. The timing of expenses to operate the Town is independent of the timing of revenues (2019 and 2020 actuals). At this time Mr. Troyer could confirm that no department is in an unfavorable spending position. Mr. Troyer stated the timing of expenses has had a very similar pattern to last year and the Town will depend on the temporary use of its reserves from time-to-time when Town collections are slower.

Lastly Mr. Troyer provided a brief update on the Town's activity for this year. The Town had the opportunity with the authorization of Town Council to issue two bonds for savings this year. The bonds sold were Stormwater and a GO Bond; however, at this time there are no future plans for new funding issues for this fiscal year. He also shared that the Town has lowered its cost of funds and lowered its total debt this fiscal year from \$135.6M to \$119.8M (governmental activities). Expenditure savings contribute to the bottom line for the Town. Key items that Mr. Troyer wanted the Committee to be aware of are that the Town is continuing to keep an eye on expenditures and adjusting prior to the end of the fiscal year where necessary to continue to be in a good financial position. The Committee had many favorable comments regarding Mr. Troyer's presentation of the Town's Finances. They were very pleased to see the continued positives in revenues showing the good health of the community and Town even during the global pandemic of Covid-19. Chairman Lennox thanked all of those in attendance for their comments and questions, and Mr. Troyer for his good financial presentation to the Committee.

8. Adjournment

At 3:01 p.m. Mr. Harkins moved to adjourn. Mr. Stanford seconded. The motion to adjourn was approved by vote of 4-0-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____



TOWN OF HILTON HEAD ISLAND

Finance Department

TO: Finance and Administrative Committee
VIA: Marc Orlando, *Town Manager*
VIA: Josh Gruber, *Deputy Town Manager*
FROM: John M. Troyer, *Director of Finance*
DATE: August 10, 2021
SUBJECT: Town of Hilton Head Island Financial Update

Recommendation:

Staff recommends that Finance Department continue to monitor Town Revenues and Expenditures and to provide monthly updates to the Finance & Administrative Committee for their review and discussion.

Summary:

As part of the pandemic response, Town Management identified the importance of monitoring revenue and expenditure items in a pandemic environment. Close monitoring can provide the ability to respond timely to changing economic realities.

In order to provide Town Council as clear a picture of the Town's revenue collections and financial position, I plan to give Finance and Administrative Committee an update during the August 17, 2021 meeting of the committee. I plan to give a preview of year-to-date results for the twelve months ending June 30, 2021. There are still bills coming in and accruals to be made, however, this is a glimpse into the financial position with most of the year complete. This will give the Finance and Administrative Committee a continuing look at Town financial position, and provide a forum for discussions. We will continue those discussions monthly to ensure the Town is appropriately positioned in this economic environment.

Background:

As Town Council considered the proposed budget for FY 2021, one issue at the forefront of the discussion was the economic uncertainties due to the impact of the COVID-19 pandemic. How long will the pandemic last? What kind of impact will this have on our revenue collections and our spending? Town Council recognized that once a budget was adopted for FY2021, continuing the close monitoring of the revenue collections and spending would be especially important this year.



TOWN OF HILTON HEAD ISLAND

Executive Department

TO: Town Council
FROM: Marc Orlando, ICMA-CM – Town Manager
DATE: 08/03/2021
SUBJECT: Affiliated Agency Town Funding Standardization Process
CC: Joshua Gruber, Deputy Town Manager
John Troyer, Finance Director

Background:

The Town receives requests from various commercial and nonprofit entities for funding that supports a wide range of matters and with varying degrees of public purpose justification. These requests became the subject of significant Town Council discussion during the COVID-19 pandemic and ultimately resulted in Council approval of a one-time emergency General Fund distribution for the Arts Center of Coastal Carolina and the Concourse d'Elegance & Motoring festival. Following these discussions, it was requested that staff examine the legal aspects of funding outside agencies both during a declared State of Emergency and as part of its annual budget adoption process. Additionally, it was requested that staff propose a standardized process that would ensure that the awarding of Town General Funds is done in a fair and transparent manner. This Memorandum sets forth information pertaining to the legal ability for local governments in South Carolina to provide funding to commercial and nonprofit organizations as well as a recommendation to establish a formal process to review and award Town General Funds.

Recommendation:

Staff recommends that the Town Council adopt a formal policy wherein all requests for Town funding from affiliated and/or outside agencies will be submitted to the Finance and Administration Committee for review and recommendation as part of the annual fiscal budget adoption. An outline of how this process could potentially function is as follows:

1. Requesting agency submits Town funding request application form containing the following:
 - a. Identification of the organization and its background
 - b. Copies of audited financial statements
 - c. Copy of current budget identifying all anticipated revenues and expenses
 - d. Summary of previous governmental funding that has been received
 - e. Justification/proposed uses of requested funding demonstrating how this funding will provide a public function of the Town
 - f. Identification of operational metrics that will be tracked to demonstrate goal achievement
 - g. Future capital projects or changes in service delivery scope that might impact future operations or financial requests
2. Finance & Administration Committee Receives Requests and selects agencies to make presentations.

3. Selected agencies make a presentation to the Finance & Administration Committee outlining their funding request and answer any questions.
4. Finance & Administration Committee submits recommendation on affiliated agency funding requests to Town Council as part of the annual fiscal year budget adoption process.

Any requests for funding made outside of the annual fiscal budget adoption process should be discouraged and the granting of funding outside of this process should be limited to only extraordinary circumstances. Should it become necessary to take up such an extraordinary request, the review and consideration process adopted by Town Council should be utilized in a manner to similar to that of the formal annual budget adoption process identified above.

General Fund Appropriations

The South Carolina Constitution provides certain prohibitions on the expenditure of public funds which are generally inclusive of all sources of ad valorem tax revenues maintained within a jurisdiction’s General Fund. Under Title 10 Section 11 of the Constitution it states, “[t]he credit of neither the State nor of any of its political subdivisions shall be pledged or loaned for the benefit of any individual, company, association, corporation, or any religious or other private education institution except as permitted by Section 3, Article XI of this Constitution.”

The South Carolina courts as well as the South Carolina Attorney General’s Office have interpreted this provision to prohibit local governments from providing funding to non-governmental agencies unless the funds are being provided for an express “public purpose.”

Public funds may be appropriated to a private nonprofit, nonsectarian organization if the funds are to be expended in the promotion of a valid public purpose. *Op. Atty. Gen., December 18, 1979, at 1.* The appropriation of public funds to these private entities is, in effect, an exchange of value which results in the performance by those entities of a public function for the State. *Op. Atty. Gen., November 16, 1983.* Our Supreme Court has also recognized generally that where the expenditure of public funds is ‘primarily for the benefit of the State . . .’ there is no violation of Article X, § 11. *South Carolina Farm Bureau Marketing Assn. v. South Carolina State Ports Authority, 278 S.C. 198, 293 S.E.2d 854, 857 (1982).*

Therefore the central question in identifying whether or not a transfer of public funds to a private entity is constitutionally valid is dependent upon such transfer being recognized as being for the benefit of the public.

Pursuant to this justification, the Town has annually contracted with certain “affiliated agencies” to provide management, programming, oversight, support, or ongoing maintenance of services offered to the public on behalf of the Town. These services have historically been performed and carried out by nonprofit third-parties with such expenditures being stated on an individual basis within the Town’s annual adopted budget. Based upon the most recently adopted Fiscal Year 2022 budget, the following affiliated agencies received Town General Funds:

FY2022	Funding Amount	Public Services
Island Recreation Association	\$1,087,578	Offers youth and adult recreational programming on

		Town and County owned property. Manages special event rentals of certain Town owned properties.
Coastal Discovery Museum	\$180,000	Operates the Town owned Honey Horn Plantation and provides public access to the site. Funding within this category also supports the Historic Mitchelville Freedom Park.
USCB Island Ambassador Program	\$186,367	Provides certification program to become an Island Ambassador through studying Island knowledge, Island culture and Island ecology. This program was created through a partnership between the Town and USCB.
Palmetto Breeze	\$225,165	This is the local matching funds for the Town's urban and rural federal transportation grant funding.
Solicitor/Court Services	\$168,500	These services provide criminal prosecution and other judicial services for offenses occurring on Hilton Head Island.
Beaufort County Economic Development Corporation	\$25,000	This is the Town's local matching funds to be a participating member of the Beaufort County Economic Development Corporation.

South Carolina Courts have examined the question of what constitutes a “public purpose” and have also long determined that whether an act of a governmental body is for a public purpose is primarily one for the Legislature to determine and the courts will not interfere unless the determination by that body is clearly wrong. *Elliott v. McNair*, 250 S.C. at 86-87.

"The consensus of modern legislative and judicial thinking is to broaden the scope of activities which may be classes as involving a public purpose. 37 *Am.Jur.*, *Municipal Corporations*, Sec. 132. It reaches perhaps its broadest extent under the view that economic welfare is one of the main concerns of the city, state and the federal governments." *State ex rel. Jardon v. Industrial Development Authority of Jasper County*, 570 S.W.(2d) 666 (Mo. 1978)."

As such, public funding can be provided for the provision of direct public services or for the overall economic welfare of a community when there is a specific legislative funding by a governmental body that such purpose does in fact exist and that the benefit to the community from the investment of public funds will substantially justify its investment.

Pandemic Related Funding Sources

Due to the unprecedented public health crisis that has been created by the COVID-19 pandemic, several unique funding opportunities have arisen that have not previously existed due to the restrictions contained with the South Carolina Constitution. Or, that have otherwise been altered so as to provide relief to individuals that have been negatively impacted by these events without running afoul of the aforementioned limitations.

CDBG Grant Process through Community Foundation of the Lowcountry

The Town sought approval from the United States Department of Housing and Urban Development to utilize its unspent allocation of Community Development Block Grant funding from the Fiscal Year 2020 budget as well as those funds received for the Fiscal Year 2021 to create grants to local nonprofit organizations that have been supporting residents who were impacted by the COVID-19 pandemic. The Town received such approval and partnered with the Community Foundation of the Lowcountry to distribute a total of \$730,833.00 to various local nonprofits that provided assistance to Hilton Head Island residents that needed support in the areas of rental and utility assistance, mortgage assistance, child care expenses, food insecurities, and more. A full listed of the entities who received Town funding under this program is as follows:

U.S. Department of Housing and Urban Development (HUD) Community Development Block Grants (CDBG)			
Organization	No. of Awards	Total Award Amount	Purpose of Grant
Boys & Girls Club of Hilton Head Island	3	\$79,739.00	1.Scholarship for Distance Learning Program 2.Cleaning Expenses, PPE
Foundation for Educational Excellence	2	\$61,000.00	Tutoring programs at HHI public schools, educational materials
Hilton Head Island Recreation Association	1	\$3,000.00	Virtual Learning Program
HH Regional Habitat for Humanity	1	\$25,000.00	Emergency Housing Assistance
Lowcountry Legal Volunteers	1	\$51,000.00	Workshops to help educate people facing potential housing evictions
Mental Health America (MHA) of Beaufort -Jasper	1	\$25,000.00	Scholarships for MHA group therapy assistance
Native Island Business & Community Affairs Association	1	\$25,000.00	Emergency Housing Assistance
Neighborhood Outreach Connection	2	\$79,500.00	1.Living Expenses for Clients 2. Program operation expenses
Sandalwood Community Food Pantry	4	\$40,500.00	Food and PPE for distribution to clients
Second Helpings	1	\$12,000.00	Food purchase for distribution
Society of St. Vincent de Paul Holy Family Conference	1	\$25,000.00	Rent and utility assistance for HHI clients
The Children's Center	3	\$87,094.00	1. Remediation and Sanitation Expenses 2. PPE, Safety Supplies, Remediation Expenses 3.Tuition assistance for families
The Hilton Head Island Deep Well Project	3	\$116,000.00	Emergency housing, rent and utilities

The Literacy Center	1	\$25,000.00	Technology & Instruction Cost for Distance Learning Service
Volunteers in Medicine Hilton Head Island	2	\$76,000.00	1. PPE for patients, staff, volunteers 2. Isolation boxes/lodging for COVID-19 positive individuals
Total	27	\$730,833.00	

Recently, the South Carolina Attorney General's Office was asked to examine the appropriateness of an emergency grant funding program that was being proposed by Lancaster County. *Op. Atty. Gen., April 29, 2020*. This grant program was predicated on the fact that an applicant had applied for, and exhausted, all federal relief funds that were available to the applicant business. The grant program also required that the applicant demonstrate a direct financial hardship as a result of the COVID-19 pandemic. The grant program was also not restricted to any particular category of business but were open to all and limited in eligibility only on the basis of the number of employees at the business.

In response to this inquiry, the Attorney General's Office stated that in order for such a program to be constitutionally authorized, the governing body of Lancaster County would need to find that the creation of such a grant program would serve a public purpose. The opinion went on to provide four specific factors that should be used when determining if an action serves a public purpose. Those are as follows:

1. **Is there an ultimate goal or benefit intended to the public by virtue of the project?**
2. **Will public or private parties be the primary beneficiary?**
3. **How speculative in nature is the project?**
4. **On balance, what is the probability that the public interest will ultimately be served and to what degree?**

Therefore, if the Town Council desires that a formalized process be created for providing grants from the Town's General Fund to entities on the Island or to entities that have been impacted by the COVID-19 Pandemic, then such action should first be precipitated by a formal legislative action of the Town Council that undertaking such action would serve a public purpose specifically addressing such items in the manner outlined above.

Conclusion:

The South Carolina Constitution and subsequent judicial jurisprudence has established clear restrictions on the types of activities or services that can receive a local government's General Fund financial support. In order to remain in compliance with these restrictions and to ensure a fair, equitable, and transparent review of the appropriation process, staff is recommending that Town Council develop a formal policy wherein the Finance and Administration Committee would receive and review all requests for funding from affiliated/outside agencies. It would then make award recommendations to Town Council as part of the annual fiscal budget adoption process. Any request for funding made outside of the annual fiscal budget adoption process would be discouraged and the granting of funding outside of this process would be limited to only extraordinary circumstances. Should it become necessary to take up such an extraordinary request, the review and consideration process adopted by Town Council would be utilized in a manner to similar to that of the formal annual budget adoption process identified above. A draft Affiliated Agency Funding Request Application as outlined within this Memorandum has been enclosed as an attachment for consideration.



TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

Fiscal Year 2023 Affiliated Agencies Funding Request Application

All applications must be fully completed and submitted electronically to the Town of Hilton Head Island no later than 4:30 p.m. on Monday, February 28, 2022.

This application package includes the following:

1. Guideline for Applications
2. Affiliated Agency Funds Application
3. Application Submission

Applications will first be reviewed by Town Finance Staff and Senior Staff. The Finance & Administration Committee will review the received requests and will select agencies to make presentations outlining their funding request and answer any questions that may arise. Each applicant will be notified by email (please make sure to provide a valid email address) of the time scheduled for its presentation. The Finance & Administrative Committee will submit a recommendation on affiliated agency funding requests to Town Council as part of the annual fiscal year budget and adoption process.

The Committee requests each applicant to adhere strictly to the guidelines and requirements provided herein.

Failure to correctly complete the application in its entirety, may disqualify what may be an otherwise qualifying application.

GUIDELINES FOR APPLICATIONS FOR AFFILIATED AGENCIES FUNDS

NOTES REGARDING THE APPLICATION

1. Summary of Requesting Agency

- a. Identification of the organization, its mission and background
- b. Provide the full name, postal mailing address, email address and telephone number of a primary contact person, given the authority and responsibility to represent the application before the Committee, must be included in this section.
- c. List the organization's total annual budget and its fiscal year 2023 requested amount.

2. Description of Operations

- a. Describe the organization purpose/uses of requested funding and demonstrate how funding will provide public function to the Town and its overall operation.
- b. The description must state what is intended to be accomplished by the Affiliated Agency funds, and the source and amount of other funds to be committed to the operations.
- c. Describe the impact to the organization should it not be fully funded for the fiscal year 2023 request.
- d. What are the future capital projects or changes in the service delivery scope that might impact future operations or financial requests.

3. Funding

- a. Provide a brief description on how the organization is currently funded.
- b. Please provide a summary current and previous governmental funding applied for, or received, for fiscal year 2021, 2022 and fiscal year 2023.
- c. Copies of Fiscal Year 2020 and 2021 audited financial statements
- d. Provide a copy of the current budget identifying all anticipated revenues and expenses.

5. Measuring Effectiveness:

- a. Please identify the project/operation objectives and budget
- b. Please identify how operational metrics will be tracked to demonstrate goal achievement.
- c. Please identify how the metrics establish a public benefit
- d. Please identify your service area and provide statistics of clients served
- e. Please identify your partner agencies
- f. Please identify a proposed/expected timeline to achieve objectives
- g. Please identify any partners/contractor comments

h. Please identify any other sources of funding requested or received.

6. Submission Requirements:

a. All funding requests are to be submitted electronically by February 28, 2022 to:

Town of Hilton Head Island
Finance & Administrative Committee
c/o Cindaia Ervin
1 Town Center Court
Hilton Head Island, SC 29928
cindaiae@hiltonheadislandsc.gov
(843) 341-4646

DRAFT

2022

AFFILIATED AGENCY FUNDS REQUEST APPLICATION

For Office Use Only	Time Received:	By:
Date Received:		

Applications will not be accepted if submitted after 4:30 P.M. on February 28, 2022

A. Summary of Grant Request:

ORGANIZATION NAME: _____

Contact Name: _____ Title: _____

Address: _____

Email Address: _____ Contact Phone: _____

Total Budget: _____ **Grant Amount Requested:** _____

Provide a brief summary on the intended use of the grant and how the money would be used.
(100 words or less)

B. DESCRIPTION OF OPERATIONS:

1. **For reporting purposes, give a brief description of the organization.** (250 words or less)

2. **Describe in detail how the requested grant funding would be used?** (250 words or less)

3. **What impact would partial funding have on the activities, if full funding were not received? What would the organization change to account for partial funding?** (100 words or less)

4. **What is the expected economic impact and benefit to the Island's people or environment?** (100 words or less)

5. **Additional comments** (250 words or less)

C. FUNDING:

1. Please describe how the organization is currently funded. (100 words or less)

2. Please also estimate, as a percentage, the source of the organization's total annual funding.

_____ Government Sources

_____ Private Contributions, Donations & Grants

_____ Corporate Support, Sponsors

_____ Membership Dues, Subscriptions

_____ Ticket Sales, or Sales & Services

_____ Other

3. Please provide a summary of previous governmental funding applied for, or received, for fiscal year 2022 and fiscal year 2023. (100 words or less)

4. Please provide a summary of other sources of funding sought or secured for this initiative. (250 words or less)

D. FINANCIAL INFORMATION:

Fiscal year disclosure: Start Month: _____ End Month: _____

Financial Statement Requirements:

1. The upcoming year's operating budget for the organization.
2. The previous two years and current year profit and loss reports for the organization.
3. The previous two years and current year balance sheets.

E. MEASURING EFFECTIVENESS:

1. **List any award amounts received in fiscal year 2021 and/or 2022? How were those funds used? To what extent were your objectives achieved? (200 words or less)**

2. **What impact does this have on the success of the organization and how did it benefit the community? (200 words or less)**

3. **How does the organization measure the effectiveness of both the overall activity and of individual programs? (200 words or less)**

G. Executive Summary:

Provide an executive summary using the Effectiveness Measurement spreadsheet provided or your own format. If creating your own format, please refer to the Effectiveness Measurement sample spreadsheet and use the criteria as a guideline. (1300 words or less)



**AFFILIATED AGENCIES FUNDING REQUEST
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA**

APPLICATION FINAL CHECKLIST

(Complete and return this list with the application)

- The application is being filed by the **February 28, 2022, 4:00 PM** deadline.
- We have reviewed and followed the application guidelines.
- We have supplied the requested Financial Data.
- We will be prepared to make a verbal presentation to the Committee and answer questions when we are scheduled to do so.

Please contact Cindaia Ervin at 843-341-4646

or email

cindaiae@hiltonheadislandsc.gov

if you have any questions or concerns.

NOTE: A Town Council quorum may result in the event four or more Council members attend this meeting.



TOWN OF HILTON HEAD ISLAND

Executive Department

TO: Town Council
FROM: Marc Orlando, ICMA-CM – Town Manager
DATE: 08/10/2021
SUBJECT: American Rescue Plan Funding Appropriations
CC: John Troyer, Finance Director

Background:

Congressional House Resolution 1319, better known as the American Rescue Plan, was signed into law on March 11, 2021. This piece of legislation provides funding to local governments in order to assist in responding to the COVID-19 public health emergency. Based on guidance that has been provided from the United States Department of the Treasury, the Town is anticipated to receive a cumulative total of \$5,227,178.00 in Coronavirus State and Local Fiscal Recovery Funds. The Town has recently received the first round of funding under this appropriation of approximately \$2.6 million and expects to receive the remaining 50% of its allocation sometime around May of 2022.

The United States Department of Treasury has also issued some preliminary guidance on how these funds may be potentially utilized. A “Fact Sheet” issued by the United States Department of the Treasury on May 10, 2021 is attached to this Memorandum.

The stated goals that have been outlined under this program are to address concerns within the following areas:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
- Support immediate economic stabilization for households and businesses; and,
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations

Additional guidance has also been recently published that helps to further understand how the funds received under this program may be authorized in order to address the concerns highlighted above. The following are a list of categories that have been initially identified as being eligible uses:

- **Support public health expenditures**, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- **Address negative economic impacts caused by the public health emergency**, including economic harms to workers, households, small businesses, impacted industries, and the public sector;

- **Replace lost public sector revenue**, using this funding to provide government services to the extent of the reduction in revenues experienced due to the pandemic;
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Treasury's guidance in expending these funds has also stated that there are certain expenditures that will not be eligible with these funds. Those include using the funding to directly offset or to reduce/cut taxes or to make a deposit to a pension fund.

It is important to note that timing requirements have been incorporated into this legislation as well. A recipient of funding under this program must obligate 100% of the funding that it has received by December 31, 2024 and must have 100% of these funds expended by December 31, 2026. The covered period for any activity to be deemed eligible must have taken place or will take place between March 3, 2021 and December 31, 2024.

Staff Recommendations:

Based upon the guidance that has been issued thus far by the United States Department of the Treasury, conversations with the South Carolina Municipal Association, the International City/County Managers Association, the Government Finance Officers Association, and a review of potential/planned expenditures from other similar South Carolina jurisdictions, staff would submit the following expenditure recommendations for Town Council consideration:

I. Address negative economic impacts caused by the public health emergency,

- \$1,000,000 – Community Foundation of the Lowcountry Pandemic Impact Grants
 - \$500,000 in FY22 and \$500,000 in FY23

II. Replace lost public sector revenue and target funds to the following:

- \$400,000 – Home Repair-Structural Safety/Removal of Unsafe and Uninhabited Structures Program
 - \$200,000 in FY22 and \$200,000 in FY23
- \$1,000,000 – Town Hall Security and Technology Improvements
 - \$1,000,000 in FY22 and \$0.00 in FY23
- \$1,000,000 – Patterson Tract Development/Infrastructure
 - \$500,000 in FY22 and \$500,000 in FY23

III. Invest in water, sewer, and broadband infrastructure

- \$200,000 – Lateral Sanitary Sewer Connection Grants
 - \$100,000 in FY22 and \$100,000 in FY23
- \$1,627,178 – Public Infrastructure
 - \$300,000 in FY22 and \$1,327,178 in FY23

Total = \$5,227,178

A brief overview of how the funding within each of these areas is as follows:

- Community Foundation of the Lowcountry Pandemic Impact Grants

One of the primary focuses of the American Rescue Plan is to provide funding that directly responds to needs created by the COVID-19 pandemic particularly within communities and populations that have been hardest hit by the national health crisis. The Town would provide this funding to the Community Foundation of the Lowcountry thereby allowing them to administer a grant award program to local groups and organizations that were directly impacted. These funds could be utilized to support housing assistance, childcare and education, rent and utility assistance, and food insecurities among other pandemic related impacts.

- Home Repair-Structural Safety/Removal of Unsafe and Uninhabited Structures Program

For households located on Hilton Head Island whose income qualifications would be at 60% or less of the Area Median Income (AMI), this program would allow them to apply for grant funding to used towards leaking roofs, unstable or unsafe floors, failing septic tanks, inaccessible private roads, removing broken or unwanted items from a resident's property, removing unsafe and unoccupied structures from a resident's property, ensuring local emergency services have an official address to a resident's property, and providing assisting in obtaining proper paperwork for heirs' property.

- Town Hall Security and Technology Improvements

Funding under this item would be utilized to secure the Town Council chambers through the use of electronic locks, magnetometers, security cameras and other safety/security related infrastructure. Other areas of Town Hall to include public entrances and common hallways would also be improved utilizing this same technology in order to provide a uniform system of security throughout the entire facility. Additionally, new technology within the Town Council chambers would be installed and existing technology upgraded in order to enhance live streaming capabilities of Town Council meetings and meetings of other public bodies.

- Patterson Tract Development/Infrastructure

The Town owns a 3.27 acre tract of land located at 23 Marshland Road. Funding under this item would be utilized to install public recreational amenities consistent with a neighborhood park and infrastructure necessary to support a neighborhood park. Additionally, the Town may consider a public-private partnership to develop workforce housing on portion of this property. Funding under item could therefore also be used to support the road, water, sewer and/or utility infrastructure necessary to facilitate the creation of such workforce housing development on this property.

- Public Infrastructure

Funding under this section would be utilized to accomplish various capital improvement projects that are not otherwise funded within the Town's adopted Capital Improvement Plan or could otherwise be used to supplement already identified funding to facilitate project enhancement. Additionally, funding under this section could be utilized to satisfy the Town's potential participation in regional workforce housing initiatives should the Town Council ultimately decide to participate in such a program.

- Lateral Sanitary Sewer Connection Grants

The funding under this section would facilitate the creation of a grant program whereby those property owners living on the Island who have not yet connected to existing sanitary sewer systems due to financial limitations or otherwise would be eligible to receive funding that would facilitate such connection. Existing programs such as Project Safe could also be further supported financially in their efforts to connect all Hilton Head Island residents to an existing sewer system. Funding under this program could also be used to potentially pay for some or all of the costs that might not otherwise be covered under the existing Project Safe grant funding. Examples of these services could include plumbing connection services, inspections costs and new connection fees that may represent a financial barrier to establishing a new sewer connection.