



Town of Hilton Head Island
Finance & Administrative Committee
Tuesday, July 20, 2:00 p.m.
Regular Meeting
BENJAMIN M. RACUSIN COUNCIL CHAMBERS

The 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 one hour before the meeting start time, seating will be limited to no more than 80 individuals.

- 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. Roll Call**
- 4. Approval of Agenda**
- 5. Approval of Minutes**
 - a. Regular Meeting- April 20, 2021
 - b. Regular Meeting- May 4, 2021
 - c. Regular Meeting- June 15, 2021
- 6. Citizen Comments**
- 7. Unfinished Business - None**
- 8. New Business**
 - a. General Discussion regarding Moody's Annual Issuer Comment Report
 - b. Town of Hilton Head Island Financial Update
- 9. 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, April 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: Josh Gruber, *Interim 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. Roll Call- See as noted above

4. Approval of Agenda

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

5. Approval of Minutes- None

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed the day prior to the meeting at Noon. At the conclusion of the Open Town Hall there were no comments; however, there was one caller that signed up to address the Committee at today's meeting.

Skip Hoagland: Addressed members of the Committee via phone regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

7. Unfinished Business- None

8. New Business

a. 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. Mr. Troyer informed the Committee that last month’s collections were impacted by the County’s delay in the collection of property taxes. The delay of property tax billing has impacted collections causing totals to be collected slower, however, they are increasing. This delay is expected to be temporary as the new tax payment deadline approached March 31st. In his discussion, he stated that year-to-date collections have improved over the last month. Property tax collections have met last year-to-date amounts and are 96.4% of budget for this year. Collections thru February year-to-date totals were 5.3% below last year to date. Some collections that Mr. Troyer highlighted for the month ending collections are; Tax Increment Financing up 4.6%, Local ATAX up 32.3%, Stormwater down -1.3% and Property Taxes up 0.8%. Other positive collections were Business License at 67.3%, State ATAX at 25.9% of budget, permits at 16.2% of budget and Real Estate Transfer fees are at 93.2%.

Mr. Troyer also provided insight into the Town’s General Fund. The Town’s General Fund last year were 95.5% collected of the eventual actual. Our collections are 100.7% of last year-to-date through March. Of the funds budgeted, the Town is at 96% of budget as of March. The YTD collections compared to last year were 72.7% of the eventual collections. Last month, Mr. Troyer reported 5.3% behind the previous year. 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. At level spending, 75% would occur by March. This is a cash basis-at year end, the Town will include accruals. 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 Dept. 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. 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 where necessary to continue to be in a good financial position. Business licenses are the next outstanding revenue item- the due date is 4/30. 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 a global pandemic. Chairman Lennox, thanked all of those in attendance for their comments and questions, and also Mr. Troyer for his good financial presentation to the Committee.

9. Adjournment

At 2:48 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 & Administrative
Regular Committee Meeting**

Tuesday, May 4, 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*; Josh Gruber, *Deputy 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. Roll Call- See as noted above

4. 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.

5. Approval of Minutes-None

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed the day prior to the meeting at Noon. At the conclusion of the Open Town Hall there were no comments; however, there was one caller that signed up to address the Committee at today's meeting.

Skip Hoagland: Addressed members of the Committee via phone regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

7. Unfinished Business- None

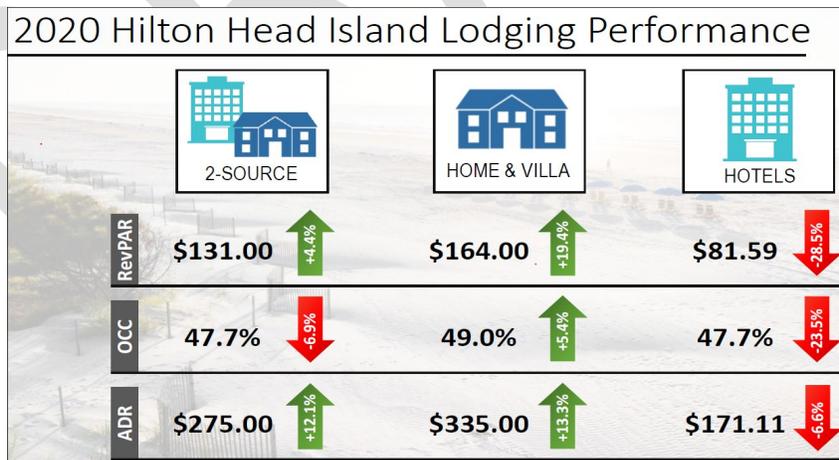
8. New Business

a. Discussion Regarding Destination Marketing Organization Year End Performance Metrics

Tom Lennox, Chairman, opened the meeting with a brief statement outlining today’s meeting. He introduced Ariana Pernice of the Hilton Head Island-Bluffton Chamber of Commerce who presented the 2020 Destination Marketing Organizations (DMO) Industry Metrics based on their contract with the Town. 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 travel and tourism strategy. The mission of the DMO 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. With the efforts of the 1.2M web conversions to its local partners, Hilton Head was able to host 2.61M visitors in 2020 with a \$15.90 ROI per dollar of marketing money invested. From tourism, 17,902 jobs were generated which accounts for 15.6% of all jobs in Beaufort County.

The DMO initiated a very effective public relations and media recognition of Hilton Head with over 1,866 covered stories with 8.1B impressions for an ad equivalency of \$19M. With receiving accolades in world renowned publications as Conde Naste & Travel and Leisure the DMO has been able to continue to tell the “story” of Hilton Head. These accolades demonstrate that Hilton Head stayed on the minds of visitors not only when weather related events occurred but also through the Global Pandemic of Covid-19. Mrs. Pernice explained that organic search uses key words that the visitor uses to search themselves about the destination versus paid target media advertising. The DMO uses Google to track these searches which allows them to understand what is on the consumer’s mind.

Mrs. Pernice also provided the Committee with the 2020 Lodging Performance for Hilton Head:



Local Accommodations and Hospitality Tax Revenues are up by 13% and have been up over the last five years. The trends of past years have been up and this is what can be used to weigh the effectiveness of the tourism industry on the Island. The Committee was very encouraged by what was presented to them and what the future holds based on the services the Town receives from the DMO. Mr. Lennox asked for a motion to accept and forward the Destination Marketing Organization year end performance metrics to Town Council for their review. Mr. Harkins moved to approve the motion. Mr. Stanford seconded. By way of roll call, the motion

was approved by vote of 4-0-0. The Committee Members were pleased with the industry metrics provided for 2020 and Mr. Lennox stated the he would report to Town Council that the DMO is following the current agreement and thanked those present from the Hilton Head Island-Bluffton Chamber of Commerce.

9. Adjournment

At 3:03 p.m. Mr. Harkins moved to adjourn. Mr. Stanford seconded. By way of roll call, the motion to adjourn was approved by vote of 4-0-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____

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

Tuesday, June 15, 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: John McCann, *Mayor*; David Ames and Tamara Becker; *Council Member*

Present from Town Staff: Marc Orlando, *Town Manager*; Josh Gruber, *Interim Town Manager*; John Troyer, *Director of Finance*; April Akins, *Revenue Services Manager*; 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. Roll Call- See as noted above

4. Approval of Agenda

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

5. Approval of Minutes

a. Regular Meeting, March 16, 2021

Chairman Lennox asked for a motion to approve the minutes of the March 16, 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.

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed the day prior to the meeting

at Noon. At the conclusion of the Open Town Hall there were no comments; however, there was one caller that signed up to address the Committee at today's meeting.

Skip Hoagland: Addressed members of the Committee via phone regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

7. Unfinished Business- None

8. New Business

a. Presentation & Discussion regarding the Model Business License Ordinance

April Akins, Revenue Services Manager, spoke with the Committee regarding changes that will affect the Town's Business License. The SC General Assembly passed Act 176, the SC Business License Tax Standardization Act in September 2020 resolving many years of scrutiny of the business license tax. The law now requires every local government that collects business license tax to administer the tax in the same way across the state beginning January 1, 2022. Mrs. Akins explained that the law will help to streamline the sometimes-complicated processes found across the state in local governments that collect business license tax. As a result, businesses will find that doing business in South Carolina will be easier especially those businesses that currently operate in multiple jurisdictions.

Mrs. Akins explained that due to the complexities and specific requirements of ACT 176, the Municipal Association of South Carolina (MASC) created a model ordinance to comply with the new state law. MASC recommends that the Town of Hilton Head Island repeal the current business license ordinance and replace it with the MASC business license model ordinance rather than correcting it's current Town Ordinance. The Town currently has over 7K business that will be affected by this change. Mrs. Akins provide a timeline of key dates that the Community and Council should be made aware of. Staff recommended that the Finance & Administrative Committee consider the approval and recommend to Town Council for the adoption of a business license ordinance to comply with the SC Business License Tax Standardization Act, Act 176. The Committee had many comments that were favorable and wanted to continue the discussion as this would be a major change for the Town. Mrs. Akins stated that there would be workshops scheduled in the near future to allow for the public to understand the changes. Mr. Lennox thanked Mrs. Akins and all in attendance for the discussion.

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. Mr. Troyer informed the Committee that the last few month's collections were impacted by the County's delay in the collection of property taxes. The delay of property tax billing has impacted collections causing totals to be collected slower, however, they are increasing. This delay was temporary as the new tax payment deadline approached March 31st. In his discussion, he 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 100.6% of budget through May. Some collections that Mr. Troyer highlighted for the month ending collections are; Tax Increment Financing up 6.8%, Local ATAX up 43.3%, Stormwater up 2.3% and Property Taxes up 3.4%. Other positive collections were 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 also, mentioned that last year's deadline was extended from April 20th to June 20th for a number of these revenues.

Mr. Troyer also provided insight into the Town's General Fund. The Town's General Fund last year were 96.8% collected of the eventual actual. Our collections are 100.6% of last YTD through May. Last month, Mr. Troyer reported that the Town is 22.7% ahead of the previous year. Of the funds budgeted, the Town is at 80.8% of budget as of May. Last month, Mr. Troyer reported 5.3% behind the previous year versus this year 23.8% ahead. 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. Year to date general fund expenses in 2021 are 5.1% more than 2020 year-to-date. At level spending, 91.67% would occur by May. This is a cash basis-at year end, the Town will include accruals. 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 Dept. 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. 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 where necessary to continue to be in a good financial position. Business licenses (collected through MASC) are the next outstanding revenue item- most of which will be received after June 30th. 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 a global pandemic. Chairman Lennox, thanked all of those in attendance for their comments and questions, and also Mr. Troyer for his good financial presentation to the Committee.

9. Adjournment

At 2:57 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*
FROM: John M. Troyer, *Director of Finance*
DATE: July 20, 2021
SUBJECT: Moody's review of Town of Hilton Head Island

Recommendation:

Staff recommends that Finance and Administrative Committee review the Moody's letter as part of its continuing monitoring of Town financial position and Town Revenues and Expenditures.

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.

Moody's rating services also monitors the Town's financial and economic position. Moody's performed a recent review and provided a summary letter of their results. 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 a copy of the letter for review and discussion as part of the continuing financial review of the committee. These reviews help 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

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: July 20, 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 July 20, 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.