



Town of Hilton Head Island Town Council Meeting

Proposed

FY 2021 Budget

May 12, 2020

Facing COVID-19 Together

- Our Town, our State, our nation and our world are all working diligently to fight the spread of the COVID-19 virus.
- This year, we have all had to manage differently.
- Locally, in order to practice social distancing many businesses have had to close temporarily.
- As businesses begin opening, they are opening slowly and carefully.
- Our signature event the Heritage Golf Tournament was delayed, and will be conducted without the presence of spectators.
- **Your Town continues to work for you.** From our Fire Rescue personnel to our Town Hall staff, our staff has stepped up their game in difficult circumstances. You can still get your plans reviewed, buildings inspected, business license issued, even though we had to close the front doors to Town Hall temporarily.

This is where we find ourselves today.

Town Council Foresight

- Last year, Town Council raised our reserve policy levels. While these actions were intended to make us better prepared to financially withstand a natural disaster such as a hurricane, it has helped to better position us to respond to this crisis as well.
- Town Council increased the amount of bonding capacity set aside for emergencies.
- Town Council passed a General Fund budget with a small surplus to add to reserve levels.
- Town Council adopted a 2 year budget.
- Since 2018, Town Council has been reducing Town debt.

These steps helped put the Town in a better “before” position.

Staff Recommendations for a Budget

- No millage rate increase.
- No fee increases.
- The budget for Fiscal Year 2021 is smaller than last year.
- Town services will continue.
- CIP projects in process (like the Low Country Celebration Park) will continue to move forward.
- Recommend only adopting a one year budget at this time.

While we respond to this virus threat together.

We Understand Realities

- The economic effect of the pandemic on the Town's budget is yet to be determined.
- We are continually monitoring revenue receipts.
- We do expect a temporary decrease in revenues from business license taxes, accommodations taxes, hospitality taxes, and beach preservation fees and other revenue sources while we are less than fully open. We don't know how long this will last.
- We don't expect any significant cost increases in this new environment, but we are monitoring this also.

We Understand Realities

- **We are asking all departments to reduce, delay or eliminate expenditures wherever possible** until we can fully assess the economic impact of the pandemic on the Town's budget.
- Fiscal austerity will be the key to making it through this difficult time.
- For example, we will hold off on the normal replacement of vehicles; General Fund (\$155,000)
- For example, we will hold off on scheduled apparatus replacement for Fire Rescue; CIP (\$4 million {hospitality taxes})
- We will continue to review operating budgets for items like these that we can reduce, delay, or cut.

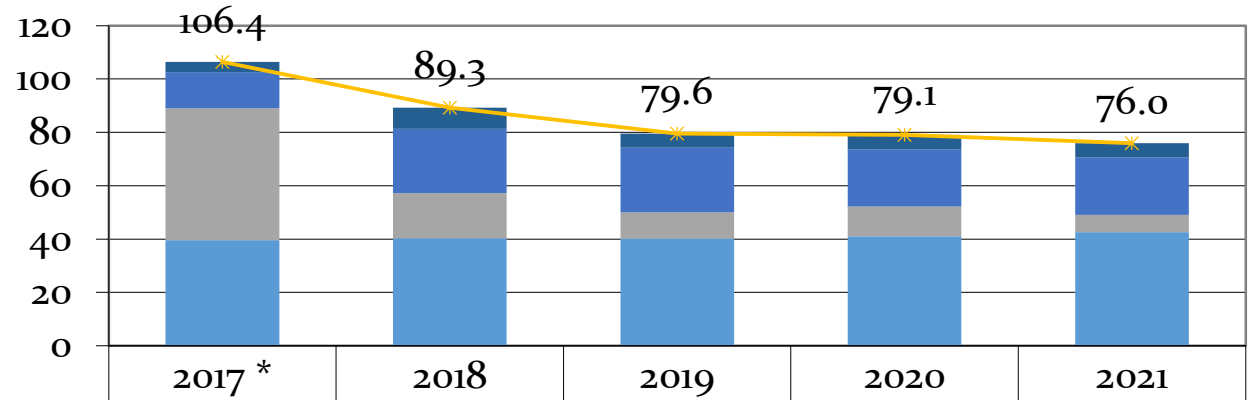
Here are some practical examples of measures we are taking.

Proposed Budget by Fund

	FY 2018 Adopted Budget	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget	% change
General Fund	40,319,036	40,257,829	41,108,317	42,558,448	3.5%
Debt Service Fund	24,200,000	24,200,000	21,500,000	21,500,000	0.0%
CIP	16,924,000	9,876,000	11,139,500	6,471,000	-41.9%
Stormwater Utility	7,898,000	5,311,000	5,400,000	5,450,000	0.9%
Total	\$ 89,341,036	\$ 79,644,829	\$ 79,147,817	\$ 75,979,448	-4.0%

The proposed budget for Fiscal Year 2021 is less than last year.

Historical Comparison of Budgeted Expenditures 2017-2021 (millions)



Stormwater Fund	3.8	7.9	5.3	5.4	5.4
Debt Service Fund	13.6	24.2	24.2	21.5	21.5
Capital Projects Fund	49.4	16.9	9.9	11.1	6.5
General Fund	39.6	40.3	40.2	41.1	42.6
—* Total (Millions)	106.4	89.3	79.6	79.1	76.0

Town Council will be considering an update to the Comprehensive Plan soon. This will be the document that guides our future planning efforts. Once this is adopted – additional planning initiatives are expected to be forthcoming.

The Proposed Millage Rate Stays the Same

- The millage rate for Fiscal Year 2021 will be the same as Fiscal Year 2020, 28.10 mils.
- In FY 2021, the Town will be in the fourth year of the planned five years of the 5 mil override for disaster recovery.
- The components of the millage are:

<u>Millage Rate by Fund</u>	<u>FY 2020</u>	<u>FY 2021</u>
General Fund	17.13	17.20
Disaster Recovery	5.00	5.00
Debt Service Fund	5.97	5.90
Capital Projects Fund	-	-
Total	<u>28.10</u>	<u>28.10</u>

Town Staffing by Year

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Town Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Town Manager	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Services	22.0	22.0	22.3	25.3	19.7	19.7	19.7
Finance	19.3	19.3	19.3	19.3	21.3	21.3	21.3
Community Development	26.1	27.4	27.7	30.1	31.1	33.1	33.1
Public Projects and Facilities	19.0	19.0	19.0	19.0	19.0	19.0	21.0
Fire and Rescue	145.1	144.7	145.9	145.9	145.3	145.3	145.3
Total General Fund	246.5	247.4	249.2	254.6	252.4	254.4	256.4
PPF Stormwater Fund	4.0	4.0	4.0	6.0	6.0	6.0	6.0
Total Town Staff	250.5	251.4	253.2	260.6	258.4	260.4	262.4
							+2

Fiscal year 2021 proposed staffing changes:

Two (2) Facilities Technicians; Public Facilities

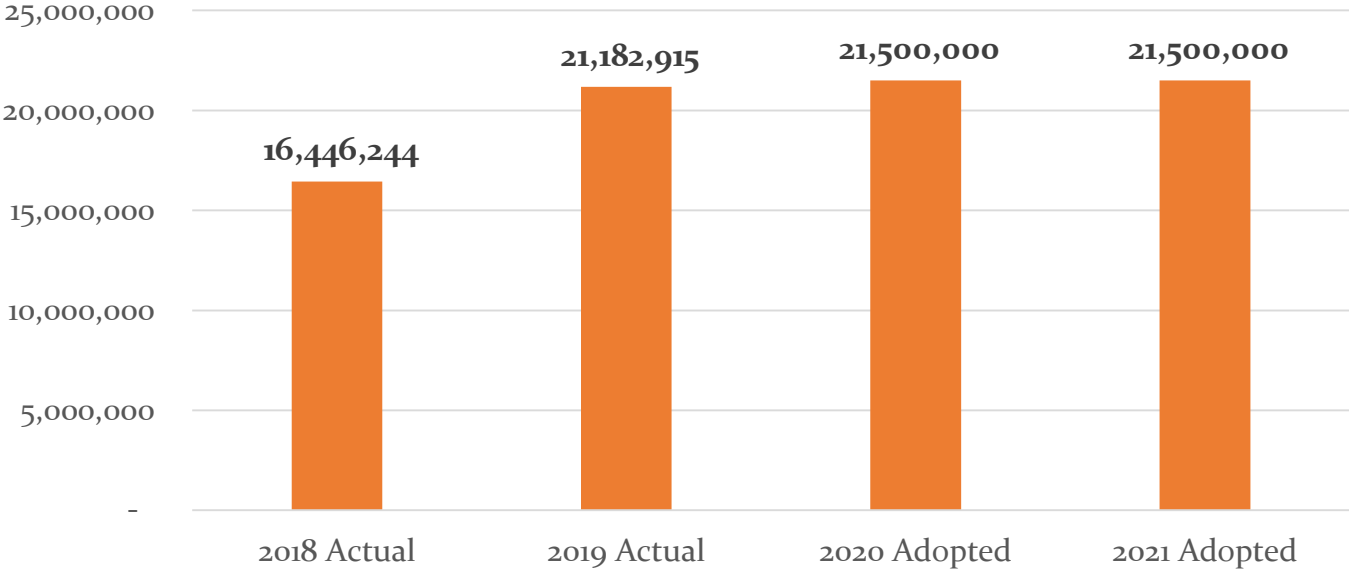
These coincide with the opening of the Low Country Celebration Park

General Fund Spending by Department

Expenditures Type	2018 Actual	2019 Actual	2020 Adopted Budget	2021 Adopted Budget	% Change
Town Council	\$ 685,138	\$ 347,345	\$ 479,224	\$ 493,601	3.0%
Town Manager	663,662	782,884	846,440	871,833	3.0%
Human Resources	600,358	488,874	687,766	648,424	-5.7%
Administrative Services	3,587,511	3,380,963	3,957,269	4,073,649	2.9%
Finance	1,627,062	1,920,206	1,992,406	2,052,125	3.0%
Community Development	3,509,142	3,181,801	3,553,997	3,601,547	1.3%
Public Projects and Facilities	5,014,843	5,155,329	5,642,043	5,911,304	4.8%
Fire Rescue	14,401,464	14,662,263	15,499,346	15,897,377	2.6%
Sheriff/Other Public Safety	3,609,305	3,734,121	3,813,237	3,927,634	3.0%
Townwide	2,360,250	2,522,027	2,823,316	3,289,037	16.5%
Community/Grants	1,513,938	1,671,180	1,813,273	1,791,917	-1.2%
Grand Total	\$ 37,572,673	\$ 37,846,993	\$ 41,108,317	\$ 42,558,448	3.5%

This is what was scheduled in year 2 of our biennial budget approved last year.

Debt Service Fund



The proposed budget provides for all scheduled debt payments for existing debt.

The Outstanding Governmental Debt is Declining

	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted Budget	FY 2021 Adopted Budget
Beginning Debt Balance	114,880,000	161,965,000	151,135,000	135,995,000
Borrowing	103,915,000	5,000,000	-	-
Principal Payments	(56,830,000)	(15,830,000)	(15,140,000)	(15,560,000)
Ending Balance	161,965,000	151,135,000	135,995,000	120,435,000

New CIP Projects for Fiscal Year 2021

Projects	<u>Thousands of Dollars</u>	Funding Source
	FY 2021	
Pathways		
Crosswalk signage and paving markers	100.0	Hospitality Tax
Roadway Improvements		
Private dirt roads acquisition/paving	330.0	Road Usage Fee
South Forest Beach Drive improvements	100.0	TIF
Traffic signal mast arms	200.0	
Coligny/Pope Avenue improvements	350.0	TIF
Park Development		
Park upgrades: Crossings Park batting cages	175.0	Sunday Liquor Permit Fees
Park upgrades: Barker Field picnic shelter	75.0	Sunday Liquor Permit Fees
Existing Facilities and Infrastructure		
Fire Rescue Training Center enhancements	55.0	Hospitality Tax
Town Hall remodeling	50.0	Property Tax
New Facilities and Infrastructure		
Fire Hydrant project	100.0	Hospitality Tax
Beach Maintenance		
Beach management & monitoring	500.0	Beach Bond/Fees
Land		
Legal fees related to land and projects	20.0	Sale of Land
Other		
Fire Rescue - apparatus replacement	3,988.0	Hospitality Tax
Honey Horn capital outlay	375.0	Impact Fees
Recreation Center capital outlay	53.0	Impact Fees
Total	\$ 6,471.0	

CIP Funding by Program and Year

CIP By Program	FY 2021	FY 2022	FY 2023	Total
Pathways	\$ 100.0	\$ 100.0	\$ 100.0	\$ 300.0
Roadway Improvements	980.0	1,850.0	660.0	3,490.0
Park Development	250.0	275.0	1,015.0	1,540.0
Existing Facilities and Infrastructure	105.0	50.0	-	155.0
New Facilities and Infrastructure	100.0	100.0	100.0	300.0
Beach Maintenance	500.0	1,100.0	500.0	2,100.0
Sub-Total CIP	2,035.0	3,475.0	2,375.0	7,885.0
Land/Other	20.0	20.0	20.0	60.0
IT Capital Outlay	-	-	-	-
Fire Capital Outlay	3,988.0	2,357.0	2,638.0	8,983.0
Honey Horn	53.0	67.0	55.0	175.0
Recreation Center Capital Outlay	375.0	210.0	571.0	1,156.0
Sub-Total Other	4,436.0	2,654.0	3,284.0	10,374.0
Grand Total	\$ 6,471.0	\$ 6,129.0	\$ 5,659.0	\$ 18,259.0

CIP Funding by Source

CIP By Source	FY 2021	FY 2022	FY 2023	Total
Impact Fees - Roads	\$ 200.0	\$ -	\$ -	\$ 200.0
Impact Fees - Parks	428.0	277.0	55.0	760.0
Property Taxes	50.0	50.0	-	100.0
Hospitality Taxes	4,243.0	2,557.0	2,738.0	9,538.0
TIF	450.0	-	1,000.0	1,450.0
Road Usage Fees	330.0	1,850.0	660.0	2,840.0
Sale of Land	20.0	20.0	20.0	60.0
State/Federal Grants	-	-	-	-
Other	250.0	275.0	686.0	1,211.0
Beach Bond/Beach Fees	500.0	1,100.0	500.0	2,100.0
GO Bond/Prior Year	-	-	-	-
Total	\$ 6,471.0	\$ 6,129.0	\$ 5,659.0	\$ 18,259.0

At this time no new money debt is planned.

The Stormwater Operations Can Continue Their Work

	2018 Actual	2019 Actual	2020 Adopted Budget	2021 Adopted Budget
Operating Expenses	2,688,911	3,366,058	4,896,863	4,917,866
Non-Operating Expenses	454,553	393,408	378,137	382,134
Transfers Out	125,000	125,000	125,000	150,000
Total	<u>3,268,464</u>	<u>3,884,466</u>	<u>5,400,000</u>	<u>5,450,000</u>

This budget . . .

- This budget is less than last year.
- This budget provides for needed operations, while we assess the economic impact of the COVID-19 virus.
- This budget does not raise any taxes or fees.
- This budget's revenue items will be monitored closely.
- This budget is the ceiling for operating budgets, as we identify spending to delay, reduce or cut.
- This budget was possible because of prior planning of Town Council.

This budget provides a basis to keep the Town operating while we continue to work through responding to the COVID-19 virus and assessing its impact on our economy.

Comments or questions



Staff is available for comments and questions throughout the entire process.