



Town of Hilton Head Island  
**FINANCE & ADMINISTRATIVE  
COMMITTEE MEETING**  
Tuesday, July 18, 2023, 1:00 PM  
**Minutes**

**Present from the Committee:** Alex Brown, Chairman; David Ames, Steve Alfred, Glenn Stanford, *Members*

**Present from Town Staff:** Josh Gruber, *Deputy Town Manager*, John Troyer; *Director of Finance*; Bob Bromage, *Public Safety Director*; April Akins, *Revenue Services Manager*; Jennifer Ray, *Capital Program Manager*; Cindaia Ervin, *Assistant Town Clerk*

**1. Call to Order**

Mr. Brown called the meeting to order at 1:00 PM.

**2. FOIA Compliance**

Ms. Ervin affirmed compliance with FOIA.

**3. Adoption of the Agenda**

Mr. Ames moved to approve. Mr. Alfred seconded. Motion carried 4-0.

**4. Approval of the Minutes - None**

**5. Appearance by Citizens**

Melinda Tunner addressed the Committee regarding the budget workshops to include Capital Planning. She suggested the Committee consider various strategies to mitigate upcoming large expenses.

Skip Hoagland addressed the Committee by reading a letter he wrote to Carlton Dallas, Beaufort County School Board Member. He asked Mr. Dallas to focus on local issues, the Greater Island Council, and their memberships. Mr. Hoagland also suggested the need for an analysis of the HHI-Bluffton Chamber accounting procedures.

Skip Hoagland stated he was speaking on behalf of Lynn Greely. He proceeded to make comments regarding the workings of the Hilton Head Island-Bluffton Chamber of Commerce requesting the Town's Designated Marketing Organization (DMO) have a forensic audit performed with an independent CPA firm appointed.

**6. New Business**

a. Presentation of Preliminary Fiscal Year 2023 Financial Information – John Troyer, Finance Director

John Troyer addressed the Committee with a presentation regarding the preliminary Fiscal Year 2023 financial information. He noted the budget was approximately 95% complete with several outstanding transactions, such as a large Accommodations Tax Advisory Committee (ATAC) payment, that will occur in July to be counted for June.

Mr. Troyer noted that General Fund revenues have been strong. He said revenues exceeded the last four years and met budget projections. He reported on the following: Property Taxes were fully collected; Stormwater Tax collection is nearly complete; Beach fees are collected monthly, and the year-to-date graph was presented; Real Estate Transfer fees were reviewed, with exception of June; Hospitality Tax collections continue and more are expected this month and Council will be updated accordingly; Business License Revenue numbers were based on the past 12 months and have already exceeded 2022 and 2021 and in addition, all FY2023 payments are expected to be recorded at the end of July with the final picture of the 2023 Fiscal Year available in August.

There will be additional information provided along with reporting by Business Class. Interest Earnings has been refined with improved methodology in investments. As the Federal Reserve raised interest rates, the Town took advantage of it with good outcome.

Mr. Troyer introduced Jennifer Ray, Capital Program Manager, to address the Committee regarding Capital Improvement Projects within the Town.

Jennifer Ray began her presentation to the Committee by sharing that the Capital Improvement Projects (CIP) Division has been in a planning-and-design year. Some of the major Town Council approved projects are targeted for after tourist season which includes permit and prepare for construction in various Town Parks, and initiate construction of Islanders Beach Park Central Pathway, Woodhaven Pathway and Shelter Cove Pathway. Ms. Ray indicated that Town Hall improvements as well as the Palmetto Bay Road/ Arrow Road intersection were almost finished. She went on to state that replacement of the beach-park boardwalks at Driessen Beach Park and Folly Field Beach Park will have a staggered start for construction throughout October, November, and December so both access points aren't closed at the same time. Additionally, plans are underway for paving of some of the Island dirt roads, the pickleball courts at Old Schoolhouse Park, and additional stormwater projects.

Ms. Ray also noted additional details including that the timeline for most CIP projects begin after Labor Day and end before Heritage Week. The parks that have approved master plans will be moving into the detailed design and permitting stage, gearing up the next project-group for construction. The Town has a good mix of what will be in planning-and-design, and what will

be in permitting-and-construction. This creates a visible pattern where people can see how the Town is improving the Island. In addition, Ms. Ray indicated that there have been interviews for the two Town Council approved Construction Manager positions. Additionally, CIP has implemented some strategies to batch projects together, noting that three or four projects pushed together into a larger project could be more attractive and worth a contractor's time to bid. With the increased capacity, the focus on capital projects being a standalone division, and the additional staff, this will help produce more out of the CIP budget. Ms. Ray also noted that Beach Renourishment is on the horizon for 2025. It is currently in the permitting phase, and it is anticipated to be completed in December of 2025.

Committee members asked questions and made comments regarding the CIP building capacity budget number versus the actual production; if the amount produced can move closer to the budget number; and the Beach Renourishment project.

Mr. Troyer concluded the presentation by referencing revenue trends with a sample of the economic activity. There has been a tremendous bounce back from 2019 COVID year as the Town has exceeded its expectations substantially. In summary, Revenues for 2022 look outstanding and Town Operations are within budget. Capital Plans, as presented by Ms. Ray, are underway. The Town has reduced some of its debt. And by adding to the General Fund balance, this will enable the Town to have the ability to invest in the Island.

Committee members asked questions and made comments regarding: the communication with the Island's real estate professionals; the available capital in the future for land acquisition; the ATAX and Business License budget number additions expected by the end of July; the request to track the number of opening and closing businesses on the Island along with the trend lines; the request to know the total number of short-term availability based on rentals, time shares and hotel rooms; additional clarity with the General Fund budget numbers being down versus the departments' budget numbers being higher; and the surplus moving into the General Fund, in relation to Capital Improvements.

Councilman Brown asked for citizen comments.

Risa Prince commented to the Committee that she would like to know where we are on budget compared to what Town Council has planned for the year. The presentation shows the budget review compare actual results of the fiscal year vs prior fiscal years and not compare to the budget adopted. Ms. Prince would also like Town Council to reevaluate the assumption that all revenue surplus goes directly into the General Fund.

Melinda Tunner commented to the Committee on the financial presentation by Mr. Troyer and how to better communicate those results to the public. She suggested that the presentations be consolidated with a comparison to

focus on the budget and not a focus on prior years. Ms. Tunner also noted the CIP plan shown in the presentation does not include what has been spent or an estimate of the year end.

- b. Consideration of an Ordinance Authorizing and Directing the Town of Hilton Head Island to Enter into an Intergovernmental Agreement Relating to South Carolina Local Revenue Services; to Participate in one or more Local Revenue Service Programs; to Execute and Deliver one or more Participant Program Supplements; and Other Matters Relating Thereto – John Troyer, Director of Finance.

April Akins, Revenue Services Manager, presented to the Committee the updated changes to the Municipal Association of South Carolina (MASC) Collection Program and how those changes impact the Town. The Town participates in the Municipal Association's Collection Program for certain Business License Taxes which include Insurance Tax Collection Program (ITP); Brokers Tax Collection Program (BTP); and Telecommunication's Tax Collection Program (TTP.) MASC has rebranded these programs as Local Revenue Services with subsequent updated names to the three listed programs. The terms on which MASC has delegated the authority to resolve litigation on behalf of its members has now been clarified and added into the Ordinance. Also included is an appeal process which was required by and consistent with Act 176. These have now been formally adopted within the Ordinance. The updated Ordinance, Agreement and Supplement will not change the operation of the Local Revenue Services Collection Program and how it is administered. MASC will continue to administer and collect our Business License Taxes within the collection programs ITP, BTP, and TTP. Rates will remain the same with administrative fees being 4% off the gross proceeds. Distribution of the collected amount will remain in the same manner as they are currently. Some changes include that the Agreement is an Intergovernmental Agreement among all the participating governments. Rather than a series of standalone agreements across the state, Local Revenue Services will act in its own name as a division of MASC Board of Directors.

Committee members asked questions and made comments regarding the process for Town Staff; the mechanism MASC used to make the changes; and the cost of administrative fees.

Mr. Ames moved to forward the recommendation from staff to Town Council for consideration of an ordinance authorizing and directing the Town of Hilton Head Island to enter into an Intergovernmental Agreement relating to South Carolina Local Revenue Services; to participate in one or more Local Revenue Service Programs; to execute and deliver one or more Participant Program Supplements; and other matters relating thereto for consideration. Mr. Sandford seconded the motion. The motion carried 4-0.

## **7. Adjournment**

The meeting was adjourned at 2:07 PM.

**APPROVED:** August 15, 2023

The recording of this meeting can be found on the Town's website at [www.hiltonheadislandsc.gov](http://www.hiltonheadislandsc.gov)