

Town of Hilton Head Island, South Carolina



**Fiscal Year 2024
Consolidated Budget**



TOWN OF HILTON HEAD ISLAND, SC
FY 2024
CONSOLIDATED BUDGET
TOWN COUNCIL



Alan Perry, Mayor, At-Large



David Ames
Mayor Pro-Tem / Ward 3



Alex Brown
Ward 1



Patsy Brison
Ward 2



Tamara Becker
Ward 4



Steve Alfred
Ward 5



Glenn Stanford
Ward 6



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Hilton Head Island
South Carolina**

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morill

Executive Director

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An aerial photograph of a wetland landscape. The image shows a large area of dense, green vegetation, likely marsh grasses or reeds, which is interspersed with patches of darker, more saturated green. To the right of the vegetation, there is a body of water with a calm, greyish-green surface. The overall scene is a natural, undisturbed environment.

Reader's Guide

Reader's Guide

The reader's guide is intended to assist those readers not familiar with the Town's budget document in gaining an understanding of how the budget document is organized and what information is presented. The budget document is divided into the following sections:

[New Budget Format](#)

This section explains the Financial Foundations Framework (Framework), as established by the Government Finance Officer Association (GFOA), designed to facilitate collaboration and support for public policies and programs.

[Town Manager's Letter](#)

This section provides a high-level preview of the Town's budget, economic overview, and vision for the future.

[Budget Overview and Highlights](#)

This section provides a summary of the Town's budget.

[Strategic Action Plan](#)

This section provides the framework used to develop the annual budget as well as the steps taken to create the strategic plan for the Town, and the steps to be taken to monitor the Town's progress toward achieving its annual goals and objectives.

[Financial Structure](#)

The section provides a summary of all funds used by the Town to manage its financial resources for Fiscal Years 2021 through 2024. Budgets are formally adopted by Town Council for the Stormwater proprietary fund and the governmental funds of General Fund, Debt Service Fund, Capital Projects Fund, Gullah Geechee Historic Neighborhoods Community Development Corporation Fund, and Housing Fund. The fund structure and functional unit/fund relationship are also included in this section.

[About Hilton Head Island](#)

This section provides an overview of the rich history of the Island.

[General Information](#)

This section includes the location of Hilton Head Island map, Hilton Head Island at a Glance, town-wide organizational chart.

[Financial Policies](#)

This section includes detailed information on the Town's Financial Policies.

[Budget Process Overview](#)

This section includes information pertaining to the business plan, budget methodology, approach to the budget review process, budget approval process, monitoring the budget, budget transfers and amending the budget.

[Budget Calendar](#)

This section includes a detailed calendar of the FY24 budget development.

Reader's Guide

Consolidated Budget Summary

This section includes an introduction, the Fiscal Year 2024 consolidated budget, where the money comes from (table), where the money goes by program (chart), where the money goes by category (chart), trend analysis of expenditures by fund (chart), historical overview of revenues and expenditures (schedule), budget highlights, property tax analysis, millage rate historical analysis (chart), and staffing changes. The Town has five budgeted governmental funds and one proprietary fund.

General Fund

This section includes the department expenditure summary (schedule), historical overview and five-year comparison of revenue and expenditures (schedule), review of the General Fund major revenue sources, general fund expenditures (chart), expenditure trend analysis by program (charts), department budgets, and the four-year General Fund Financial Model. All the Town's departments are budgeted in the General Fund except for the Stormwater department which is budgeted in the Stormwater Fund.

Debt Service Fund

This section includes a historical overview and five-year comparison of revenue and expenditures (schedule), calculation of legal debt limit, and a list of outstanding debt issues.

Capital Projects Fund (multiple funds) / Capital Improvement Program

This section includes a summary of capital projects by funding source for the current fiscal year and the next two years.

Gullah Geechee Historic Neighborhoods Community Development Corporation (GGHNCDC) Fund

This section includes an overview of a new fund as of mid-fiscal year 2023 and the planned revenue and expenditures to protect the Town's historic and culturally sensitive neighborhoods.

Housing Fund

This section includes an overview of a new fund as of fiscal year 2024 and the planned revenue and expenditures associated with the development, implementation, and delivery of the strategies and tactics identified within the Town's adopted Workforce Housing Framework.

Proprietary Fund – Stormwater Fund

The Town has one budgeted proprietary fund which is the Stormwater Fund. It operates as an enterprise fund. This section includes an overview and summary of major revenue sources, expenditures by category, historical overview and five-year comparison of revenue and expenditures (schedule), the Town's stormwater capital improvement program for the upcoming year as well as the three-year plan.

Appendix

1. Financial balance changes greater than 10%
2. Adopted budget ordinance
3. Glossary of terms

New Budget Format

The Government Finance Officer Association (GFOA) has established the Financial Foundations Framework (Framework), designed to facilitate collaboration and support for public policies and programs. The Framework shows how to improve the Town's financial position now and create a strong foundation for a thriving community over the long-term.

The Framework is organized into **five pillars**. Each pillar includes different leadership strategies and/or institutional design principles. Understanding that local governments cannot order people to collaborate, leadership strategies help inspire pride and public support for a strong financial foundation. Institutional design principles, meanwhile, are the "rules of the road." They provide the context for leadership strategies and ensure continuity of good financial practices through changes in leadership.

In keeping with the Town's desire to conform to best financial practices Town staff have revised the structure to incorporate elements of the five pillars into the structure of the Fiscal Year 2024 budget document. In addition, the philosophy surrounding the development of the budget and the on-going administration of the budget are grounded in the five pillars, as well.

The Five Pillars of the GFOA Financial Foundations Framework

The information below can be found on the following website: <https://www.gfoa.org/financial-foundations>.

Pillar 1: Establish a Long-Term Vision

Give people a reason to collaborate. All finance officers need to promote collaboration. The only thing better than an inspiring vision is an inspiring shared vision. In addition, work to balance long-term goals with short-term needs.

Leadership Strategy #1: Promote Collaboration

The only thing better than an inspiring vision is an inspiring shared vision. Turn stakeholders into co-creators as you define the long-term vision.

Leadership Strategy #2: Balance Long-Term Goals with Short-Term Needs

In all things, seek balance. Advocate for both the big picture and day-to-day needs. Break long-term goals into shorter-term milestones to maintain momentum.

Pillar 2: Build Trust and Open Communication

Create conditions for cooperation. Communication is key. Create and promote two-way channels to connect peers within the organization, elected officials, and members of the public. Communication creates transparency, which leads to trust.

Leadership Strategy #3: Create Open Lines of Communication

Communication is key. Create and promote two-way channels to connect elected officials and staff with the public.

The Five Pillars of the GFOA Financial Foundations Framework

Leadership Strategy #4: Cultivate Trustworthy Reputations

Trust is everything. Build trust through transparency—say what you mean, mean what you say and follow through.

Pillar 3: Use Collective Decision Making

Develop forums for participation. Finance officers need to engage key stakeholders from throughout the organization in decision making. We are stronger together - think how you can pool resources and collaborate to solve problems within your organization or in the community.

Leadership Strategy #5: Engage Key Stakeholders

Building a sturdy financial foundation is a team effort. We must be proactive and responsive. Let people voice their concerns. Ask for their feedback. Adjust as needed.

Institutional Design Principle #1: Collective Choice Arrangements

Give citizens a seat at the table. They're more likely to support decisions when they have a say in how public resources are used. Prioritize public feedback.

Institutional Design Principle #2: Networked Enterprises

We're stronger together. Share services across local governments to save costs. Build collaborative, cross-sector networks to pool resources for addressing community challenges.

Pillar 4: Create Clear Rules

Reinforce constructive behavior. Create and share expectations about how decisions get made. Financial sustainability relies on everyone following the rules. People need to be held accountable and play fair.

Leadership Strategy #6: Maintain Oversight

Cooperation is key to thriving communities. Reinforce the importance of cooperation through the power of the purse strings. Encourage a culture of shared values.

Institutional Design Principle #3: Well-Defined Boundaries

When the game has clear rules, everyone's set up to win. Create and share expectations about how decisions get made, who has the final say, and timelines.

Institutional Design Principle #4: Monitoring

Financial sustainability relies on everyone following the rules. Hold people accountable. When they understand their reputations are at stake, they're more likely to play fair.

Institutional Design Principle #5: Sanctions and Rewards

Incentives can encourage both good and bad behaviors. Know the difference and design institutions accordingly.

Pillar 5: Treat Everyone Fairly

Promote and protect mutual trust and respect. It's impossible to please everyone all the time and disputes will happen. People must get what they pay for and pay for what they get.

The Five Pillars of the GFOA Financial Foundations Framework

Institutional Design Principle #6: Proportional Equivalence between Benefits & Cost

People must get what they pay for and pay for what they get. Be proactive—make sure citizens know what they stand to gain for their tax dollars.

Institutional Design Principle #7: Conflict-Resolution Mechanisms

We can't please everyone all the time. Disputes around financial decisions will happen. Anticipate that. Prevent destructive conflict. Promote constructive debate.

Institutional Design Principle #8: Minimum Recognition of Rights

Local governments must have autonomy. Use collective decision-making to develop policies and procedures for protecting local choices and addressing unfunded mandates and grants.

Summary of GFOA Budget Award Revisions – changes to the budget document

- The table of contents can now refer and even link to items outside of the budget document.
- Strategic planning is now mandatory and process should be identified.
- Short-term factors and priorities and issues are combined.
- The budget overview should also summarize changes between proposed and adopted budget.
- Organization chart may consider how structure helps achieve mission.
- Financial policies should note whether the budget complies with relevant financial policies.
- The budget process should also include a discussion on legal level of budget control.
- The three-year financial schedule is no longer mandatory.
- Long-range operating financial plans should consider unfunded liabilities and go beyond just the general fund.
- The capital program and operating impact of capital are combined.
- The capital program needs to identify the process of choosing funded projects.
- Debt should include bond ratings, debt to maturity schedules, and purpose of obligations.
- Performance measures are now mandatory.
- Understandability and usability encourages governments to use other forms of communication for budgets including videos, social media, etc.
- Understandability and usability criterion also notes that governments need to be aware of ADA requirements.
- The goal is to make sure that the criteria remains relevant and that the budget information presented is meaningful.

Town Manager's Letter and Budget Overview



Town Manager's Letter

July 1, 2023



Dear Members of Town Council and Citizens of Hilton Head Island:

It is my pleasure to present to you the Fiscal Year 2024 Consolidated Budget. This year's budget funds a robust investment in the community without increasing property taxes. The \$129.95 million budget builds on the Town Council's commitment to promote safe and healthy neighborhoods that foster a strong sense of community and facilitate a thriving business climate. It also reflects Town Council's desire to achieve operational excellence in Town government. Through careful planning and priority-based budgeting, the budget is balanced with responsible revenue projections, careful expenditure choices and reductions, and focuses on revitalizing our Island, energizing our economy, and enhancing our quality of life. The budget is aligned with the Town Council's adopted Strategic

Action Plan, and as such, is a priority-based budget that focuses our resources on community priorities.

The Town continues to benefit from ongoing economic strength and growth that underpins its healthy tax base trends and strong, reliable financial performance. We remain in an excellent credit position with a recently reaffirmed Aaa Bond Rating from Moody's and AA+ Bond Rating from Standard and Poor's and Fitch. These ratings reinforce confidence in the Town's efforts to maintain a fiscally sound operation throughout uncertain economic times. Notable credit financial factors include a long trend of maintaining strong reserves, consistent operations, very strong economy, very strong management, budgetary flexibility, stable credit outlook, and a resiliency plan that will enhance the Town's preparedness and stature.

The primary goal associated with this year's budget is the delivery of vision and mission-based Town Council Strategic Action Plan priorities. The Town's Strategic Action Plan has been developed utilizing our adopted comprehensive plan, *Our Plan*, and incorporates our core values: the pursuit of excellence, environmental sustainability, revitalized economy, inclusive community, connected community, regional focus, right-sized infrastructure, parks and recreation, and town organization. These Town-wide goals and priorities will allow us to focus on providing world-class services and to build a resilient Hilton Head Island community!

Sincerely,

A handwritten signature in blue ink that reads "Marc Orlando". The signature is written in a cursive, flowing style.

Marc Orlando, ICMA-CM
Town Manager

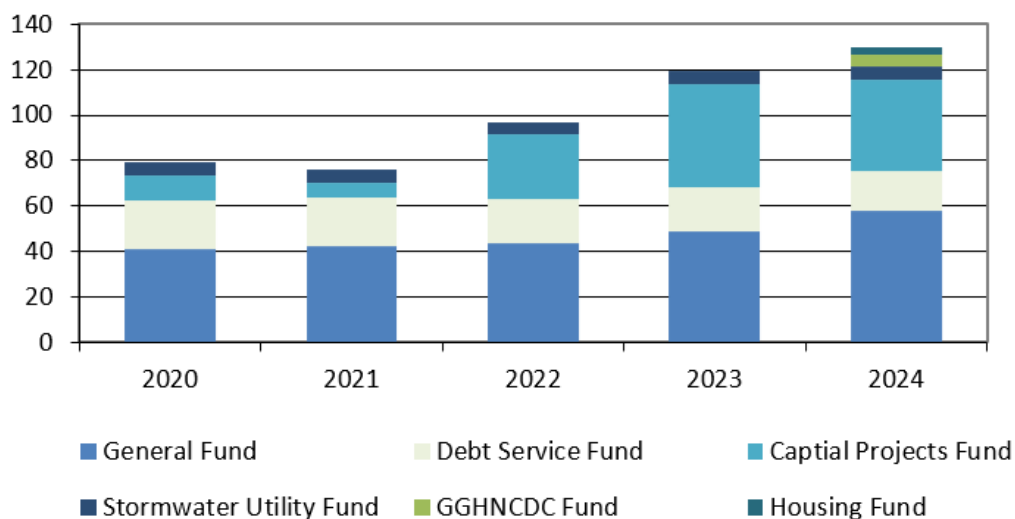
Budget Overview

Since the beginning of the Covid-19 pandemic, the Town has continuously analyzed its impacts on revenues, while purposely reducing expenditures until the effects were known. The Town temporarily experienced a sharp drop in revenues at the end of Fiscal Year 2020, however, revenues quickly returned to normal in early Fiscal Year 2021 and continued to rise to the point of record high revenue collections throughout Fiscal Years 2022 and 2023. The Town remains well-positioned to enter Fiscal Year 2024 and to begin spending in a strategic manner to be a catalyst for continued growth, while simultaneously continuing to build reserve balances for any future events that may require emergency funds.

In Fiscal Year 2024, the Town expanded its budgeted funds from four to six with the addition of the Gullah Geechee Historic Neighborhoods Community Development Corporation and the Housing Fund. The development of the new funds supports community investment through revitalization of economic opportunity and quality of life for our historic neighborhoods and provides designated funding to implement the Town Council adopted Workforce Housing Framework, *Finding Home*, to address the Island's critical workforce housing needs.

The table and chart below provide a historical comparison of budgeted expenditures by fund.

	FY 2021 Adopted Budget	FY 2022 Adopted Budget	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
General Fund	42,558,448	43,984,657	48,621,804	57,980,977	19.2%
Debt Service Fund	21,500,000	19,344,566	19,374,081	17,397,233	-10.2%
Capital Projects Fund	6,471,000	28,009,099	45,671,933	39,993,081	-12.4%
Stormwater Utility Fund	5,450,000	5,500,000	5,833,296	5,885,817	0.9%
Subtotal	\$ 75,979,448	\$ 96,838,322	\$119,501,114	\$121,257,108	1.5%
GGHNCD Fund				\$ 5,343,185	N/A
Housing Fund				\$ 3,350,000	N/A
Total	\$ 75,979,448	\$ 96,838,322	\$119,501,114	\$129,950,293	8.7%



Budget Overview

Now that the Town has switched focus from responding to the pandemic environment to becoming a catalyst for community growth, based on the foundations of the Comprehensive Plan, the Town has put in place an impactful 3-to-5-year capital plan that is continuing its implementation in Fiscal Year 2024. Several new full-time positions have been added this budget year in an effort to accelerate the progression of the capital improvement program, as well as to accomplish the Town Council's top priorities in the Strategic Action Plan. Please continue reading for highlights of the Town of Hilton Head Island's Fiscal Year 2024 Consolidated Budget.

Mission Statement, Vision, and Goals

Our Mission

The Town of Hilton Head Island's mission is to promote the health and vitality of the community we serve through ethical and inclusive programs, policies, and actions.

Vision

To focus on revitalization and modernization, and to build an inclusive and diverse community.

Goals

- Require and sustain excellence of Place, People, Planning, and Process.
- Create a resilient and sustainable environment through planning and policy.
- Create an Island-appropriate economy that has sufficient depth and breadth to attract and support a diverse resident, visitor, and business population.
- Foster a multi-dimensional, equitable, and diverse community.
- Facilitate true connectivity in island physical, social, and cultural environments.
- Evaluate how regional expansion will impact immediate and future social, economic, and political planning and policy.
- Align the community's physical, environmental, and social values with the Capital Improvements Program (CIP) and infrastructure planning.
- Implement the Parks + Recreation Master Plan.



Budgeted Fund Types



General Fund

This fund is used to account for all financial resources except those required to be accounted for in another fund. Its primary operating expenditures include the Town's departments of General Government, Administrative Services, Sheriff/Other Public Safety, Fire Rescue, Community Services, and Public Projects and Facilities. Principal sources of revenue are property taxes and licenses and permit fees.

Debt Service Fund

This fund is used for accumulating resources for the payment of interest and principal on general long-term obligation debt of the governmental funds. The primary sources of revenue are property tax, beach preservation fee, hospitality tax, TIF tax, and real estate transfer fees.



Capital Projects Fund (CIP)

This fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition, construction, or renovation of major capital facilities; ongoing major improvement projects; and major equipment or other capital asset acquisitions which are not financed by another fund. Primary sources of revenue include bond proceeds, hospitality tax fees, beach preservation fees, TIF taxes, road usage fees (now paused), electric franchise fees, and road/park impact fees. Capital Projects are primarily non-recurring in nature. All capital categories require a cost threshold of greater than \$5,000 except for roads, buildings and computer software with a threshold of greater than \$50,000.

Stormwater Fund

This fund is used to account for and report the costs associated with the management, construction, maintenance, protections, control, regulation, use and enhancement of stormwater systems and programs within the Town limits. The primary source of revenue is stormwater utility fees.



Budgeted Fund Types



Gullah Geechee Historic Neighborhoods Community Development Corporation Fund

This is a new fund as of mid Fiscal Year 2023. This fund is used to account for and report the costs associated with the actions of the Corporation to protect the Town's historic and culturally sensitive neighborhoods. The focus of the Corporation is to enhance the quality of life for community residents; encourage entrepreneurialism; prevent gentrification; assist in business attraction, expansion, and retention; provide land planning and development assistance; pursue affordable housing opportunities; identify infrastructure needs; and provide critical financial opportunities. The primary sources of revenue are State and County Grants.

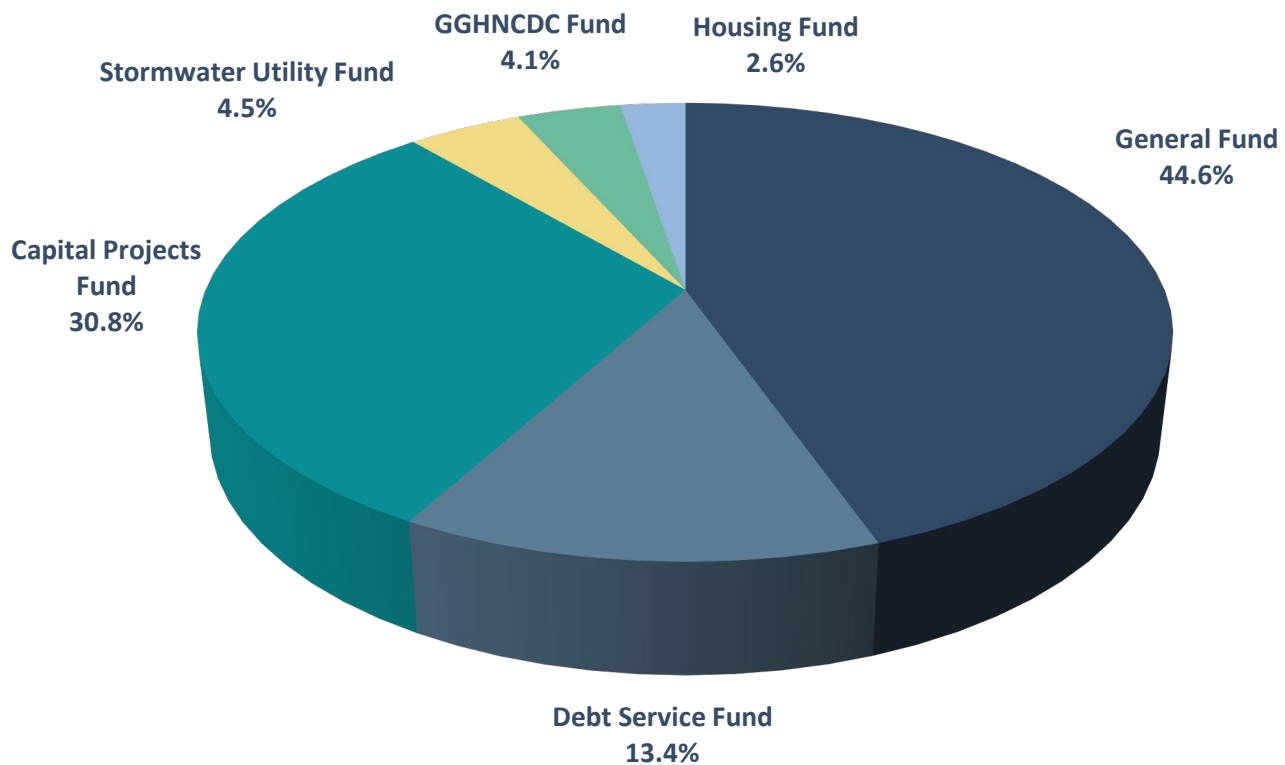
Housing Fund

This is a new fund as of Fiscal Year 2024. This fund is used to account for and report the costs associated with the development, implementation, and delivery of the strategies and tactics identified within the Town's adopted Workforce Housing Framework. The current sources of revenue are transfers from the General Fund and Capital Projects Fund, a portion of which is ARPA funding.



Fiscal Year 2024 Consolidated Budget Highlights

Fund Percentages

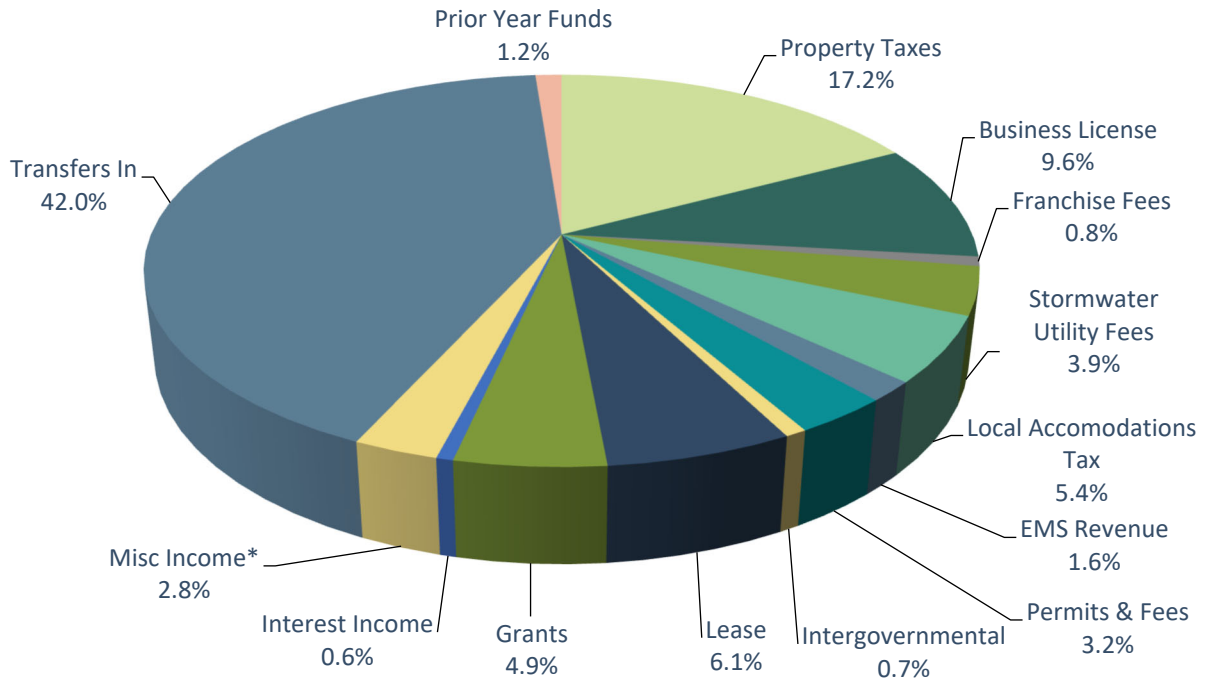


	FY 2021 Actual*	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	Compared to FY23 Original Budget	
					\$ Change	% Change
Expenditures						
General Fund	\$ 40,959,948	\$ 43,641,527	\$ 48,621,804	\$ 57,980,977	\$ 9,359,173	19.2%
Debt Service Fund	19,815,012	19,330,666	19,374,081	17,397,233	\$ (1,976,848)	-10.2%
Capital Projects Fund	14,061,999	7,554,151	45,671,933	39,993,081	\$ (5,678,852)	-12.4%
Stormwater Utility Fund	4,893,127	4,589,552	5,833,296	5,885,817	\$ 52,521	0.9%
Subtotal	79,730,086	75,115,896	119,501,114	121,257,108	1,755,994	1.5%
GGHNCDC Fund	-	-	-	5,343,185	\$ 5,343,185	0.0%
Housing Fund	-	-	-	3,350,000	\$ 3,350,000	0.0%
Consolidated Budget	\$ 79,730,086	\$ 75,115,896	\$ 119,501,114	\$ 129,950,293	\$ 10,449,179	8.7%

*FY 2021 expenditures were intentionally reduced during the Covid-19 pandemic while the impacts on revenues were unknown.

Fiscal Year 2024 Consolidated Budget Highlights

Consolidated Budget Revenues – All Budgeted Funds



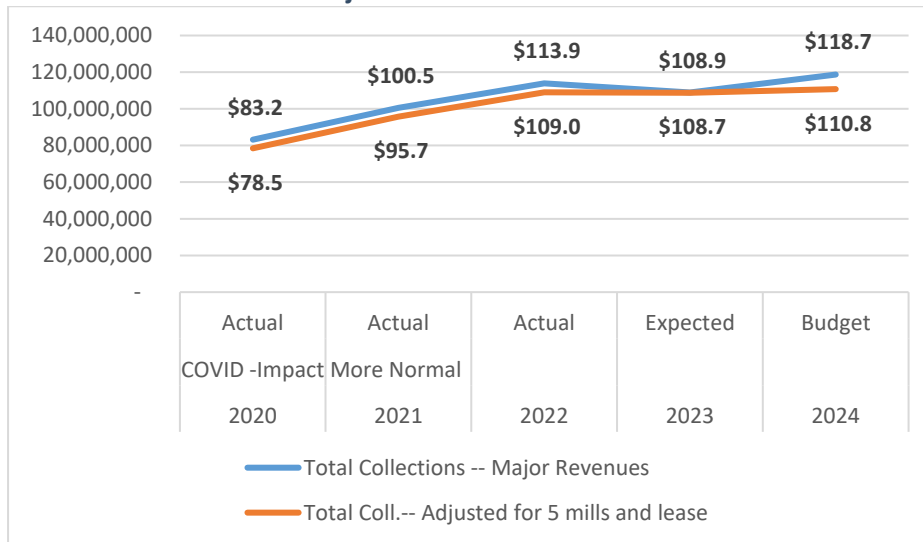
	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	\$ Change 2023 Original	% Change FY 2023 Original
Revenues					
Property Taxes	\$ 21,972,298	\$ 21,425,825	\$ 22,412,300	\$ 986,475	4.6%
Business License	14,110,311	10,600,393	12,421,015	\$ 1,820,622	17.2%
Franchise Fees	1,136,607	996,752	1,020,402	\$ 23,650	2.4%
Stormwater Utility Fees	5,081,075	5,044,000	5,104,075	\$ 60,075	1.2%
Local Accomodations Tax	7,026,531	4,779,690	7,034,520	\$ 2,254,830	47.2%
EMS Revenue	2,016,643	1,838,000	2,117,000	\$ 279,000	15.2%
Permits & Fees	2,001,046	2,468,323	4,100,225	\$ 1,631,902	66.1%
Intergovernmental	633,244	915,878	926,755	\$ 10,877	1.2%
Lease	-	7,742,473	7,944,420	\$ 201,947	2.6%
Grants	323,047	3,606,111	6,409,043	\$ 2,802,932	77.7%
Interest Income	85,181	67,750	719,315	\$ 651,565	961.7%
Misc Income*	1,233,945	3,563,433	3,622,271	\$ 58,838	1.7%
Total Revenues	\$ 55,619,928	\$ 63,048,628	\$ 73,831,341	\$ 10,782,713	17.1%
Other Financing Sources					
Transfers In	24,550,756	55,683,190	54,547,835	\$ (1,135,355)	-2.0%
Prior Year Funds	-	769,296	1,571,117	\$ 801,821	104.2%
Total Other Financing Sources	24,550,756	56,452,486	56,118,952	\$ (333,534)	-0.6%
Total Revenues and Other Financing Sources	\$ 80,170,684	\$ 119,501,114	\$ 129,950,293	\$ 10,449,179	8.7%

*Misc Income in the General Fund includes Beach Services and Other Revenue

*Misc Income in the CIP Fund includes Sunday Liquor Permit Fees, Impact Fees, Capital, and Sale of Land / Equipment

Fiscal Year 2024 Consolidated Budget Highlights

Schedule of Major Revenues COVID and Post-COVID

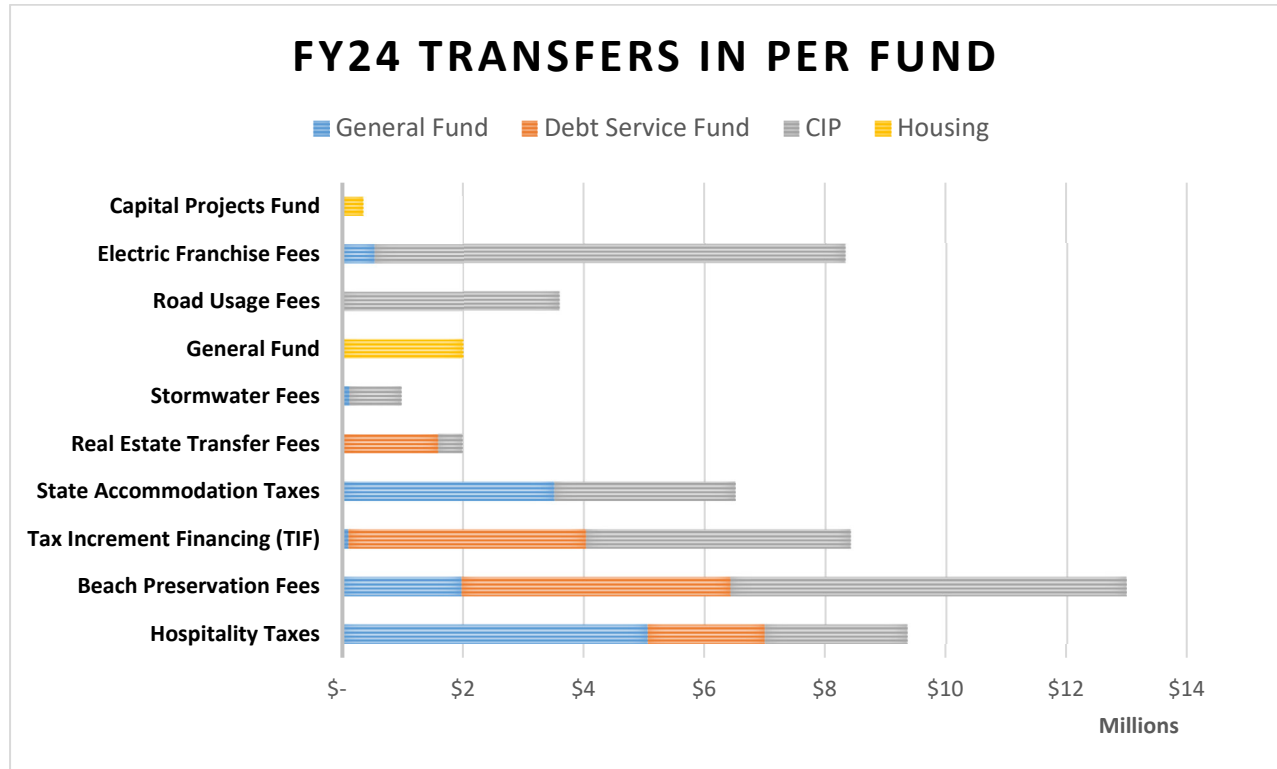


Revenue Item:	2020 COVID -Impact Actual	2021 More Normal Actual	2022 Actual	2023 Expected	2024 Budget	% Change to FY23 Expected
General Fund Property Taxes	15,423,223	15,925,355	16,372,284	17,197,577	16,942,000	-1.5%
Local ATAX	3,541,615	5,561,900	7,026,531	7,034,042	7,034,520	0.0%
Business License	8,688,469	10,455,636	14,110,311	12,451,401	12,421,015	-0.2%
Franchise Fees	1,007,149	809,823	1,136,607	958,970	1,020,402	6.4%
Permit Revenue	1,619,639	2,125,382	2,001,046	2,649,603	3,729,200	40.7%
Intergovernmental	879,859	896,909	633,244	885,074	926,755	4.7%
EMS ambulance fees	1,487,823	1,776,344	2,016,643	2,145,129	2,117,000	-1.3%
General Fund Grants	330,734	78,831	129,860	91,736	65,858	-28.2%
Beach Services	266,392	298,401	218,193	176,125	243,000	38.0%
Other General Fund	438,997	358,325	335,802	341,293	279,271	-18.2%
Investments General Fund	271,185	22,815	39,184	1,008,086	585,000	-42.0%
Prior Year Unspent Funds	-	-	-	-	1,280,400	0.0%
General Fund Subtotal	33,955,085	38,309,721	44,019,705	44,939,036	46,644,421	3.8%
Debt Service Fund Property Taxes	5,378,472	5,448,437	5,600,014	5,402,336	5,470,300	1.3%
Investments DS	302,536	18,964	19,270	250,000	14,315	-94.3%
Natural Disaster Fund Property Taxes (A)	4,654,612	4,777,234	4,925,232	137,591	-	-100.0%
HTAX Lease (A)	-	-	-	-	7,944,420	0.0%
All other CIP revenues	1,797,684	1,175,347	930,304	696,900	1,900,000	172.6%
Stormwater fees	4,928,623	5,043,167	5,081,075	5,233,507	5,104,075	-2.5%
Tax Increment Financing -- Property Taxes	5,031,311	5,361,090	5,792,527	6,363,452	6,427,087	1.0%
State ATAX	6,490,407	10,183,479	13,569,287	13,828,654	13,828,654	0.0%
Real Estate Transfer Fees	3,552,965	7,127,885	6,957,245	5,217,934	4,435,244	-15.0%
Hospitality Taxes	6,284,461	8,051,256	9,907,025	10,006,095	10,106,156	1.0%
Beach Preservation Fees	7,083,230	11,123,801	14,053,062	14,088,195	14,088,195	0.0%
Electric Franchise Fees	2,706,003	2,811,144	2,707,124	2,690,000	2,743,800	2.0%
Road Usage Fee (now paused)	1,015,865	1,055,675	357,960	7,500	-	-100.0%
Total Collections -- Major Revenues	83,181,254	100,487,200	113,919,830	108,861,200	118,706,666	9.0%
Total Coll.-- Adjusted for 5 mills and lease	78,526,642	95,709,966	108,994,598	108,723,609	110,762,246	1.9%
YTY change without the effect of 5 mills	-1,856,163	17,183,324	13,284,632	-270,989	2,038,637	
YTY change without the effect of 5 mills	-2.2%	20.7%	13.2%	-0.2%	1.9%	

(A) The 5 mills for Disaster Recovery expired in FY 22. The lease for the Fire Apparatus only shows in FY 24 on this schedule.

Fiscal Year 2024 Consolidated Budget Highlights

Consolidated Budget Transfers In Revenues – All Budgeted Funds



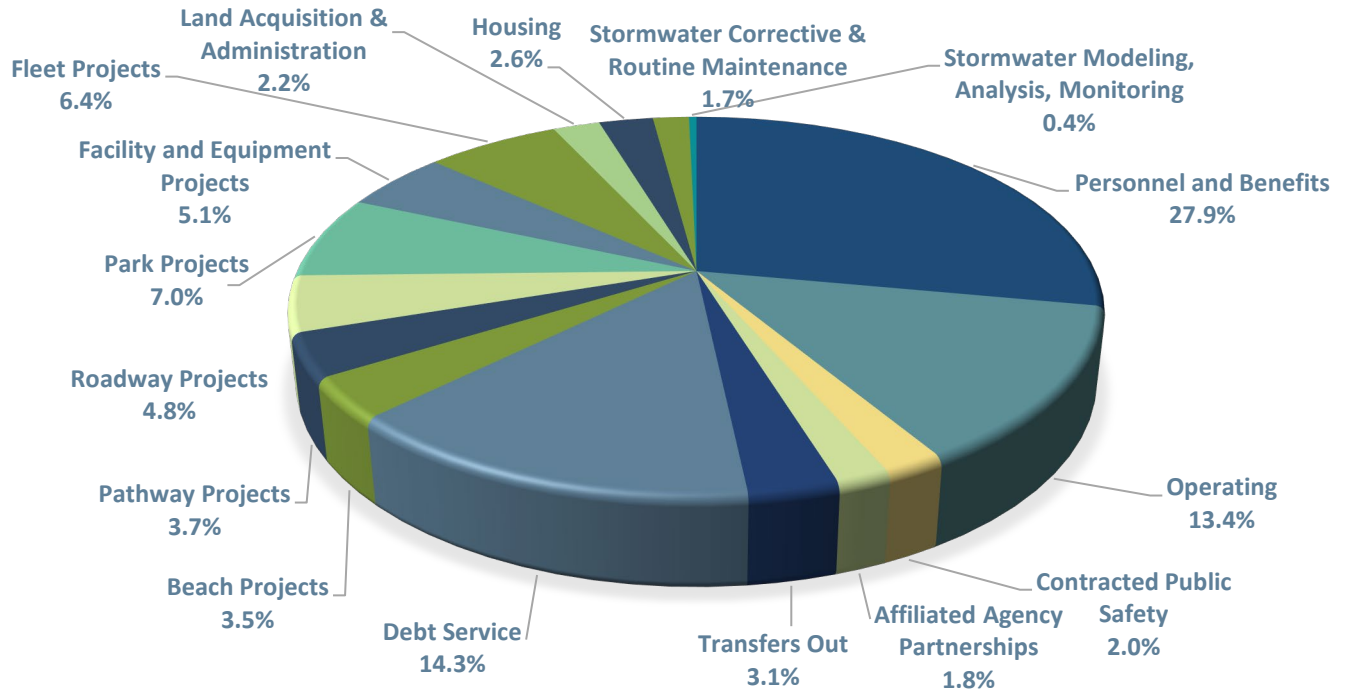
Transfers In	FY 2023 Total	General Fund	Debt Service Fund	CIP	Housing	FY 2024 Total
Hospitality Taxes	\$ 13,492,587	\$ 5,062,424	\$ 1,937,134	\$ 2,360,000	\$ -	\$ 9,359,558
Beach Preservation Fees	8,785,883	1,983,508	4,448,375	6,556,000	-	12,987,883
Tax Increment Financing (TIF)	8,267,799	110,000	3,931,259	4,379,500	-	8,420,759
State Accommodation Taxes	5,554,211	3,515,021	-	3,000,000	-	6,515,021
Real Estate Transfer Fees	1,097,350	-	1,595,850	400,000	-	1,995,850
Stormwater Fees	955,000	125,000	-	860,000	-	985,000
General Fund	-	-	-	-	2,000,000	2,000,000
Road Usage Fees	3,508,555	-	-	3,600,000	-	3,600,000
Electric Franchise Fees	9,283,922	540,603	-	7,793,161	-	8,333,764
Short Term Rental Fees (1)	1,200,118	-	-	-	-	-
Natural Disaster Fund (2)	3,537,765	-	-	-	-	-
Capital Projects Fund	-	-	-	-	350,000	350,000
Total	\$ 55,683,190	\$ 11,336,556	\$ 11,912,618	\$ 28,948,661	\$ 2,350,000	\$ 54,547,835

(1) In FY24 Short Term Rental Fees are included in the General Fund Permits & Fees. The budget amount is \$1,750,000.

(2) The 5 mills dedicated to the Natural Disaster Fund has expired. FY 2023 was the first year after the expiration.

Fiscal Year 2024 Consolidated Budget Highlights

Consolidated Budget Expenditures – All Budgeted Funds



	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	\$ Change FY2023 Original	% Change FY2023 Original	% of Budget
Personnel and Benefits	\$ 27,474,786	\$ 31,025,827	\$ 36,314,651	\$ 5,288,824	17.0%	27.9%
Operating	11,638,827	13,378,121	17,465,365	\$ 4,087,244	30.6%	13.4%
Contracted Public Safety	2,520,709	2,674,762	2,644,456	\$ (30,306)	-1.1%	2.0%
Affiliated Agency Partnerships	2,162,424	2,291,590	2,363,994	\$ 72,404	3.2%	1.8%
Transfers Out	2,708,875	955,000	3,985,000	\$ 3,030,000	317.3%	3.1%
Debt Service	20,527,821	20,698,881	18,630,566	\$ (2,068,315)	-10.0%	14.3%
Beach Projects	547,974	2,850,000	4,556,000	\$ 1,706,000	59.9%	3.5%
Pathway Projects	143,596	4,724,000	4,810,000	\$ 86,000	1.8%	3.7%
Roadway Projects	434,882	8,153,842	6,204,465	\$ (1,949,377)	-23.9%	4.8%
Park Projects	4,091,113	13,795,235	9,129,500	\$ (4,665,735)	-33.8%	7.0%
Facility and Equipment Projects	1,925,916	6,302,650	6,563,696	\$ 261,046	4.1%	5.1%
Fleet Projects	371,528	8,166,945	8,329,420	\$ 162,475	2.0%	6.4%
Land Acquisition & Administration	39,142	300,000	2,900,000	\$ 2,600,000	866.7%	2.2%
Housing	-	1,379,261	3,350,000	\$ 1,970,739	142.9%	2.6%
Stormwater Corrective & Routine Maintenance	289,295	2,100,000	2,240,000	\$ 140,000	6.7%	1.7%
Stormwater Modeling, Analysis, Monitoring	239,008	705,000	463,180	\$ (241,820)	-34.3%	0.4%
Other Capital Outlay	-	-	-	\$ -	0.0%	0.0%
Total Expenditures	75,115,896	119,501,114	129,950,293	\$ 10,449,179	8.7%	100.0%

Fiscal Year 2024 Consolidated Budget Highlights

- The current millage rate is 23.1 mills; however, it will be lowered to offset the updated values from the reappraisal process for a revenue neutral outcome. Until this happens, we are presenting the tax rate at the same rate.
- Priority-based budget that is funding the Town's Strategic Plan. Town Council's Top 15 Priorities are:
 - **Establish a Growth Management Strategy** (Community Development budget)
 - **Implement the Workforce Housing Framework – Finding Home** (Established a new Housing Fund)
 - **Adopt Major Corridor/Street Enhancement Policies** (Funded in Community Development/CIP budgets)
 - **Develop William Hilton Parkway Gateway Corridor Plan** (Funded in Community Development/CIP budgets)
 - **Commence Operations of the Gullah Geechee Historic Neighborhoods Community Development Corporation** (The budget contains a new fund for these initiatives and activities)
 - **Identify Strengths, Weaknesses, Opportunities & Threats (SWOT) of Hilton Head Island Resiliency and Establish an Island Resiliency Plan** (Community Development and Stormwater budgets)
 - **Implement the Capital Improvement Program (CIP)** (Community Development/CIP budgets)
 - **Update the Town's Land Acquisition Manual** (Community Development budget)
 - **Conduct a Strengths, Weaknesses, Opportunities & Threats (SWOT) of Hilton Head Island Solid Waste & Recycling** (Funded in the Community Development budget)
 - **Implement the Destination Marketing Organization (DMO) Marketing Plan & Measure Performance** (State Accommodations Tax {ATAX} funding)
 - **Assess Alternative Revenue Sources and Funding Opportunities** (General Fund and Stormwater budgets)
 - **Short-Term Rental Assessment and Program Implementation** (Program is funded in Technology & Innovation, Public Safety, and other General Fund budgets)
 - **Complete Implementation of the Gullah Geechee Task Force Work Plan** (Funded in the Community Development budgets)
 - **Assist with St. James Baptist Church Mitigation/Relocation Plan** (Funded by the FAA, South Carolina, Beaufort County and the Town of Hilton Head Island)
 - **Implement Beach Park Enhancements** (Funded in the CIP budget)
- Increased Fund Balances due to prior year unspent funds, as well as Fund Balance Policy improvements to continue Fund Balance growth percentage.
- Enhanced revenues through growth related application fee enhancements:
 - Addition of Residential Plan Review Fees (increase of \$280,000)
 - Addition of Stormwater Plan Review and Inspection Fees (increase of \$371,025)
 - Continued improved collections of our economic based revenues
 - First full year of the new EMS ambulance rate structure based on federal reimbursement rates
- State Accommodations Tax (ATAX) Funding to increase support of both the General Fund and investments in the Island via the Capital Projects Fund.

Fiscal Year 2024 Consolidated Budget Highlights

- Continued funding for the Sewer Connection (\$100,000) and Home Safety and Repair (\$200,000) Programs
- Funds provided for Housing (\$2.0m) and Land Acquisition (\$1.0m) without taking funding away from employees or operations.
- Addition of two new Funds – Housing and Gullah Geechee Historic Neighborhoods Community Development Corporation (GGHNCDC):
 - The Housing Fund will demonstrate the Island’s commitment to being a part of the solution by facilitating the deployment of funds previously designated by Town Council to this important issue.
 - The Gullah Geechee Historic Neighborhoods Community Development Corporation Fund will deploy the SC grant and the County grant (ARPA funds) received in FY23 into FY24 via a newly selected Executive Director and Board of Directors.
- **Sources of Funds** – Based on the Director of Finance’s trend analysis of the actual revenues from the past several years, we are estimating strong collections for fiscal year 2024 and reflecting these levels in the revenue budgets. Revenues as compared to the FY2023 Original Budget:
 - **Property Taxes** – Increased \$986k (4.6%) to reflect actual collection rates.
 - **Business Licenses** – Increased \$1.8m (17.2%) to be in line with actuals.
 - **Franchise Fees** – Increased \$23k (2.4%) to match expected revenue.
 - **Stormwater Utility Fees** – Slight increase of \$60k (1.2%) to reflect actual collection.
 - **Local Accommodations Tax** – Increased \$2.2m (47.2%) to mirror actuals.
 - **EMS Revenue** – Increased \$279k (15.2%) to reflect the rate increases and call volume increase.
 - **Permits & Fees** – Increased \$1.6m (66.1%) to reflect new plan review and Stormwater permit fee adjustments, and the first full year of Short-Term Rental Permit fees.
 - **Intergovernmental** – Increased \$10k (1.2%) to reflect the amount we expect from the State.
 - **Lease** – Increased \$201k (2.6%) to reflect the lease expected for the Fire Truck replacements.
 - **Grants** – Increased \$2.8m (77.7%), mostly attributed to the start-up of the GGHNCDC / Housing Funds, and ARPA funds for the Northpoint workforce housing project.
 - **Interest Income** – Increased \$651k (961.7%) to reflect all time high levels.
 - **Miscellaneous** – Includes Beach Services and Other Revenue in the General Fund, which decreased by \$55k (-9.6%), and Sunday Liquor Permit Fees, Impact Fees, Capital, and Sale of Land/Equipment in the CIP, which increased by \$114k (3.8%).
 - **Transfers In** – Decreased by \$135k (-0.2%) across all funds.
 - **Prior Year Unspent Funds** – Decreased by \$198k (-25.8%) and includes funds to continue the LMO Code amendments and district planning initiatives started in FY23, as well as prior year Stormwater Fees.

Fiscal Year 2024 Consolidated Budget Highlights

- **Uses of Funds** as compared to the FY23 Original Budget:
 - **Personnel and Benefits** – Increased \$5.3m (17.0%) and includes 14 new full-time positions, plus part-time employees, seasonal Beach Ambassadors, and GGHNCDC personnel.
 - **Operating** – Increased \$4.1m (30.7%) and includes all Departmental, Stormwater and GGHNCDC operating costs.
 - **Contracted Public Safety** – Decreased \$30k (-1.1%) as some security services shifted to the Town's Public Safety Department.
 - **Affiliated Agency Partnerships** – Funding requests increased \$72k (3.2%), not including Habitat for Humanity, which was requested but not funded.
 - **Transfers Out** – Increased \$3.0m (317.3%) due to the Transfers from the General Fund to the Housing Fund and Land Acquisition Fund.
 - **Debt Service** – Decreased \$2.0m (10.0%) due to debt reduction.
 - **Beach Projects** – Increased \$1.7m (59.9%). Major projects include Islanders Beach Park Improvements, Driessen Beach Park Improvements, Other Beach Park Maintenance & Improvements, Harbour Town Dredging, and Beach Renourishment preparations.
 - **Pathway Projects** – Increased \$86k (1.8%). Major projects include Shelter Cove Lane, William Hilton Parkway EB (Shelter Cove Ln. to Mathews Dr./Folly Field Rd. and Arrow Rd. to Wexford), Jonesville Rd., Dunnagan's Alley (Wexford to Arrow Rd.), and Cordillo Parkway at Pope Ave.
 - **Roadway Projects** – Decreased \$1.9m (-23.9%). Major projects include Dirt Road Acquisition & Paving, William Hilton Parkway Enhancements, Pope Ave., Palmetto Bay Rd., Arrow Rd., and New Orleans Rd. Enhancements, Main Street Enhancements, and Squire Pope Crosswalks.
 - **Park Projects** – Decreased \$4.6m (-33.8%). Major projects include Mid-Island, Chaplin, Crossings, Chaplin Linear, Patterson, Taylor, Barker and Ford Shell Ring parks.
 - **Facility and Equipment Projects** – Increased \$261k (4.1%). Includes Town Facility enhancements & assessments, SCDOT Toll Plaza demolition, Coastal Discovery Museum, Mitchelville Freedom Park, IT Equipment & Software, Security Cameras & Connectivity, Fire/Medical Systems & Replacement, and Stormwater capital projects.
 - **Fleet Projects** – Increased \$162k (2.0%).
 - **Land Acquisition Administration** – Increased \$2.6m (866.7%) due to funds for land acquisition and public infrastructure in the GGHNCDC budget. Funds for other land purchases will be brought forth separately for approval via budget amendments. **\$1.0 million is reserved in Land Acquisition Fund Balance.**
 - **Housing** – Increased \$2.0m (142.9%), with a \$2m transfer from the General Fund to a new Housing Fund, a \$350k transfer from CIP for Impact Fee / Down Payment assistance, and \$1m ARPA funding previously in CIP for the Northpoint Housing Partnership.
 - **Stormwater Corrective & Routine Maintenance** – Increased \$140k (6.7%).
 - **Stormwater Modeling, Analysis, Monitoring** – Decreased \$241k (-34.3%).
 - Allows for Town staff to locate in leased space at approximately \$8,500 per month / Town Manager to execute lease in FY24.

Fiscal Year 2024 Consolidated Budget Highlights

General Fund Highlights

Revenues

- After analysis of two years of record high level of revenue collections - our projections moderate for FY24.
 - Business License, Beach Preservation Fee, Hospitality Tax, State ATAX, and Local ATAX have all recorded revenue records in the past two years.
- State ATAX Funding is all-inclusive of the state's required formula portions and Town grant amount. In the General Fund, \$3.5 million State ATAX funds, increased \$1.1 million (43.8%), will be used toward:
 - Cultural Affairs – Marketing and Community Celebrations and Events
 - Communications – Social Media and Marketing
 - Public Safety – Fire Rescue, Code Enforcement and Beach Services
 - Facilities Management – Roadside, Pathway and Public Park Maintenance
- Local ATAX - \$7.0 million, increased \$2.2 million (47.2%), and will be used toward:
 - Cultural Affairs
 - Code Enforcement
 - Revenue Collection
 - Facilities Maintenance of public spaces and roads
 - Fire Rescue emergency services
- Business Licenses - \$12.4 million, increased \$1.8 million (17.2%), and will be used for:
 - Business License Operating Costs
 - Website Enhancements and Support
 - Online portal payment program
 - Office of Cultural Affairs programming
 - General maintenance of Island pathways, open space, and roadways
- Short-Term Rental Fee – FY24 is the first full year, we are estimating \$1.75 million based on actual FY23 collections to date, an increase of \$950k (118.8%), and will be used for:
 - Software Hosting
 - Administrative, Code Enforcement and Legal support
 - Operational Costs
- Hospitality Tax – \$5.0 million (same as FY23 budget) will fund the lease of new Fire Trucks and enhanced Fire Rescue operations.
- EMS Services - \$2.1 million, increased \$279k (15.2%) due to FY23 rate increase and increase in call volume.
- Investment income is expected to increase by \$549k (over 1,500%) based on trends over the last year!
- The New Community Development Residential Plan Review Fee adds \$280k to the Revenue budget.

Fiscal Year 2024 Consolidated Budget Highlights

General Fund Highlights

Personnel

- Commitment to recruiting and retaining employees with benefit package enhancements including:
 - Up to 4% performance-based salary increases effective July 2023 (\$881,767)
 - Tuition Reimbursement Increase from \$3,000 to \$5,000 per employee per year
 - New Wellness Reimbursement of \$300 per employee per year
 - Continuation of enhancements introduced in FY23 including:
 - 401k retirement plan contribution increase
 - Medflex reimbursement increase
 - Vacation buy-back option
 - Coverage of SC unfunded mandates for health insurance and F/R retirement premium increases
 - BCSO Island resident stipend increase from \$350 to \$550 per month for 16 employees
 - Town Staff class & compensation calibration
 - Fire Rescue compensation adjustments and overtime policy enhancements
- Addition of 12 new full-time positions in the General Fund, and 2 in the Stormwater Fund:
 - Assistant Finance Director
 - Marketing & Engagement Director
 - Beach Facilities Technician (1) & Grounds Crew (1)
 - (2) Construction Project Managers: (1) effective July 2023 and (1) effective January 2024
 - (2) Firefighters
 - Fire Rescue Communications & Marketing Administrator
 - Fire Inspector
 - Mechanic
 - EMS Lieutenant
 - Stormwater Maintenance Administrator (Funded in the Stormwater Fund)
 - Stormwater Inspector (Funded in the Stormwater Fund)
- Includes several part-time and seasonal employees:
 - 12 Part-time employees to assist the following departments with special projects and initiatives:
 - Fire Rescue Operations & Dispatch
 - Office of Cultural Affairs
 - Communications
 - Community Development
 - Technology & Innovation
 - 5 seasonal beach ambassadors to provide an enhanced island experience for residents and visitors
- Town Council salary processing proposal:
 - Current Town Council member salary is \$12,800 plus a stipend of \$50 per meeting, not to exceed a total of \$20,300.
 - Current Mayor salary is \$25,000 plus a stipend of \$50 per meeting, not to exceed a total of \$32,500.
 - Proposed is a set salary of \$20,300 for Town Council members, and \$32,500 for the Mayor.

Fiscal Year 2024 Consolidated Budget Highlights

General Fund Highlights

Operations

- Lean operating budget to allow for thoughtful and sustainable growth.
- Comprehensive LMO Code amendments.
- Planning for Island-Wide Illustrative Master Plan, Conditions and Trends Completion, District Planning, Future Land Use Map, and Comp Plan amendments.
- Permitting & Plan Review Process Improvements including fee adjustments.
- Addition of leased office space to provide our growing workforce with an environment for productivity and collaboration.
- Professional Video production for Fire Rescue and Town Staff recruitment and retention purposes.
- Prioritization on communications including expanding social media, marketing, and communications for Fire Rescue.
- Funding for enhanced services to reach our citizens with on-demand translation services (in-person, virtual, written, and via phone).
- Continued Public Safety enhancements, including the addition of Flock safety cameras and trail cameras.
- 360/40 and Music Festival – Celebration of the 360th anniversary of the sighting of Hilton Head Island and the Town's 40th anniversary – to be funded by ATAX.
- Enhancements to the development of community events such as Crescendo, Lantern Parade, Earth Day, Tree and Menorah Lighting.
- Continued expansion of Christmas and holiday lighting throughout the Island.
- Funding for continuing professional development, employee training and certification programs.

Fiscal Year 2024 Consolidated Budget Highlights

General Fund Highlights

Operations, cont.

- Increased funding for Park Maintenance, Road Maintenance, Landscape Maintenance and Corridor Safety Enhancements to provide more attention and care to these areas.
- Detailed plan for improvements and repairs around the island, including playgrounds, decking and boardwalks, parking lots, town owned buildings, mobi-mats, etc.
- Focus on Beach Operations, including additional beach facility staff and resources, to enhance the beach appearance and experience.
- Transition of several Town software applications to the Cloud for ease of access and enhanced IT Staff support.
- Growth in the Bank Charge budget tied to the growth in Town revenue collections.
- Increased funding for Shore Beach Services to account for higher fuel prices, and labor costs due to additional beach matting / expanded trash pickup.
- Continuation of the \$2.0 million accrual per year for Beaufort County Sheriff's Office while the law case is pending. At the end of FY24, the total accrued will be \$8.0 million.

Affiliated Agencies:

- The Town Council priority-based application process is now in place. The funding requests received from our Community Partners are:
 - Island Recreation Association - \$1,123,766 (Increased \$24,462)
 - Mitchelville Preservation Project - \$105,000 (No change) – Based on Town Council approved MOU
 - Coastal Discovery Museum - \$102,432 (Increased \$9,657)
 - USCB Event Management and Hospitality Program - \$238,985 (Increased \$48,891) – Based on Town Code – 5% of Local 1% ATAX
 - LRTA / Palmetto Breeze - \$277,842 (Decreased \$4,562)
 - Solicitor's Office Career Criminal Program and Multidisciplinary Court - \$168,500 (No change)
 - Heritage Classic Foundation - \$307,469 (Increased \$8,956) – Based on Town Council approved contract
 - Beaufort County EDC - \$40,000 (Increased \$15,000)
 - Habitat for Humanity - \$500,000 (First time application, not in FY24 budget)
 - **Total Affiliated Agency Support: \$2,393,994 (Equals approximately 2.4 Mills)**

Fiscal Year 2024 Consolidated Budget Highlights

Debt Service Fund Highlights

- \$15 million debt reduction in FY21 and FY22, \$16 million debt reduction in FY23, plus \$15.8 million debt reduction in FY24.
- Without a bond issue, FY24 is the 6th year in a row the Town's net debt declined – FY19, 20, 21, 22, 23 and now FY24.
- Bonds issued after Hurricane Matthew to reinstate the Disaster Fund have been fully repaid.
- Budget includes both General Obligation (GO) and Special Revenue bonds.
- No change in the millage for Debt Service (pending reappraisal).
- The Town will continue to seek out refunding opportunities.
- The Town continues to improve its financial position and capacity by steadily decreasing debt, increasing reserves, and increasing assessed values.
- The Town will issue a lease for the Fire Trucks – the lease payments are built into the General Fund Fire Rescue budget as a signal that regular replacement is a priority and is expected.
- Stormwater bonds are paid through the Stormwater Fund.
- We are in the early stages of possibly planning a new bond issue this year.
- Total Budget \$17,397,233 – a decrease of \$1,9 million (-10.2%):
 - **Principal** - \$12.9 million – Decrease of \$3.0 million
 - **Interest** - \$2.8 million – Decrease of \$479k
 - **Administrative** - \$92.5k – Increase of \$62.5k
 - **New Debt** - \$1.5 million
- Bonds are paid for by Property Taxes, Transfers In, and Investment Income:
 - **Property Tax** – \$5.4 million – 31.5% of the budget
 - **Beach Preservation Fee Transfer In** - \$4.4 million – 25.6% of the budget
 - **Hospitality Fee Transfer In** - \$1.9 million – 11.2% of the budget
 - **TIF Transfer In** - \$3.9 million – 22.6% of the budget
 - **Real Estate Transfer Fee Transfer In** - \$1.6 million – 9.2% of the budget
 - **Investment Income** - \$14k - < 1% of the budget

Fiscal Year 2024 Consolidated Budget Highlights

Capital Projects Fund Highlights

- The Capital Improvement Program supports the Town’s Right Sized Infrastructure Strategic Plan.
- A 5-Year Capital Plan has been developed for FY24 through FY28; the first year is funded – the budget makes appropriations for FY24 and provides initial draft plans for years two through five.
- The FY24 CIP contains several existing projects currently under way, as well as funding for new projects, for a full, impactful, and attainable CIP program.
- Two Construction Project Managers (one effective July and one effective January) have been added to the Capital Projects team to assist with the execution and delivery of the Capital Plan.
- Project timelines are scheduled to balance stages and create coordination between projects – planning / design / permitting / construction.
- Safety along the William Hilton Parkway Corridor is prioritized.
- Funds for tree planting and landscape enhancements (\$500k) have been earmarked for FY24.
- Delivery of the new Fire Trucks is expected mid FY24.
- New / replacement vehicles will be electric when possible and practical.
- State ATAX funding has been included again this year and is planned to help fund our tourism-related projects.
- The current FY24 CIP includes projects for:

	<u>Carry Forward</u>	<u>New Funds</u>	<u>Total Budget</u>
○ Beaches	\$ 1,556,000	\$ 3,000,000	\$ 4,556,000
○ Pathways	\$ 2,385,000	\$ 2,425,000	\$ 4,810,000
○ Parks	\$ 5,350,000	\$ 3,779,500	\$ 9,129,500
○ Facilities & Equipment	\$ 950,000	\$ 5,613,696	\$ 6,563,696
○ Fleet	\$ 7,518,420	\$ 811,000	\$ 8,329,420
○ Roadways	\$ 3,892,020	\$ 2,312,445	\$ 6,204,465
○ Land Acquisition Admin	\$ 290,000	\$ 110,000	\$ 400,000*
○ Total CIP	\$ 21,941,440	\$ 18,051,641	\$ 39,993,081

**Land Acquisition budget is only for soft costs including ROW, Survey, Appraisals, Legal Fees, etc. Land Purchases are expected and funding for those will be brought forth separately for approval via budget amendments. In the FY24 budget, \$1.0 million has been set aside in the Land Acquisition Fund Balance.*

Fiscal Year 2024 Consolidated Budget Highlights

Stormwater Fund Highlights

- New Fee Schedule to support the enforcement of unfunded Federal and State water quality regulations per the terms of our current State-issued National Pollutant Discharge Elimination System (NPDES) Permit.
- A Stormwater Rate Study is planned for FY24.
- Two new Full-time equivalent positions (FTEs) - a Stormwater Maintenance Administrator and a Stormwater Inspector, to assist with corrective maintenance, capital projects, plan reviews and inspections.
- The majority of funds are programmed for routine maintenance, corrective maintenance, and capital projects.
- Lean operating budget within the current rate structure.
- More transparency in project development.
- Emphasis on Corrective Maintenance of systems:
 - Public systems - \$360,000
 - POA Agreement systems - \$500,000
- Funding included for Routine Maintenance:
 - Channel Maintenance - \$320,000
 - Street Sweeping - \$160,000
 - Pond Maintenance - \$10,000
- Planned funding for other expected maintenance:
 - Pump Stations - \$390,000
 - Maintenance Contingency - \$500,000
- Funding included for Monitoring, Modeling and Analysis:
 - Water Quality Monitoring & Tide Monitoring - \$113,180
 - Inventory & Modeling, Sea Pines - \$350,000
 - Stormwater Rate Study - \$50,000
- Transfer of \$860,000 to the CIP for the following Stormwater Capital Projects:
 - Cordillo Courts Improvements – permit and construct - \$70,000
 - Moonshell – permit and construct - \$92,000
 - Gum Tree Road project – permit and construct - \$80,000
 - Jarvis Outfall – construct - \$100,000
 - Wexford Debris System – design - \$123,000
 - Lawton Pump Station – install new pumps - \$350,000
 - Pump Station Security Cameras – install - \$45,000

Fiscal Year 2024 Consolidated Budget Highlights

Gullah Geechee Historic Neighborhoods Community Development Corporation Fund Highlights

- A Board of Directors has been appointed by Town Council to oversee and guide the development of the Corporation and its organizational objectives.
- An Executive Director will be hired through coordination between the Town Manager and the appointed Board in the coming months.
- Funding for the Corporation's start up provided by a \$5 million South Carolina earmark, and the remainder of the \$500k Beaufort County Grant (\$343,185 - funds derived from ARPA) received in FY23.
- Planned expenses include the below, which will be refined by the Executive Director and Board of Directors upon placement:
 - Personnel for an Executive Director who will report to the Town Manager
 - Operating expenses, including Office Space, Computers and Software, Marketing, Promotion and Hospitality, etc.
 - Professional Services, including start-up Legal Services, Planning Services, Public Education/Outreach, etc.
 - Grants, Incentives and Loans for Small Business Development, and Attraction, Retention, and Investment
 - Capital Outlay for Land/Easement Acquisition and Public Infrastructure
- Miscellaneous Project Expenses and Contingency

Fiscal Year 2024 Consolidated Budget Highlights

Housing Fund Highlights

- In November 2022, Town Council voted to allocate \$1 million from the General Fund budget to the implementation of the Workforce Housing Framework. In February 2023, a budget amendment was passed which directed these funds to be set aside in a specially designated portion of the General Fund balance for this purpose. In FY24, these funds move from the General Fund balance to the Housing Fund for future Housing projects.
- In the FY24 Budget, an additional \$1 million transfers from the General Fund to the new Housing Fund to support the Workforce Housing Framework.
- For the Northpoint Housing Partnership, \$1 million in ARPA funding transfers from the CIP to the Housing Fund. This project is currently underway with support for road, water, sewer, and/or utility infrastructure necessary to facilitate the creation of workforce housing through a public-private partnership.
- \$350k transfers from the CIP to the Housing Fund. These funds were initially set aside in the General Fund from a legal settlement, then were transferred to the CIP.
- New Housing Initiatives to be identified by Town Council in the Fiscal Year.
- Regional Housing Trust Fund Dues will be paid by the Housing Fund. FY24 contribution \$86,559.

Year Sum		Beaufort County	Hilton Head Island	Bluffton	Port Royal	City of Beaufort	Jasper County	Hardeeville	Yemassee
Y1*	\$2,035,058	\$1,119,523	\$156,815	\$59,474	\$197,669	\$200,671	\$175,240	\$108,699	\$16,967

*Year 1 = 3% of American Rescue Plan funds

Y2	\$515,000	\$228,605	\$86,559	\$63,702	\$32,683	\$31,274	\$57,117	\$12,579	\$2,482
Y3	\$530,750	\$235,596	\$89,206	\$65,650	\$33,682	\$32,230	\$58,864	\$12,964	\$2,558
Y4	\$546,672	\$242,664	\$91,882	\$67,619	\$34,693	\$33,197	\$60,629	\$13,353	\$2,635
Y5	\$563,072	\$249,944	\$94,639	\$69,648	\$35,734	\$34,193	\$62,448	\$13,753	\$2,714
Y6	\$579,965	\$257,442	\$97,478	\$71,737	\$36,806	\$35,219	\$64,322	\$14,166	\$2,795
Y7	\$597,363	\$265,165	\$100,402	\$73,889	\$37,910	\$36,275	\$66,251	\$14,591	\$2,879
Y8	\$615,284	\$273,120	\$103,414	\$76,106	\$39,047	\$37,364	\$68,239	\$15,028	\$2,966
Y9	\$633,743	\$281,314	\$106,517	\$78,389	\$40,218	\$38,485	\$70,286	\$15,479	\$3,055
Y10	\$652,755	\$289,753	\$109,712	\$80,741	\$41,425	\$39,639	\$72,395	\$15,944	\$3,146
Sum	\$7,269,662	\$3,443,127	\$1,036,623	\$706,955	\$529,866	\$518,548	\$755,791	\$236,555	\$42,197

2024



BUDGET SNAPSHOT

2 NEW FUNDS ADDED!

- GULLAH GEECHEE HISTORIC NEIGHBORHOODS COMMUNITY DEVELOPMENT CORPORATION FUND
- HOUSING FUND

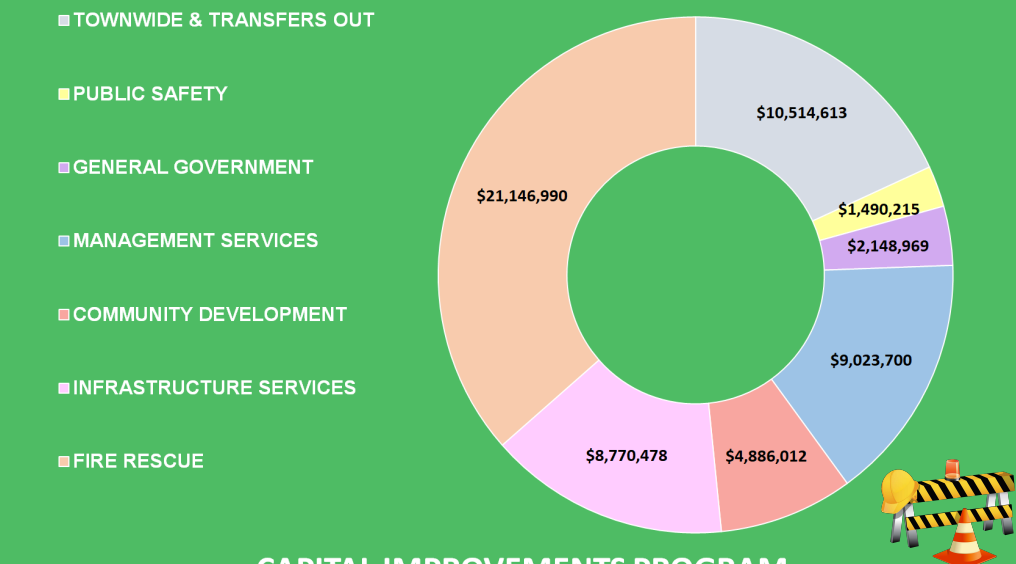


CONSOLIDATED BUDGET

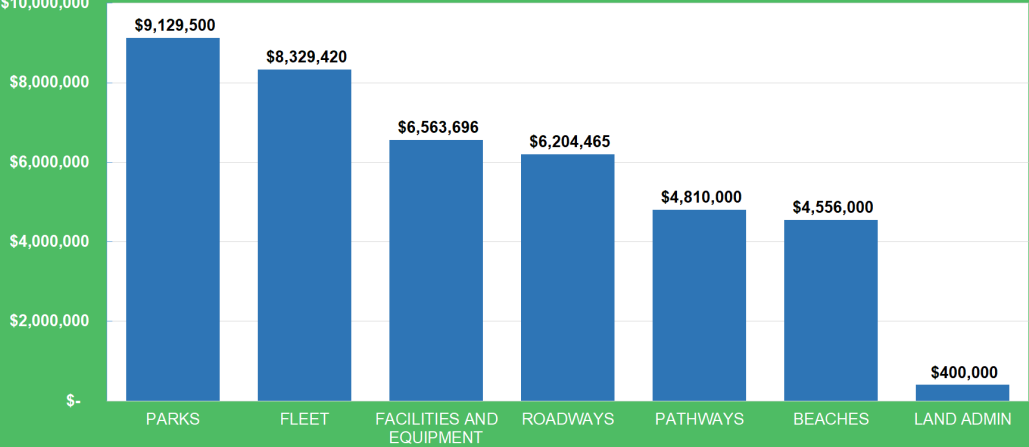
\$129,950,293

GENERAL FUND	\$ 57,980,977
CAPITAL PROJECTS FUND	39,993,081
STORMWATER UTILITY FUND	5,885,817
DEBT SERVICE FUND	17,397,233
GGHNCDC FUND	5,343,185
HOUSING FUND	3,350,000

GENERAL FUND EXPENDITURES



CAPITAL IMPROVEMENTS PROGRAM





\$985,000

ESTIMATED
VALUE OF A MILL



GENERAL FUND
REVENUES

↑ 19.2 %

A photograph of a coastal landscape. A narrow path covered in a bright blue tarp leads from the foreground towards the ocean. The path is flanked on both sides by tall, green and yellowish-brown grasses. In the background, the ocean meets a pale, overcast sky. A small beach umbrella is visible on the left side of the path.

Strategic Action Plan

Strategic Action Plan

Introduction

The Strategic Action Plan is a result of input from both the citizens and the Town leadership team into the future development and growth of the Town. The Strategic Action Plan is supported by Our Plan, the Town's comprehensive plan for 2020-2040. The process for creating the Strategic Action Plan began with analyzing Our Plan, which served as the guiding document and baseline for the new Plan. The following **Core Values** were identified in Our Plan:

- Adopt and pursue Our Ideals of Excellence
- Protect and preserve the natural environment.
- Manage evolving growth while maintaining the Island's unique aesthetic.
- Provide exceptional quality of life offerings in arts, culture, and recreation with best-in-class facilities and programming.
- Develop creative revenue sources to fund the delivery of capital services, maintenance, operations, and projects meeting the needs of the Town, residents, and visitors.
- Recognize, respect, and promote multi-dimensional diversity on the Island.
- Promote efficient and secure public services to meet current and future needs.
- Plan for and mitigate the effects of climate change, environmental or health concerns, and natural disasters.
- View the region as a partner, not a competitor.
- Foster a healthy, self-sustaining community that encourages economic, cultural, and demographic diversity.

These Core Values for Our Plan developed into eight Strategic Action Plan Goals, or **Strategic Focus Areas**, by evaluating our Vision/Mission, Goals, Strategies, and Tactics, and asking what kind of community we want to be; what we should be doing to accomplish the Vision; how we are going to accomplish our goals; and what specifically will be doing to accomplish these goals. These Strategic Action Plan Goals then converted into the Strategic Initiatives of Policy, Project and Operational, and each individual Strategic Initiative was broken out into more detail. All these steps led to the development of the 2021-2022 Strategic Action Plan, which was thoroughly presented and discussed at Strategic Planning Workshops in the fall of 2021, and was adopted by Town Council on December 7, 2021. The Town held several more Strategic Planning Workshops through 2022 and into 2023, and provided updates on the progress being made to achieve the goals, while establishing priorities and strategies for the new Strategic Plan for 2023-2025, which was adopted by Town Council on June 6, 2023.

The goal of the Strategic Plan is to build an alignment of strategies, projects, and performance measures to address Town of Hilton Head Island focus areas and guiding principles. The Strategic Plan is a compass to continuously make proactive decisions on maintaining and improving the Town's core functions in the following **Strategic Focus Areas**:

- **Pursuit of Excellence** - Require and sustain excellence of Place, People, Planning and Process.
- **Environmental Sustainability** - Create a resilient and sustainable environment through planning and policy.
- **Revitalize Economy** - Create an Island-appropriate economy that has sufficient depth and breadth to attract and support a diverse resident, visitor, and business population.
- **Inclusive Community** - Foster a multi-dimensional, equitable, and diverse community.
- **Connected Community** - Facilitate true connectivity in Island physical, social, and cultural environments.
- **Regional Focus** - Evaluate how regional expansion will impact immediate and future social, economic, and political planning and policy.
- **Right Sized Infrastructure** - Align the community's physical, environmental, and social values with the Capital Improvements Program (CIP) and infrastructure planning.
- **Parks and Recreation** - Implement the Parks + Recreation Master Plan.

Strategic Action Plan

The Strategic Plan Action Agenda establishes a road map for activities and initiatives that will achieve the vision for the Town and ensure that Hilton Head Island is poised to capitalize on opportunities to advance key initiatives. The Action Plan links to the Town's budget process, staff work plans and performance evaluations, Town-wide performance measures and Town Council agenda to ensure the day-to-day relevancy and effectiveness of the Plan.

The Town organization is committed to:

- Providing world-class service, facilities, leisure and recreational opportunities for residents and guests;
- Providing financial stability and economic development by promoting services in the most cost-effective manner while protecting the high level of service quality the Town has become known for;
- Providing an open town government to make participation in local government activities possible for all residents;
- Providing enhanced customer service, innovation, and employee engagement;
- Investing in **impactful** capital projects and community infrastructure;
- Providing community and environmental vitality to preserve the Town's character while promoting a sense of pride for its citizens;
- Promoting unity while supporting diversity to honor the strength of diversity in our community; and
- Using the consolidated budget as a catalyst to implement change and improvement

The Town's [Strategic Action Plan](#) for Fiscal Years 2023 – 2025 was adopted by Town Council on June 6, 2023, and is presented on the following pages.

TOWN OF HILTON HEAD ISLAND

Strategic Action Plan 2023-2025





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ALAN PERRY

A Word from the Mayor



As a Town, it is essential that we move in the right direction to enhance our quality of life. In January, the Town Council and Town staff convened for a two-day strategic planning session to set the agenda for Town government in the months ahead. We emerged with a list of 15 priorities around which we are building action plans and formulating strategies.

This Strategic Action Plan represents our work to promote safe and healthy neighborhoods that foster a strong sense of community and facilitate a thriving business climate. It also reflects our desire to achieve operational excellence in Town government, from the day-to-day services we provide for our residents to fiscal responsibility.

As we move this plan forward, we hope it will be the foundation for us to engage with our constituents and build a connected community with properly maintained infrastructure, facilities, parks, and pathways. Our Town Council and Town Staff are committed to addressing our challenges and delivering quality municipal service to our residents, but we always need your support. We are proud of this strategic action plan and the breadth of projects that will enhance the quality of life for our residents, now and into the future. We encourage you to stay engaged with us and follow the progress of our priorities. Thank you for allowing us the opportunity to serve you.

Town Council



David Ames
Ward 3
Mayor Pro-Tem



Alex Brown
Ward 1



Patsy Brison
Ward 2



Tamara Becker
Ward 4



Steve Alfred
Ward 5



Glenn Stanford
Ward 6





MARC ORLANDO, ICMA-CM

A Word from the Town Manager



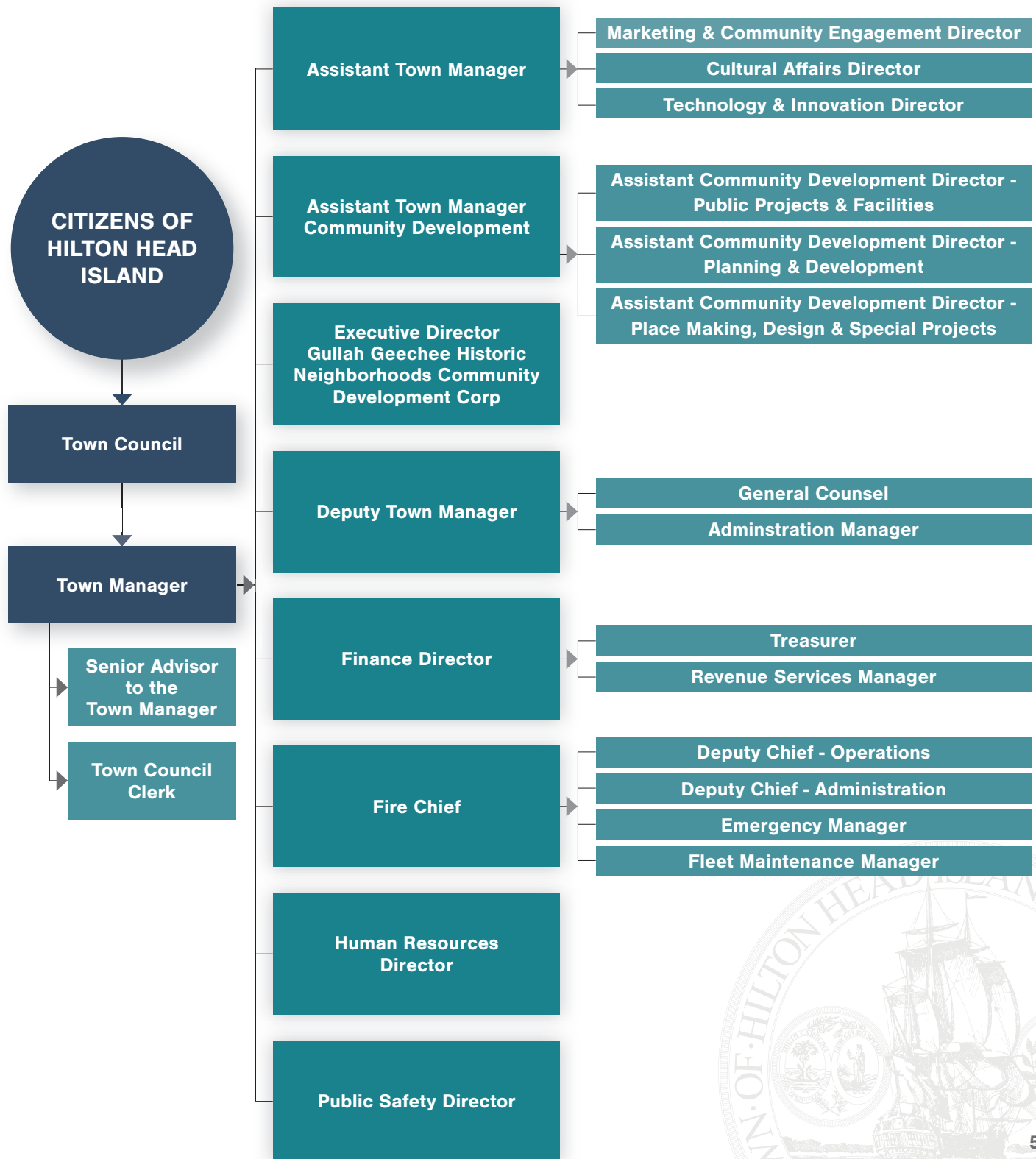
It is my pleasure to present our Strategic Action Plan for the fiscal years 2024 and 2025. It clearly articulates how we plan to preserve our beautiful environment, celebrate our culture, build economic diversity, embrace new projects, and drive our community forward.

As a guiding document, the Strategic Action Plan focuses on the top priorities for our Town—growth management, workforce housing, solutions for traffic and transportation, infrastructure enhancements, economic development, resiliency, recreation, and public safety. It gives Town leaders, staff members, and residents a blueprint of the Town’s work plan while providing a framework for budgetary and policy decisions to advance our identified priorities.

This Strategic Action Plan also follows our comprehensive plan, *Our Plan*. It incorporates *Our Plan*’s mission, vision, and core values: the pursuit of excellence, environmental sustainability, revitalized economy, inclusive community, connected community, regional focus, right-sized infrastructure, parks and recreation, and town organization. Our comprehensive plan, budget and firm commitment to providing world-class municipal services for our community underlies every strategic objective. As we navigate our future, this document will guide us on where, when, and how to use our Town’s resources to meet the needs of our community.

I am privileged to work with and lead our talented staff as we execute our Strategic Action Plan. I am also grateful to our residents and business owners for their support in advancing our objectives. Thank you for allowing my team and me to serve you.

Town of Hilton Head Organization Chart



Town Staff

Executive

Marc Orlando, ICMA-CM Town Manager
Joshua A. Gruber, JD, MPA Deputy Town Manager
Angie Stone, IPMA-SCP Assistant Town Manager
Shawn A. Colin, AICP Assistant Town Manager—Community Development
Executive Director (vacant). Community Development Corporation
Ben Brown. Senior Advisor to the Town Manager
Kim Gammon. Town Clerk

Departments

Chris Blankenship. Fire Chief
Bob Bromage Director of Public Safety
Andrew Davis Director of Marketing & Communications
Natalie Harvey. Director of Cultural Affairs
Lisa Stauffer Director of Human Resources
Tommy Sunday Technology & Innovation Director
John Troyer Finance Director



Setting Our Goals

The Town of Hilton Head Island's **mission** is to promote the health and vitality of the community we serve through ethical and inclusive programs, policies and actions.

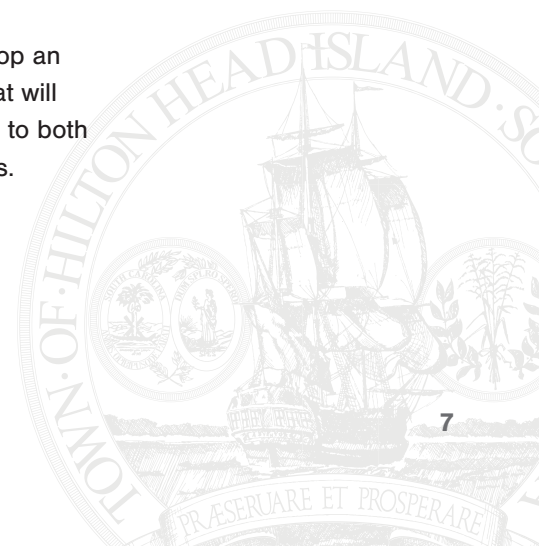
The Town of Hilton Head Island adopted *Our Plan*, the 2020 to 2040 Comprehensive Plan, as a dynamic policy development tool that reflects many integral components of the Island's community fabric. It is intended to be used as a guide book for the Town and community leaders as they seek to

strengthen and preserve the Island character while effectively overseeing the Island's growth and development. In developing *Our Plan*'s goals, emphasis was placed on revitalizing and modernizing the Island's economy and infrastructure while at the same time building an inclusive and diverse community.

Our 2020-2040 **vision**: To reinvent sustainability...again. To focus on revitalization and modernization, and to build an inclusive and diverse community.

Achieving these goals will result in a community that is balanced in the areas of viable economic development, a resilient built environment, and equitable social conditions. In order to achieve many of the goals identified within

Our Plan, it is necessary to develop an effective Strategic Action Plan that will clearly engage and communicate to both internal and external stakeholders.



What Kind of Community Do We Want to Be?

A community that...

...is welcoming, inclusive, safe, values diversity, and is focused on people

...is recognized as an excellent place to live, work, and visit

...reserves, values, and recognizes our history

...attracts businesses and residents who appreciate our ideals and core values

...is recognized as a best-in-class destination that welcomes visitors and values tourism

...protects the natural environment as a unique quality of our identity

...prioritizes the greater good

...attracts a diverse residential population with competitive live-work options

...recognizes the benefit and value of arts, culture, recreation, healthy living, and education

...fosters transparency and inclusion when resolving concerns or planning for the future

...considers sustainability paramount when developing environmental and economic projects and policies

...fosters a spirit of inspiration and leads by example

...uses innovation and learning to continually develop and apply best practices and standards for processes and projects

...continually adapts the Core Values and Comprehensive Plan to meet the needs of the present and future

Key Community Goals

The development of *Our Plan* utilized extensive community input as part of the plan creation process. During these discussions, many of the same recurring ideas became clearly defined and were subsequently organized into 10 Key Community Goals:

1▶

Adopt and pursue **Our Ideals of Excellence.**

2▶

Protect and preserve the **natural environment.**

3▶

Manage **evolving growth** while maintaining the Island's unique aesthetic.

4▶

Provide **exceptional quality of life offerings** in arts, culture, and recreation with best-in class facilities and programming.

5▶

Develop **creative revenue sources** to fund the delivery of capital services, maintenance, operations, and projects meeting the needs of the Town, residents, and visitors.

6▶

Recognize, respect, and promote **multi-dimensional diversity** on the Island.

7▶

Promote **efficient and secure public services** to meet current and future needs.

8▶

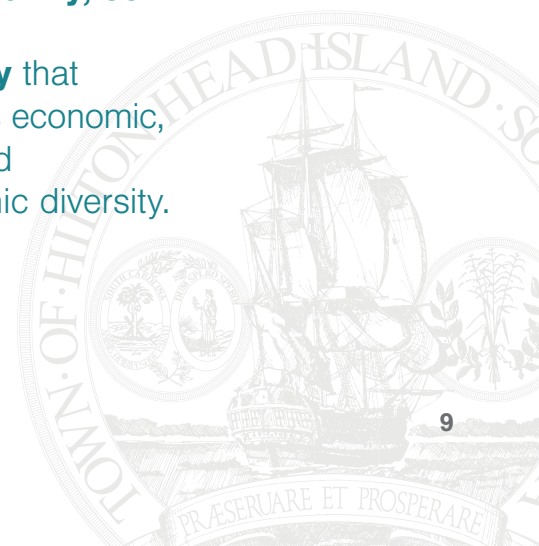
Plan for and mitigate the effects of **climate change, environmental or health concerns**, and natural disasters.

9▶

View the **region as a partner**, not a competitor.

10▶

Foster a **healthy, self-sustaining community** that encourages economic, cultural, and demographic diversity.

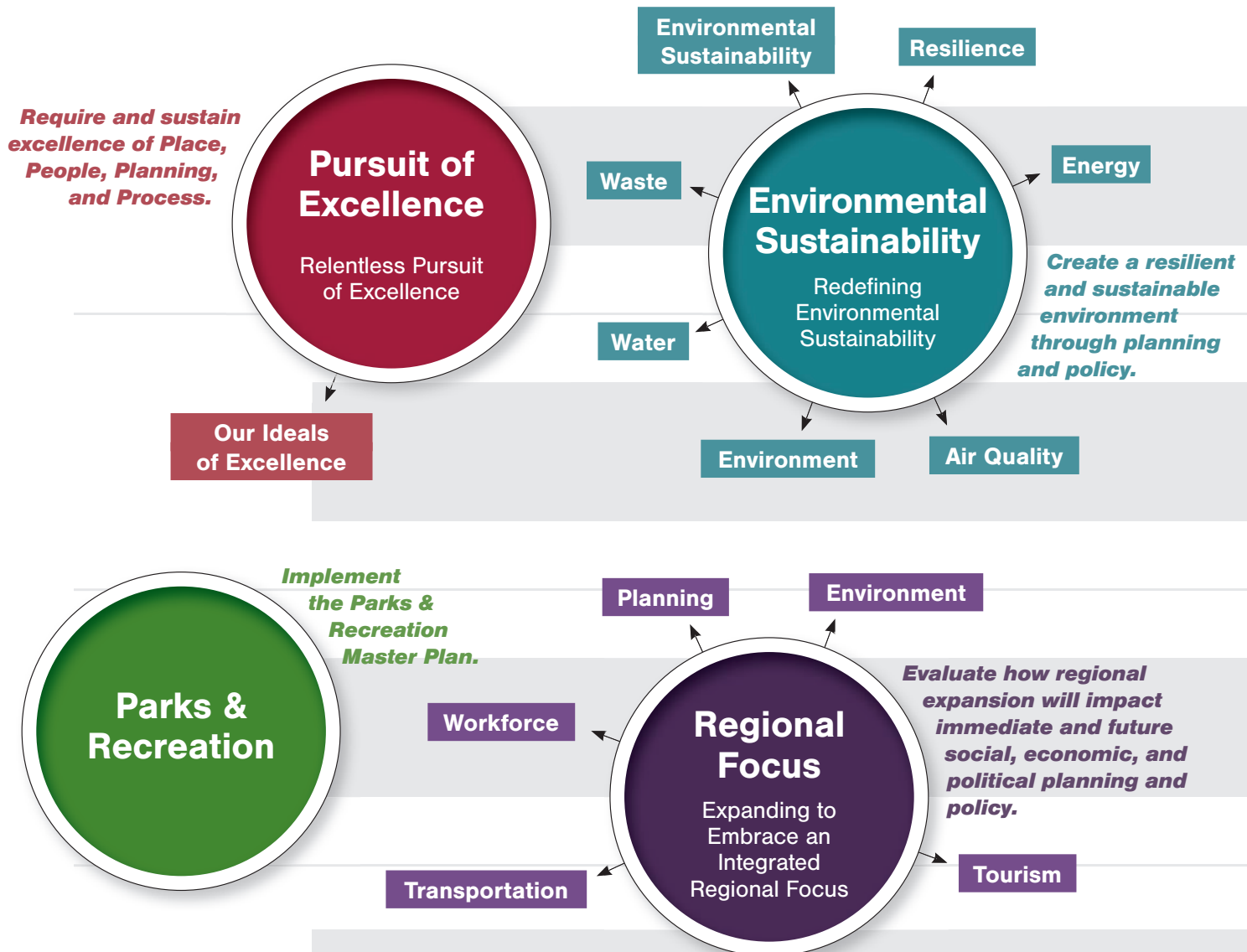


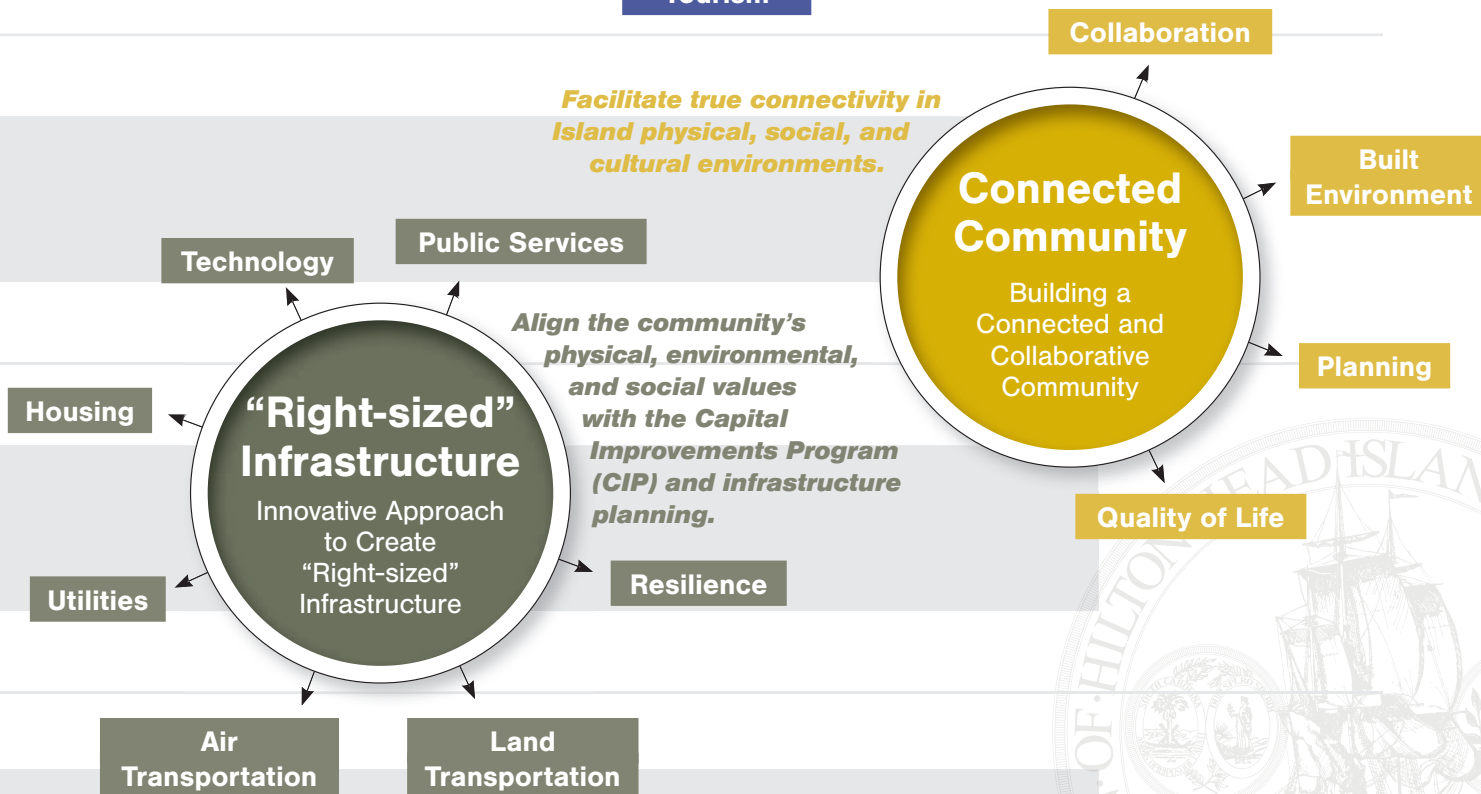
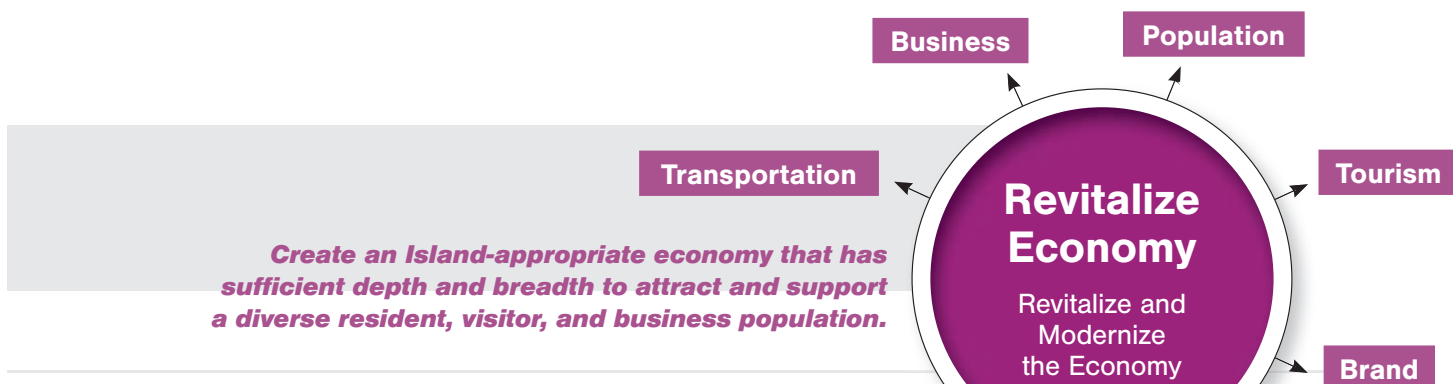
OUR IDEALS OF EXCELLENCE

Core Values & Focus Areas

The broad goals developed following the Key Community Themes were the foundation for the strategies outlined by the Core Values within the *Our Plan* document. Further, this Strategic Action Plan has identified Focus Areas that correspond with and are anchored in the Core Values and Parks and Recreation.

While Parks and Recreation is an Element and not a Core Value in *Our Plan*, it is included in this Plan as a Focus Area. Parks and Recreation is representative of significant investment by the Town in numerous capital projects and initiatives, and it is a key factor of an Inclusive Community.





Purpose of the Strategic Action Plan

A strategic action plan presents in sufficient detail the intended activities of staff and associated agencies necessary to successfully implement the policy directions of Town Council in furthering the Town's

Mission. By clearly identifying agreed upon Focus Areas in this Plan and the corresponding Strategic Initiatives within these Focus Areas, the Town will be able to:



How the Plan Will be Used

The Strategic Action Plan (Plan) will be updated annually as a road-map for staff to follow while implementing the identified Strategic Initiatives. All initiatives that are not capital improvement projects and require a significant investment of staff support or other similar administrative resources are also included in the Plan.

Adherence to the prioritized initiatives contained within this document will help to ensure that staff have the sufficient time and resources necessary to successfully meet expectations. The use of this Plan will also allow for budgetary decisions to be clearly identified and correlated to each initiative. The Plan should be regularly updated as part of the overall annual budget adoption process.

Any new Strategic Initiatives identified by Town Council following the adoption of the Plan will require coordination with the Town Manager to determine how such projects are ultimately implemented in light of any ongoing project(s) within the approved Plan. This will result in either a reprioritization of ongoing projects or the inclusion of new initiatives as part of future annual strategic action plans and operational budgets.



Summary

This Plan is the guiding document the Town will use to determine how to best utilize the Town's resources over the next one to two years. *Our Plan*, this *Strategic Action Plan* and the Town's annual budget are all complementary puzzle pieces which fit together and guide the Town's work during this time.

Implementing these prioritized policies of the Town will require discipline and collaboration between the Town Council, Town Manager, staff and various external stakeholders. However, in accomplishing these objectives we will be known as an Island that is recognized for its world-class environments, that embodies the tenets of sustainability, and is recognized as a leader in delivering quality public services.







Top 15 Strategies for 2023





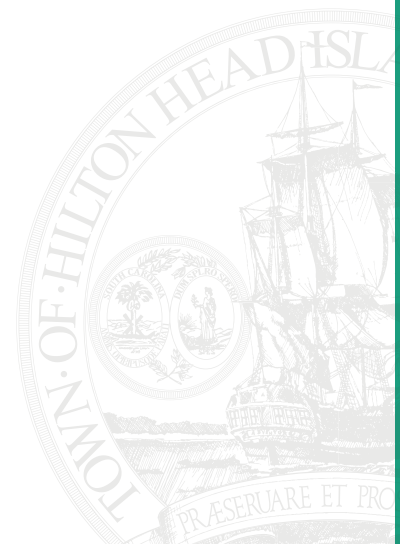
STRATEGY #1

Establish a Growth Management Strategy

FOCUS AREA: REVITALIZE & MODERNIZE THE ECONOMY

Successfully manage increasing and evolving future growth patterns in a manner that will ensure sustainability of Hilton Head Island's unique character. Additionally, the Town must monitor economic and demographic trends, undertaking a comprehensive list of future planning activities, and proactively protecting the Island's rich natural resources through appropriate design, regulation, and capital investment practices.

- ☐ 1.1 Conduct a Hilton Head Island Conditions and Trends Assessment
- ☐ 1.2 Establish a Growth Framework Map
- ☐ 1.3 Identify District Plan Boundaries and Prioritization
- ☐ 1.4 Create and Adopt District Plans
- ☐ 1.5 Create a Future Land Use Map
- ☐ 1.6 Create an Island Master Plan
- ☐ 1.7 Amend the Land Use Element of *Our Plan*
- ☐ 1.6 Implement the Mid-Island District Plan
- ☐ 1.9 Adopt Zoning Map Amendments
- ☐ 1.10 Amend the Land Management Ordinance
- ☐ 1.11 Establish a Development Review Improvement Program
- ☐ 1.12 Align Capital Improvement Plan with Growth Framework Strategies







STRATEGY #2

Implement the Workforce Housing Framework: *Finding Home*

FOCUS AREA: “RIGHT-SIZED” INFRASTRUCTURE

Workforce housing affordability has been a growing challenge on Hilton Head Island and this negative trend has been accelerating over the last five years. Without deliberate action to counteract these trends, the Town will continue to lose its valuable share of workforce housing, home-by-home, or family-by-family. The Workforce Housing Framework is a commitment to preserve and expand workforce housing options on Hilton Head Island through the adoption of four (4) foundational pillars: Community, Planning, Management, and Revenue. Collectively, these pillars establish the enabling structure to assign future policy, programs, organizational capacity, resources, and management.

❑ 2.1 Community

❑ 2.1.1 Commit to develop, maintain, and support partnerships and relationships with community organizations, as well as regional and state partners to collaboratively address local workforce housing needs.

❑ 2.1.2 Engage with a Housing Action Committee to coordinate with community groups in the housing space, while cultivating an ongoing housing dialogue, engagement with the community in housing education, planning, innovation and provide advice and recommendations.

❑ 2.2 Planning

❑ 2.2.1 Commit to create a multi-year workforce housing action plan that will include a range of prioritized housing tactics and tools.

❑ 2.3 Management

❑ 2.3.1 Commit to adding dedicated staff to provide coordination and planning.

❑ 2.3.2 Commit to explore the creation of a professionally managed housing organization.

❑ 2.3.3 Commit to and maintain a dashboard of core metrics.

❑ 2.4 Revenue

❑ 2.4.1 Commit to a funding plan that meets the needs of the multi-year workforce housing action plan.

❑ 2.5 Northpoint Public-Private Partnership

❑ 2.5.1 Successfully complete the execution of a Development Agreement for the Northpoint Workforce Housing Program.





STRATEGY #3

Adopt Major Corridors/Street Enhancement Policies

FOCUS AREA: “RIGHT-SIZED” INFRASTRUCTURE

The Town has prepared a Major Thoroughfare Corridors Plan which when implemented, will address improvements to the Island’s major thoroughfares including William Hilton Parkway, Main Street, Pope Avenue, New Orleans Road, Arrow Road, and Palmetto Bay Road. These improvements will be aimed at improving safety, beautification, and consistency to include landscaping and aesthetics, pathways, intersections, roadways, transit, and wayfinding.

❑ 3.1 Adopt Major Corridors Improvement Plans for:

- William Hilton Parkway
- Palmetto Bay Road
- Pope Avenue
- New Orleans Road
- Main Street
- Sea Pines Circle/Greenwood Drive
- Arrow Road
- Others/TBD

❑ 3.2 Implement Corridor Safety and Beautification Enhancement Projects

❑ 3.3 Adopt a Complete Streets Policy

Purpose: Adopt a Complete Streets policy that will look at planning, designing, building, operating, and maintaining streets in a manner that enables safe access for all people who need to use them, including pedestrians, bicyclists, motorists and transit riders of all ages and abilities.

❑ 3.4 Adopt a Traffic Calming Policy

Purpose: Adopt a policy to provide fair and reasonable application of traffic calming measures within previously established neighborhoods and other qualifying public roadways so as to implement a uniform methodology of installing traffic calming measures that increase public safety and minimize impacts to emergency response services.

❑ 3.5 Assist with Cross Island Parkway Toll Booth Removal & Reconfiguration

Purpose: Remove the existing Cross Island Toll Booth infrastructure, reconfigure the roadway and pathway networks through this area, and assess the donation of surplus property to best serve the Town’s interests.





STRATEGY #4

Develop William Hilton Parkway Gateway Corridor Plan

FOCUS AREA: “RIGHT-SIZED” INFRASTRUCTURE

Execute the goals and objectives outlined in the adopted “Guiding Principles for the US278 Gateway Corridor Project” as a comprehensive corridor improvement plan stretching from the mainland to the Cross Island Parkway and any/all ancillary or affected areas included therein.

- ❑ 4.1 Coordinate with project partners and various community stakeholders to deliver design element recommendations to enhance the overall project consistent with the guiding principles and community values.
- ❑ 4.2 Identify land use strategies and solutions that can be incorporated into multimodal transportation corridor plan.
- ❑ 4.3 Influence the conversion of William Hilton Parkway Gateway from a highway corridor to a well-articulated boulevard through application of context sensitive design solutions consistent with local values and expectations.
- ❑ 4.4 Work with project partners and property and business owners to identify mitigation opportunities to potential project impacts.
- ❑ 4.5 Support Town Council in their discussion and overall deliberation of these elements once identified so as to formulate a formal Town Council position on the municipal consent of the gateway corridor project as required by current South Carolina law.
- ❑ 4.6 Implement Town of Hilton Head Island/Beaufort County adopted MOA.
- ❑ 4.7 Establish a Citizen Review Committee for End-to-End Analysis.





STRATEGY #5

Commence Operations of the Gullah Geechee Historic Neighborhoods Community Development Corporation

FOCUS AREA: REVITALIZE & MODERNIZE THE ECONOMY

The Gullah Geechee Historic Neighborhoods Community Development Corporation has been formed with a goal of stabilizing, protecting, and promoting historic and culturally sensitive communities on Hilton Head Island. It will create strategic programs related to, but not necessarily limited to, economic development initiatives, affordable housing, streetscaping, neighborhood planning, targeted capital investment, resident education, and other community support service opportunities.

- ❑ 5.1 Facilitate community redevelopment within the Gullah Geechee Historic Neighborhoods for the benefit of its Residents.
- ❑ 5.2 Foster and promote redevelopment within the Historic Neighborhoods by focusing on promoting cultural resources, protecting cultural assets, and enhancing quality of life.
- ❑ 5.3 Prevent gentrification through the preservation of housing opportunities and supporting economic opportunities that allow for existing community residents to remain within their Neighborhoods.
- ❑ 5.4 Facilitate business attraction, expansion, and retention as well as providing land planning and development assistance.
- ❑ 5.5 Pursue affordable housing opportunities.
- ❑ 5.6 Facilitate economic prosperity and advancement opportunities for local businesses and residents within the Neighborhoods and provide such other services that are associated with fulfilling the CDC's mission.







STRATEGY #6

Identify Strengths, Weaknesses, Opportunities & Threats (SWOT) of Hilton Head Island Resiliency and Establish an Island Resiliency Plan

FOCUS AREA: ENVIRONMENTAL SUSTAINABILITY

As Hilton Head Island is a barrier island subject to the impacts of sea level rise and other climate related affects, it is vital that a plan be developed to enhance resiliency of the island's infrastructure and developed areas against future storm events and potential sea level rise. In order to improve the resiliency of the island, the prudent application of climate change science and data to inform our administrative decisions, public policy, and infrastructure investments is critical. By using the most up to date models and sound information on future projections, we can assess vulnerabilities and enhance our adaptive capacity with tools and actions designed to protect the short and long-term interests of our residents and businesses and public infrastructure.

- ❑ 6.1 Establish Hilton Head Island tide gauge and participate in statewide sea level monitoring program.
- ❑ 6.2 Facilitate partnership discussions with local, state and federal agencies regarding data sharing, grant funding.
- ❑ 6.3 Identify critical infrastructure facilities.
- ❑ 6.4 Identify all Town ordinances and regulations that could be modified to increase future protections of property, infrastructure, and buildings.
- ❑ 6.5 Develop a Resilience Plan that models future sea level rise and storm scenarios to identify inundation impacts and a menu of mitigation actions, each with benefit costs analysis associated with varying levels of protection.
- ❑ 6.6 Evaluate and consider changes to zoning and building codes and other ordinance and regulatory changes that will better protect property, infrastructure and buildings against future impacts from sea level rise and climate change.



- ❑ 6.7 Develop recommendations and projected budget needs for future mitigation and protection projects, based on near, mid and long-term implementation schedule.
- ❑ 6.8 Identify and fund proactive investments in public actions which enhance resistance to and recovery from environmental challenges.
- ❑ 6.9 Continue to maintain and replenish appropriate levels of Town disaster relief funds.





STRATEGY #7

Implement the Capital Improvement Program (CIP)

FOCUS AREA: “RIGHT-SIZED” INFRASTRUCTURE

The Capital Improvement Program (CIP) is the Town’s five-year program for planning capital improvement needs identified in the Comprehensive Plan, and other adopted Town Plans. The CIP links this Plan to the Comprehensive Plan with fiscal capacity. Capital needs are synchronized with operating expenses and tied to forecasted revenues for the current and upcoming fiscal years. It includes projects that improve or maintain a Town asset including new construction, expansion, renovation, or replacement of facilities and equipment. The program follows a yearly planning and budgeting process including recommendations by the Planning Commission and Parks and Recreation Commission with a budget adopted by Town Council. The following list includes the projects by category adopted as part of the FY23-24 budget.

❑ 7.1 Beach Program Implementation

❑ 7.1.1 Beach Management & Monitoring

❑ 7.1.2 Beach Renourishment

❑ 7.2 Pathway Program

❑ 7.2.1 Pathways Accessibility & Safety Enhancement

❑ 7.2.2 New Pathway Segments

- Shelter Cove Lane: William Hilton Parkway to Shelter Cove Community Park
- Phase 1: Boggy Gut Pathway: Cordillo Parkway to Office Park Road, Woodhaven Dr/Ln
- William Hilton Parkway East Bound: BCSO to Mathews Drive

❑ 7.3 Roadway Program

❑ 7.3.1 Dirt Road Improvement Program

❑ 7.3.2 Additional William Hilton Parkway Enhancements

❑ 7.3.3 Pope Avenue Enhancements

❑ 7.3.4 Main Street Enhancements

❑ 7.4 Park Program Implementation

- Mid Island Initiative Area & Park
- Coligny Beach Parking Area
- Chaplin Community Park
- Crossings Park
- Shelter Cove Community Park
- Chaplin Linear Park
- Patterson Family Park



❑ 7.5 Facility and Equipment Management Implementation

❑ 7.5.1 Town Hall Security & Facility Enhancements

❑ 7.5.2 Coastal Discovery Museum Capital Project

❑ 7.5.3 IT Equipment & Software

❑ 7.5.4 Fire/Medical Systems Equipment

❑ 7.5.5 Security Cameras: Shelter Cove Community Park

❑ 7.5.6 Automobile Place/Modern Classic Motors Site Enhancements

❑ 7.5.7 Fire Hydrant Expansion

❑ 7.5.8 Arts Campus Feasibility Study

❑ 7.5.9 Stormwater Projects

❑ 7.6 Fleet Management Implementation

❑ 7.6.1 Town Vehicle Replacement

- Vehicle Outfitting

❑ 7.6.2 F+R Apparatus & Vehicle Replacement

- Engine/Pump Replacement/Quint Company Replacement
- Fire Rescue Specialty Vehicles
- Staff Vehicle Replacement
- Firefighting Foam for Trucks

❑ 7.7 Land Acquisition Program Management Implementation

Soft costs such as surveying, appraisals, and legal fees associated with the acquisition of property to preserve and protect the Island's character.

❑ 7.8 Housing Program Management Implementation





STRATEGY #8

Update the Town's Land Acquisition Manual

FOCUS AREA: "RIGHT-SIZED" INFRASTRUCTURE

The Town of Hilton Head Island has purchased a significant amount of land throughout the Island for a variety of strategic purposes. These have included reducing traffic congestion, preserving open space, providing public access to or views of the water, and other similar actions that are in furtherance of the Town's Comprehensive Plan. However, the Land Acquisition Manual that the Town utilizes to identify and acquire real property has not been updated since 2005 and does not fully reflect that current needs and goals of the Town. The document should be amended and be brought up to date with existing practices, processes, and policies.

- ❑ 8.1 Evaluate Land Acquisition Manual updates inclusive of parks, open space, conservation, town facilities, commercial redevelopment, workforce housing, development rights, preservation of historic neighborhoods, etc.
- ❑ 8.2 Identify potential funding sources for Land Acquisition Program implementation.







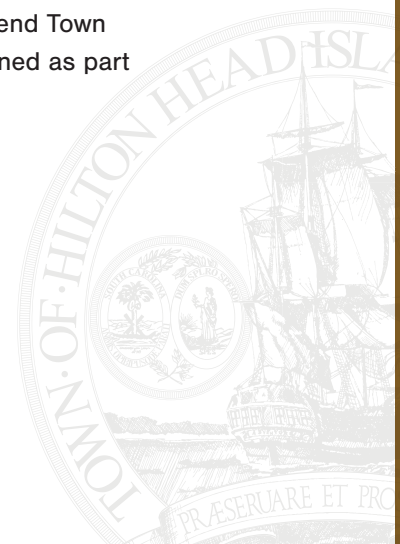
STRATEGY #9

Conduct a Strengths, Weaknesses, Opportunities and Threats (SWOT) of Hilton Head Island Solid Waste and Recycling

FOCUS AREA: ENVIRONMENTAL SUSTAINABILITY

The Town's Our Plan document lays out several goals related to increasing capacity for processing recyclable materials and ensuring the long-term viability of solid waste disposal for the Island. To achieve these objectives, the Town will need to work in coordination with Beaufort County as the agency responsible for household waste streams disposal for the entire county and jointly pursue opportunities that improve recycling and composting rates.

- ❑ 9.1 Engage experts in the field of solid waste to assist the Town in performing a SWOT analysis.
- ❑ 9.2 Pursue promotional and educational efforts to foster recycling, composting, and litter control.
- ❑ 9.3 Engage in dialogue with Beaufort County regarding their long-range solid waste disposal and recycle programs. If they undertake revisions or updates to their long-range plans, actively participate in such discussions in order to represent the goals of the Island in these plans.
- ❑ 9.4 Propose discussions with Beaufort County regarding the potential creation of an off-Island materials processing center that would facilitate increased recycling rates from within the Town and the greater region.
- ❑ 9.5 Examine the creation of composting models at highly visible sites around the Town.
- ❑ 9.6 Evaluate the need to amend Town Code utilizing data obtained as part of the SWOT analysis.







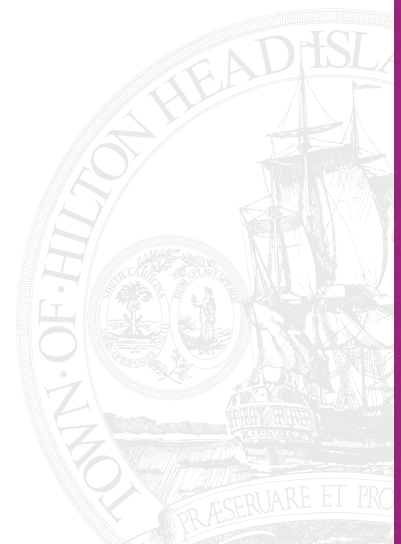
STRATEGY #10

Implement the Destination Marketing Organization (DMO) Marketing Plan & Measure Performance

FOCUS AREA: REVITALIZE & MODERNIZE THE ECONOMY

Work with the Town's authorized Destination Marketing Organization to adopt and implement an effective marketing plan that places an emphasis on positive community attributes of Hilton Head Island as a place to live, work, and play. Identify any necessary changes and ensure that Town Council feedback is incorporated into the annual marketing plan. Monitor the performance of the Town's authorized Destination Marketing Organization partner with DMO staff to assess performance against stated goals.

- ❑ 10.1 Survey current metrics required by the DMO contract and analyze to achieve Town goals.
- ❑ 10.2 Review any metrics recommendations/changes with DMO.
- ❑ 10.3 Support DMO Marketing Council in creation of marketing plan to ensure that correct performance measurements are being included and achieved.
- ❑ 10.4 Continue monitoring DMO performance and achievement of identified performance measures.
- ❑ 10.5 Include Ecotourism (with Assistance from USCB and others), Cultural Tourism, Wellness Tourism, and Sports Tourism into DMO Marketing Materials.







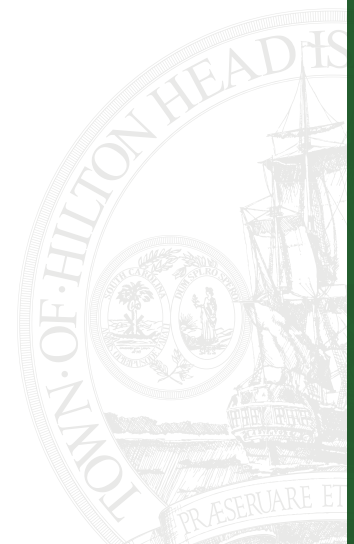
STRATEGY #11

Assess Alternative Revenue Sources and Funding Opportunities

FOCUS AREA: PURSUIT OF EXCELLENCE

In order to support the long-term financial stability of the Town, utilize all available resources at the federal, state and local levels to identify and obtain alternative sources of revenue, grant funding, or other project funding so as to support the strategic goals and objectives of the Town, its organizational operations and its Capital Improvement Plans.

- ☐ 11.1 Establish Land Acquisition Funding Strategies:
 - ☐ 11.1.1 Beaufort County Greenspace Sales Tax Program
- ☐ 11.2 Assessment of Voter Referendum Questions
- ☐ 11.3 Identify Dedicated Funding for Workforce Housing Initiatives
- ☐ 11.4 Evaluate Mid-Island Tax Increment Financing (TIF) District Creation
- ☐ 11.5 Assess Development Permit Fees and Propose Necessary Adjustments
- ☐ 11.6 Conduct a Stormwater Utility Rate Study
- ☐ 11.7 Assess Municipal Bonding Capabilities
 - ☐ 11.7.1 Installment Purchase Revenue Bonds
- ☐ 11.8 Adopt an Accommodations Tax Funding Policy







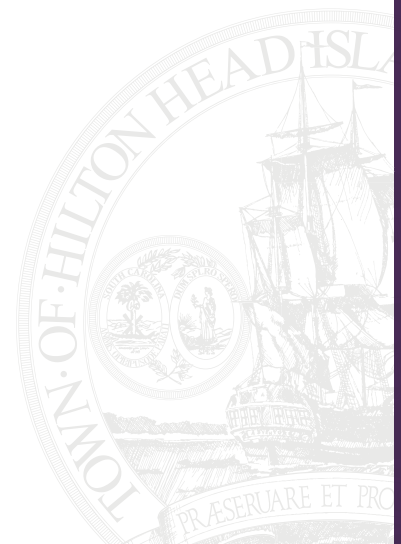
STRATEGY #12

Short-Term Rental Assessment and Program Implementation

FOCUS AREA: PURSUIT OF EXCELLENCE

Conduct a Short-Term Rental program assessment that evaluates the short-term rental program effectiveness on addressing the negative impacts to neighborhoods including environmental impacts, demands on Fire and Rescue services, impacts to public utilities and infrastructure, and impacts of land use intensity. Program assessment will include data on the volume, location, type, and size of short-term rentals on Hilton Head Island in order to better understand, plan, and manage short-term rentals, and to determine if further regulation is necessary.

- ❑ 12.1 Review data obtained through the Town's short-term rental software and evaluate permits, location, and magnitude of short-term rentals within the Town.
- ❑ 12.2 Review short-term rental permit program efficacy through evaluation of reported violations of the short-term rental requirements and propose necessary adjustments.







STRATEGY #13

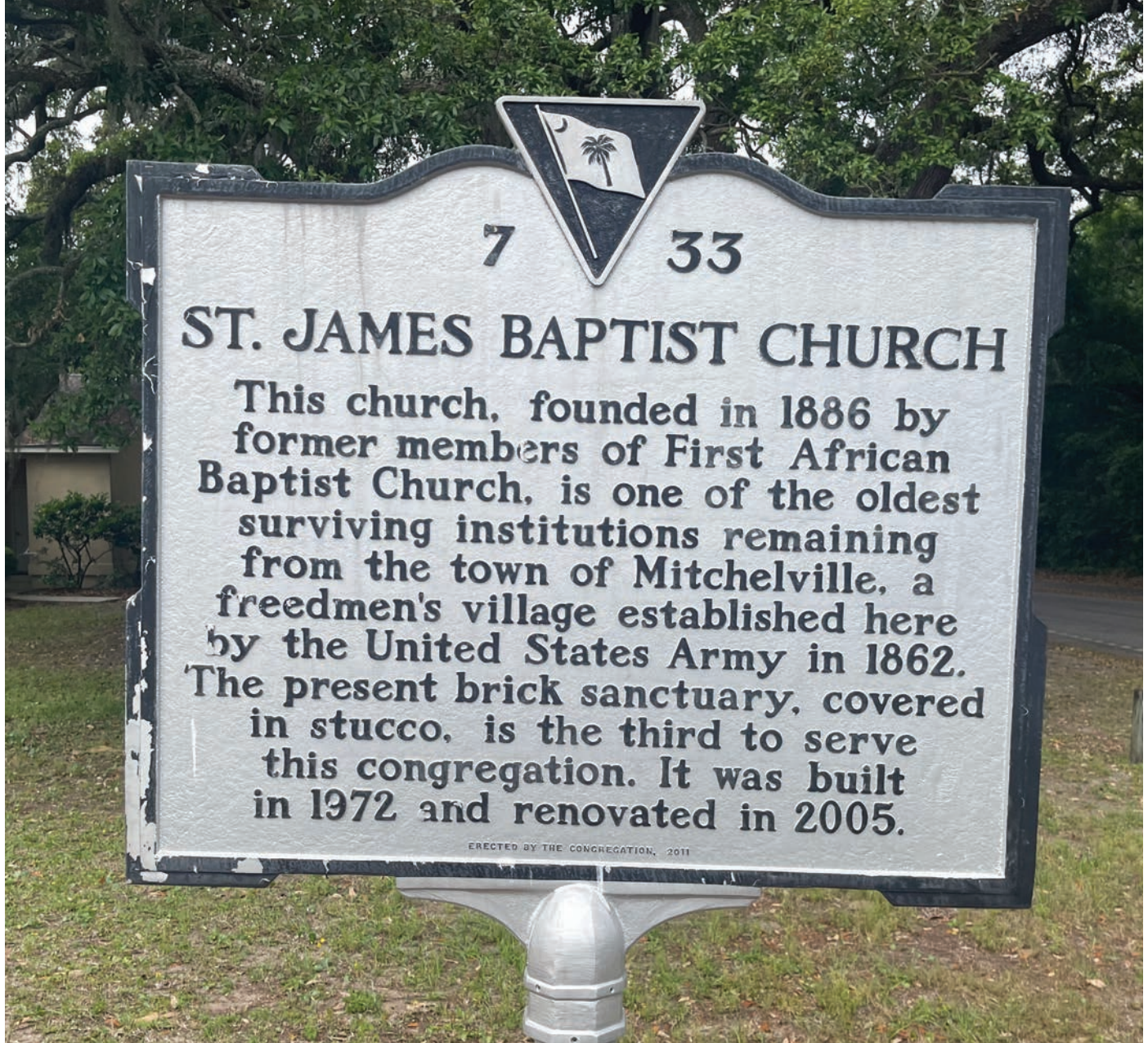
Complete Implementation of the Gullah Geechee Task Force Work Plan

FOCUS AREA: INCLUSIVE COMMUNITY

Implement the Framework for the Top 16 Priority Projects from the Gullah Geechee Preservation Report Recommendations as approved by Town Council in 2019. Define the critical path for the remaining recommendations from the report.

- ❑ 13.1 Develop Framework for the Top 16 Priority Projects
 - ❑ 13.1.1 Significant progress has been made on all Top 16 recommendations, 14 of which have been incorporated into ongoing operations and programs.
 - ❑ 13.1.2 Remaining recommendations are being addressed through District Planning and continuous improvement of Town resources and programs.
- ❑ 13.2 Define the critical path for remaining 20 recommendations
 - ❑ 13.2.1 Coordination and collaboration with community and cultural resources is preferred for establishing the critical path for implementing the remaining recommendations.







STRATEGY #14

Facilitate Relocation of the Historic St. James Baptist Church to Mitigate Impacts Generated from Airport Operations and Corresponding Safety Concerns

FOCUS AREA: CONNECTED COMMUNITY

The Hilton Head Airport has been actively working to retain and attract new commercial airline services. This has included taking actions to ensure that regional business jets can operate from this facility. The Historic St. James Baptist Church has been directly impacted by the increase in airport operations that has resulted from the ability to support regional business jets. The Town has therefore committed to assisting St. James Baptist Church in the successful relocation of its congregation to a mutually agreed upon location that will meet the current and future needs of the church.

- ☐ 14.1 Work cooperatively with the leadership from the St. James Baptist Church, Beaufort County, the Hilton Head Island Airport, and the Town of Hilton Head Island to submit an agreed upon relocation plan for consideration by the Federal Aviation Administration.
- ☐ 14.2 Monitor Status of FAA submission and provide supplemental information or responses as may be necessary for continued evaluation of the joint proposal.
- ☐ 14.3 If the joint relocation plan is approved by the FAA, work with Beaufort County to provide the church with the grant funding sufficient to allow commencement and construction of the relocated facility.
- ☐ 14.4 Following relocation plan approval by the FAA, the Town of Hilton Head Island to assist the church in the steps necessary to construct a new church facility that will accomplish the approved relocation efforts.





STRATEGY #15

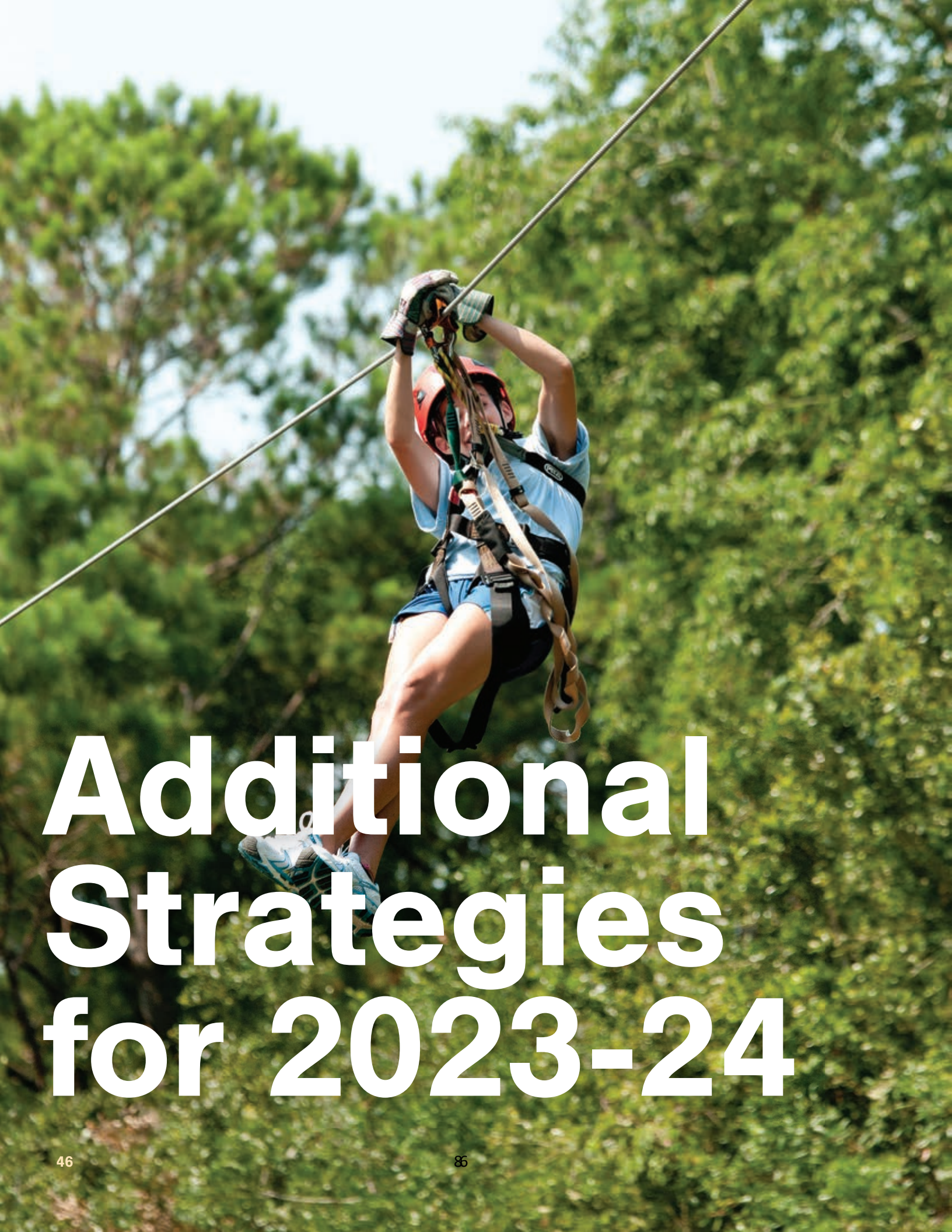
Implement Beach Park Enhancements

FOCUS AREA: PURSUIT OF EXCELLENCE

The Town has over 12 miles of pristine beaches that are routinely identified as being some of, if not the best in the world. This precious resource serves one the most cherished amenities for both Island residents and visitors. The Town must ensure that it maintains the quality of the beach going experience through the development of a comprehensive enhancement plan that will identify physical infrastructure needs of its beach facilities, improvements and upgrades of existing facilities, and take steps necessary to ensure that the public experiences a safe and consistently memorable day at the beach.

- ❑ 15.1 Establish a Beach Master Plan.
- ❑ 15.2 Consider Implementation of Beach Parking Master Plan.
- ❑ 15.3 Enhance Beach Shuttle Services - Island Mobility/Connectivity to Beaches, Parking, Employment, and Businesses.
- ❑ 15.4 Consider Beach Experience Regulations - Fishing, Tents, Smoking, Emergency Access Routes, Facility Hours of Operation, Parking Management, Boat Storage on Beach, etc.





Additional Strategies for 2023-24

Pursuit of Excellence

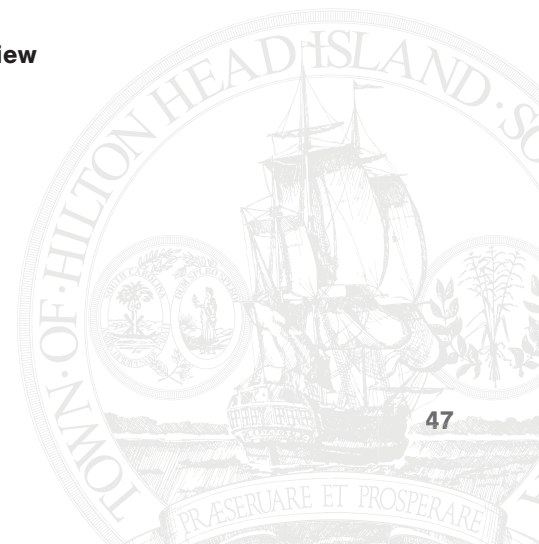
Require and sustain excellence of Place, People, Planning, and Process.

2023

- ☐ Implement Cultural Affairs Strategic Plan
- ☐ Celebrate 360th Anniversary of the Hilton Head Island Siting
- ☐ Celebrate Hilton Head Island 40th Anniversary of Municipal Incorporation
- ☐ Develop a New Fire Rescue Strategic Plan
- ☐ Adopt & Implement a Human Resources Strategic Plan
- ☐ Adopt & Implement a Technology & Innovation Strategic Plan
- ☐ Measure and Communicate Return on Public Investment
- ☐ Improve Administrative Support Process for Boards, Commissions & Committees
- ☐ Research Trends & Implement Best-in-Class Municipal Services Delivery
- ☐ Implement American Rescue Plan Funding Appropriations
- ☐ Enhance Communications Plan with Strong Social Media Emphasis
- ☐ Create a Culture of High Organizational Performance
- ☐ Broadcast Transition from Facebook Live to YouTube for Public Meetings

2024

- ☐ Evaluate Island Vision Statement, Mission Statement, and Community Value Statement
- ☐ Establish Island Brand Development Strategy
- ☐ Employee Performance Review Program Improvements



Environmental Sustainability

Create a resilient and sustainable environment through planning and policy.

2023

- ☐ **Work with Public Service Districts (PSDs) on Long-Term Capital Projects**
- ☐ **Establish National Leadership Credibility in Environmental Sustainability & Resource Protection**
- ☐ **Assess and Implement an Environmentally Friendly Landscape and Grounds Maintenance Best Practices Program**
- ☐ **Host/Sponsor a Resiliency Symposium**
- ☐ **Establish a Sustainable Environmental Practices Social Media Campaign**

2024

- ☐ **Develop Town-Owned Property Management, Asset Management and Utilization Plan**
- ☐ **Acquire Audubon International Sustainable Community Recertification (2-year Term)**





Revitalize Our Economy

Create an Island-appropriate economy that has sufficient depth and breadth to attract and support a diverse resident, visitor, and business population.

2024

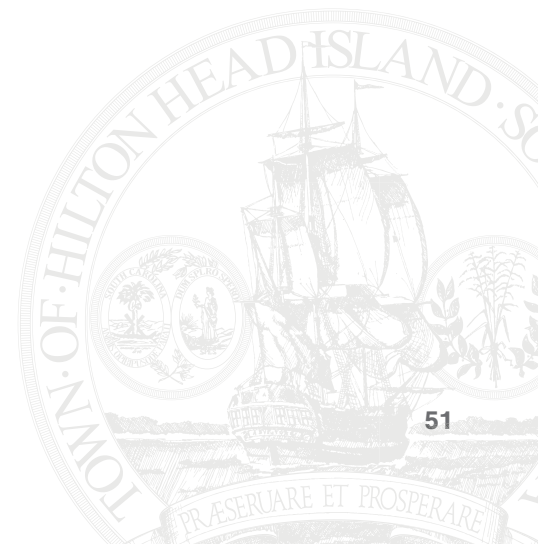
- ❑ **Establish an Economic Development Strategy**

Connected Community

Facilitate true connectivity in Island physical, social, and cultural environments.

2023

- ❑ **Adopt a Food Truck Ordinance and Operational Program**
- ❑ **Conduct a Strengths, Weaknesses, Opportunities & Threats (SWOT) Analysis of High-Speed Fiber/Cellular Capabilities**



Inclusive Community

Foster a multi-dimensional, equitable, and diverse community.

2023

- ☐ Establish a Public Institutional Partnership with USCB to Support Arts and Cultural Organizations
- ☐ Adopt Annual HUD/CDBG Entitlement Program
- ☐ Conduct a Community Engagement Survey
- ☐ Assist with Implementing Mitchelville Master Plan
- ☐ Incorporate Public Art & Culture Projects into New & Existing Parks

2024

- ☐ Develop a Landmark Protection Program

Regional Focus

Evaluate how regional expansion will impact immediate and future social, economic, and political planning and policy.

2023

- ☐ Assess Revisions of Beaufort County Impact Fees
- ☐ Establish Reoccurring Joint Meetings between Hilton Head Island & Beaufort County Council

2024

- ☐ Evaluate Access between Hilton Head Island & the Greater Region through Viable Multi-Modal Transportation





“Right-sized” Infrastructure

Align the community’s physical, environmental, and social values with the Capital Improvements Program (CIP) and infrastructure planning.

2023

- ☐ **Acquire Main Street Right-of-Way**
- ☐ **Adopt Community Addressing Ordinance**

Parks & Recreation

Implement the Parks & Recreation Master Plan.

2023

- ☐ **Assist with Ford Shell Ring Park Development**
- ☐ **Implement the Parks and Recreation Master Plan**
- ☐ **Develop a Parks and Recreation Marketing Plan**

2024

- ☐ **Establish Beaufort County & Hilton Head Land Trust Northridge Conservation Tract Partnership**









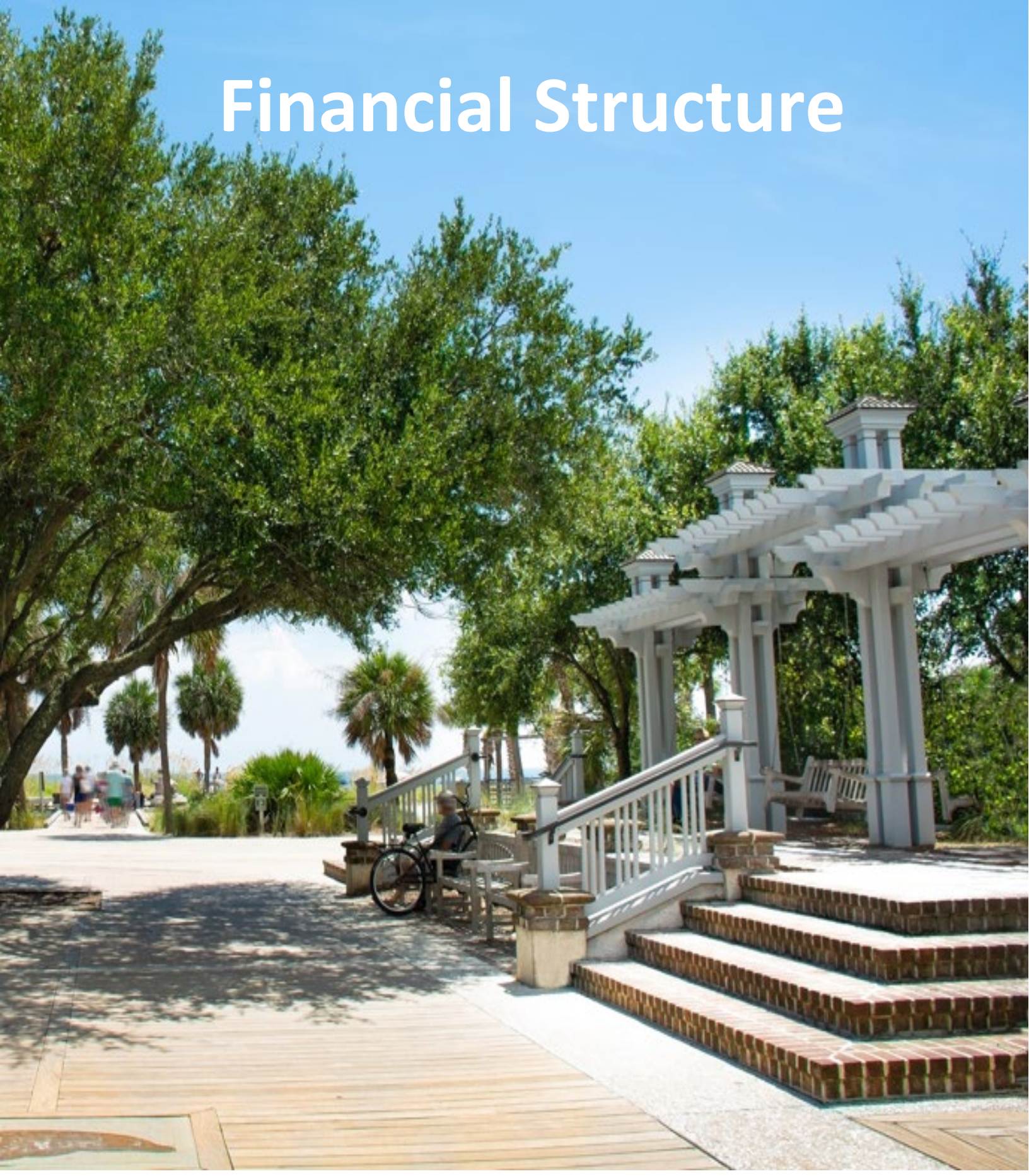
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Financial Structure



Financial Structure Multiyear – All Governmental Funds

The chart below reflects all funds used by the Town to manage its financial resources for Fiscal Years 2021 through 2024. Budgets are formally adopted by Town Council for the General, Debt Service, Capital Projects, Gullah Geechee Historic Neighborhoods Community Development Corporation, and Housing Funds. Information is included in the Town's annual audited financial statements for the funds shown on this page.

	Tax Increment			Beach							
	General	Financing District	State Accommodations Tax	Real Estate Transfer Fees	Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Federal Grants Fund	Non-major Funds
Fiscal Year 2024 (ESTIMATED)											
REVENUES	45,364,021	6,600,000	13,500,000	4,435,244	14,070,000	10,106,156	5,484,615	11,044,420	-	1,000,000	9,893,185
EXPENDITURES	54,980,977	-	7,500,000	44,352	39,000	-	17,397,233	39,993,081	-	-	5,571,185
Excess(Deficit)of Revenues and Exp.	(9,616,956)	6,600,000	6,000,000	4,390,892	14,031,000	10,106,156	(11,912,618)	(28,948,661)	-	1,000,000	4,322,000
Other Sources and Uses (net)	9,616,956	(8,420,759)	(6,515,021)	(1,995,850)	(12,987,883)	(9,359,558)	11,912,618	28,948,661	-	(1,000,000)	(17,276,949)
Net change in fund balance	-	(1,820,759)	(515,021)	2,395,042	1,043,117	746,598	-	-	-	-	(12,954,949)
Fund balances - beginning	36,684,879	5,620,760	11,984,433	13,379,520	35,170,764	23,485,722	12,159,355	3,895,643	34,373,980	-	16,609,962
Fund balances - ending	\$ 36,684,879	\$ 3,800,001	\$ 11,469,412	\$ 15,774,562	\$ 36,213,881	\$ 24,232,320	\$ 12,159,355	\$ 3,895,643	\$ 34,373,980	-	\$ 3,655,013

	Tax Increment			Beach							
	General	Financing District	State Accommodations Tax	Real Estate Transfer Fees	Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Federal Grants Fund	Non-major Funds
Fiscal Year 2023 (ESTIMATED)											
REVENUES	44,365,404	6,443,778	13,716,539	5,521,402	14,257,689	10,904,068	6,322,884	1,032,301	1,591,009	1,456,003	5,389,754
EXPENDITURES	47,885,096	-	7,952,100	49,756	34,850	-	19,362,930	19,124,920	35,446	1,456,003	484,583
Excess(Deficit)of Revenues and Exp.	(3,519,692)	6,443,778	5,764,439	5,471,646	14,222,839	10,904,068	(13,040,046)	(18,092,619)	1,555,563	-	4,905,171
Other Sources and Uses (net)	11,141,706	(5,040,205)	(4,167,803)	(8,814,450)	(6,634,336)	(6,987,295)	13,959,744	13,191,780	(3,537,765)	-	(3,440,721)
Net change in fund balance	7,622,014	1,403,573	1,596,636	(3,342,804)	7,588,503	3,916,773	919,698	(4,900,839)	(1,982,202)	-	1,464,450
Fund balances - beginning	29,062,865	4,217,187	10,387,797	16,722,324	27,582,261	19,568,949	11,239,657	8,796,482	36,356,182	-	15,145,512
Fund balances - ending	\$ 36,684,879	\$ 5,620,760	\$ 11,984,433	\$ 13,379,520	\$ 35,170,764	\$ 23,485,722	\$ 12,159,355	\$ 3,895,643	\$ 34,373,980	-	\$ 16,609,962

	Tax Increment			Beach							
	General	Financing District	State Accommodations Tax	Real Estate Transfer Fees	Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Federal Grants Fund	Non-major Funds
Fiscal Year 2022											
REVENUES	44,022,615	5,811,540	13,582,414	7,004,356	14,053,062	9,907,025	5,619,284	886,560	5,914,554	804,159	4,058,308
EXPENDITURES	43,092,266	-	8,515,245	69,575	30,789	-	19,330,666	7,554,151	-	804,159	1,101,054
Excess(Deficit)of Revenues and Exp.	930,349	5,811,540	5,067,169	6,934,781	14,022,273	9,907,025	(13,711,382)	(6,667,591)	5,914,554	-	2,957,254
Other Sources and Uses (net)	2,456,498	(5,561,934)	(1,695,211)	(1,188,394)	(5,057,760)	(2,326,712)	13,855,408	7,689,589	(3,535,665)	-	(2,386,034)
Net change in fund balance	3,386,847	249,606	3,371,958	5,746,387	8,964,513	7,580,313	144,026	1,021,998	2,378,889	-	571,220
Fund balances - beginning	25,676,018	3,967,581	7,015,839	10,975,937	18,617,748	11,988,636	11,095,631	7,774,484	33,977,293	-	14,574,292
Fund balances - ending	\$ 29,062,865	\$ 4,217,187	\$ 10,387,797	\$ 16,722,324	\$ 27,582,261	\$ 19,568,949	\$ 11,239,657	\$ 8,796,482	\$ 36,356,182	-	\$ 15,145,512

	Tax Increment			Beach							
	General	Financing District	State Accommodations Tax	Real Estate Transfer Fees	Preservation Fees	Hospitality Fees	Debt Service	Capital Projects	Natural Disasters	Federal Grants Fund	Non-major Funds*
Fiscal Year 2021											
REVENUES	38,309,720	5,370,949	10,189,664	7,143,103	11,146,212	8,067,753	5,467,400	1,175,347	5,759,554	-	5,875,770
EXPENDITURES	40,959,948	-	4,910,852	71,279	31,715	281,375	20,201,843	14,061,999	652,871	-	2,430,472
Excess(Deficit)of Revenues and Exp.	(2,650,228)	5,370,949	5,278,812	7,071,824	11,114,497	7,786,378	(14,734,443)	(12,886,652)	5,106,683	-	3,445,298
Other Sources and Uses (net)	6,214,761	(7,528,273)	(1,706,394)	(3,842,347)	(5,935,458)	(5,534,735)	14,771,952	8,317,891	(3,537,265)	-	(667,371)
Net change in fund balance	3,564,533	(2,157,324)	3,572,418	3,229,477	5,179,039	2,251,643	37,509	(4,568,761)	1,569,418	-	2,777,927
Fund balances - beginning	22,111,484	6,124,905	3,443,421	7,746,460	13,438,709	9,736,993	11,058,122	12,343,245	32,407,875	-	11,796,365
Fund balances - ending	\$ 25,676,018	\$ 3,967,581	\$ 7,015,839	\$ 10,975,937	\$ 18,617,748	\$ 11,988,636	\$ 11,095,631	\$ 7,774,484	\$ 33,977,293	-	\$ 14,574,292

Financial Structure Multiyear – All Governmental Funds

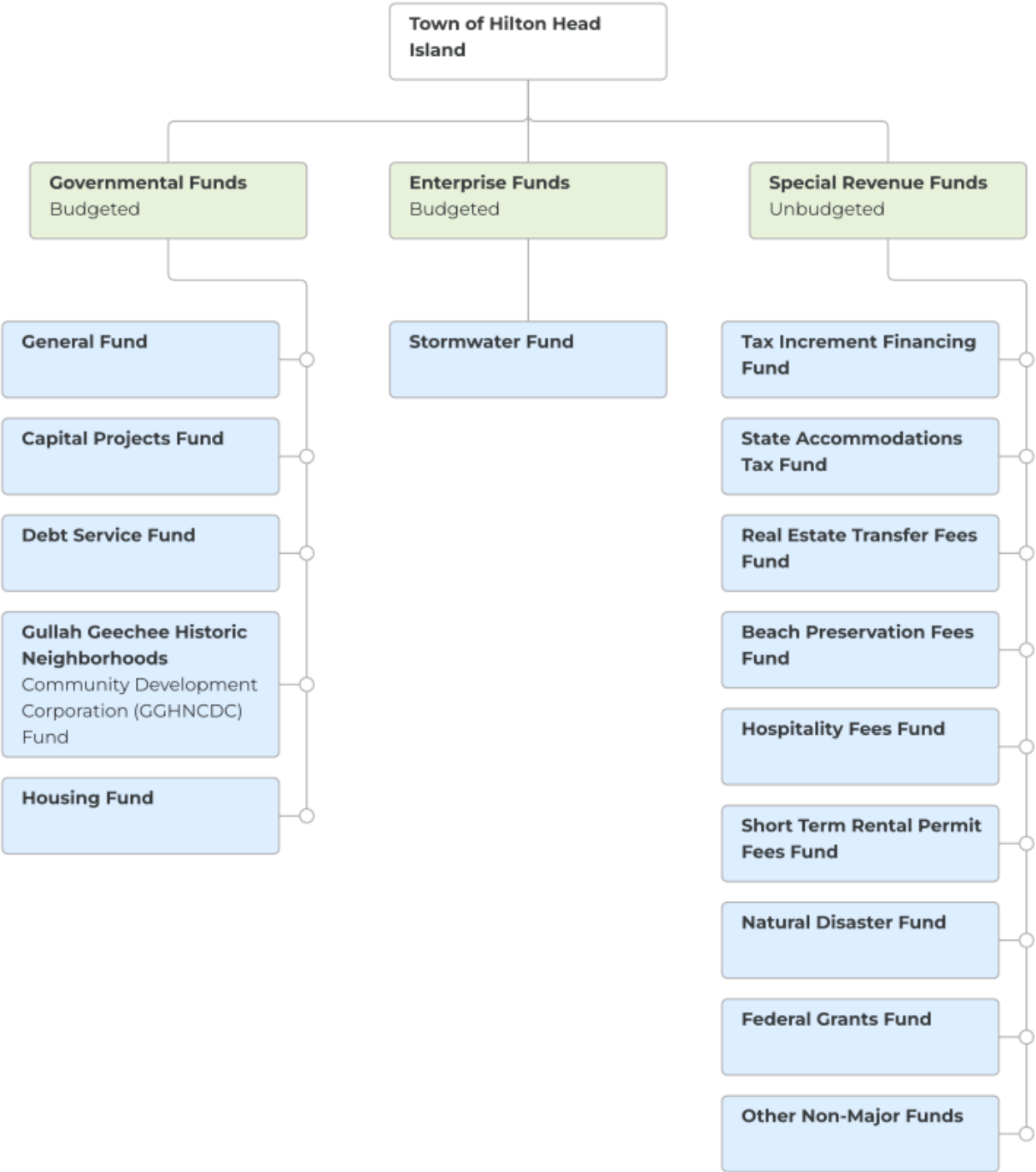
Notes on Funds:

1. The **General Fund**, a major fund, and a budgeted fund, is used to account for the daily operations and all departments within the Town except Stormwater, which is budgeted in the Stormwater Fund. Funds are reserved according to policy and used to maintain Town operations to offset the seasonality of revenues.
2. **Tax Increment Financing (TIF) District**, a major fund, and an unbudgeted fund – Funds were approved for a specific list of capital projects intended with those revenues.
3. **State Accommodations Tax (State ATAX)**, a major fund, and an unbudgeted fund – the State provides funding and an approved allocation process for specific uses of these funds by local governments.
4. **Real Estate Transfer Fees**, a major fund, and an unbudgeted fund – were specifically approved for land purchases and other special uses.
5. **Beach Preservation Fees**, a major fund, and an unbudgeted fund – were approved primarily for Beach Renourishment, and Beach related services and facilities.
6. **Hospitality Fees** a major fund, and an unbudgeted fund – were approved primarily for specific capital projects and to offset some tourist-related expenditures.
7. **Debt Service**, a major fund, and a budgeted fund – are funds that are set aside to be used for the retirement of the Town's debt.
8. **Capital Projects Funds**, a major fund, and a budgeted fund – are used to provide resources for the approved capital plan. As of 6/30/23, there was just over \$31 million in approved capital appropriations.
9. The **Natural Disasters Fund**, a major fund, and an unbudgeted fund, was created in response to Hurricane Matthew – to account for the response activities and the related reimbursements. The fund is one indicator of the Town's demonstration of readiness for the next storm and storm response.
10. The **Federal Grants Fund**, a major fund, and an unbudgeted fund, is used to account for and report the proceeds related to the American Rescue Plan Act federal funds received by the Town.
11. **Non-Major Governmental Funds** – Mainly include the electric franchise fee, an unbudgeted fund, being collected and used to bury power lines on the island, an aesthetic and functional purpose to protect power sources in a storm and aftermath; the road usage fee, an unbudgeted fund, of which collection is now paused and fund balance is being utilized for roadway related capital projects; the new GGHNCDC Fund and the Housing Fund, both of which are budgeted.

There was a temporary build-up of fund balances in FY21 through FY23. The purpose was to accumulate funds for an aggressive investment in the Island through the Capital Improvement Program (CIP). As the investments were developed and planned, funds set aside for these purposes temporarily increased. As the CIP moves forward, this temporary build-up will reverse.

The FY23 CIP had \$22 million in approved projects to carry the appropriation forward to FY24 as part of the \$40 million CIP. These projects are expected to make significant progress in FY24, and the temporary fund balances will reduce accordingly. Currently, the Town has a number of capital projects in pathway & parking enhancements, development of new parks as well as the expansion of several parks, a number of road improvements, stormwater projects and other capital projects. These projects are moving forward towards completion.

Financial Structure – Funds Structure



Financial Structure – Department / Fund Relationship

Department	General Fund	Stormwater Fund	Transfers from Special Revenue Funds					
			Beach Fee	Hospitality Tax	TIF Tax	State ATAX	Electric Franchise Fee	Short Term Rental Permit Fee
Town Council	✓							
Town Manager	✓							
Finance	✓							✓
Legal & Administration	✓							✓
Office of Cultural Affairs	✓					✓		
Communications	✓							
Technology & Innovation	✓						✓	✓
Human Resources	✓							
Community Development	✓							✓
Public Projects & Facilities	✓	✓	✓		✓	✓		✓
Fire Rescue	✓			✓		✓		✓
Public Safety Code Enforcement	✓					✓		✓
Contracted Public Safety	✓					✓		
Non-Departmental	✓			✓				



About Hilton Head Island

About Hilton Head Island¹

History

Hilton Head Island, also referred to as simply Hilton Head, is a Lowcountry resort town located on an island of the same name in Beaufort County, South Carolina, United States. It is 20 miles (32 km) northeast of Savannah, Georgia, and 95 miles (153 km) southwest of Charleston. According to the United States Census Bureau, the town has a total area of 69.2 square miles (179.1 km), of which 41.4 square miles (107.1 km) is land, and 27.8 square miles (71.9 km), or 40.17%, is water. Although the town occupies most of the land area of Hilton Head Island there is a small part near the main access road from the mainland, William Hilton Parkway, which is not incorporated into the town. The island is named after Captain William Hilton, who in 1663 identified a headland near the entrance to Port Royal Sound, which he named "Hilton's Head" after himself. The island features 12 miles (19 km) of beachfront on the Atlantic Ocean and is a popular vacation destination. In 2019, an estimated 2.61 million visitors pumped more than \$1.5 billion into the local economy. The year-round population is approximately 39,861 according to the Hilton Head Island-Bluffton Chamber of Commerce. During the peak of summer vacation season the population can swell to 150,000.

The island has a rich history that started with seasonal occupation by Native Americans thousands of years ago, and continued with European exploration and the Sea Island Cotton Trade. It became an important base of operations for the Union blockade of the Southern ports during the Civil War. Once the island fell to Union troops, hundreds of ex-slaves flocked to Hilton Head, which is still home to many "native islanders", many of whom are descendants of freed slaves known as the Gullah (or Geechee) who have managed to hold on to much of their ethnic and cultural identity.

The Town of Hilton Head Island incorporated as a municipality in 1983 and is well known for its eco-friendly development. The Town's Land Management Ordinance minimizes the impact of development and governs the style of buildings and how they are situated among existing trees. As a result, Hilton Head Island enjoys an unusual amount of tree cover relative to the amount of development. Approximately 70% of the island, including most of the tourist areas, is located inside gated communities. However, the town maintains several public beach access points.

Hilton Head Island offers an unusual number of cultural opportunities for a community its size, including Broadway-quality plays at the Arts Center of Coastal Carolina, the 120-member full chorus of the Hilton Head Choral Society, the highly-rated Hilton Head Symphony Orchestra, the largest annual outdoor, tented wine tasting event on the east coast, the Concours d' Elegance Motoring Festival, and several other annual community festivals. It also hosts the RBC Heritage a stop on the PGA Tour which is played on the Harbour Town Golf Links in The Sea Pines Resort.

¹ Wikipedia with updates

About Hilton Head Island

History

The beginning of Hilton Head as a resort started in 1956 with Charles E. Fraser developing Sea Pines Resort. Soon, other developments followed, such as Hilton Head Plantation, Palmetto Dunes Plantation, Shipyard Plantation, and Port Royal Plantation, imitating Sea Pines' architecture and landscape. Sea Pines however continued to stand out by creating a unique locality within the plantation called Harbour Town, anchored by a recognizable lighthouse. Fraser was a committed environmentalist who changed the whole configuration of the marina at Harbour Town to save an ancient live oak. It came to be known as the Liberty Oak, known to generations.

Geography

Barrier Island

Hilton Head Island is sometimes referred to as the second largest barrier island on the Eastern Seaboard after Long Island (which is not actually a barrier island but two glacial moraines). Technically, however, Hilton Head Island is only a half barrier island. The north end of the island is a sea island dating to the Pleistocene epoch, and the south end is a barrier island that appeared as recently as the Holocene epoch. Broad Creek, which is actually a land-locked tidal marsh, separates the two halves of the island.

The terrain of a barrier island is determined by a dynamic beach system with offshore bars, pounding surf, and shifting beaches; as well as grassy dunes behind the beach, maritime forests with wetlands in the interiors, and salt or tidal marshes on the lee side, facing the mainland. A typical barrier island has a headland, a beach and surf zone, and a sand spit.

Wildlife

The Hilton Head Island area is home to a vast array of wildlife, including alligators, deer, loggerhead sea turtles, manatees, hundreds of species of birds, and dolphins. Small stingrays inhabit the quieter, shallow region of ocean floor just beyond the break of the surf, typically buried beneath a thin layer of sand. Stingrays are a type of demersal, cartilaginous fish common to the South Carolina coast as well as other areas on the Atlantic shoreline. The waters around Hilton Head Island are one of the few places on earth where dolphins routinely use a technique called "strand feeding", whereby schools of fish are herded up onto mud banks, and the dolphins lie on their side while they feed before sliding back down into the water. Plankton support marine life including oysters, shrimp and other invertebrates, and bait-fish species including menhaden and mullet, which in turn support larger fish and mammal species that populate the local waterways. Popular sport fish in the Hilton Head Island area include the red drum (or spot tail bass), spotted sea trout, sheepshead, cobia, tarpon, and various shark species. The saltmarsh estuaries of Hilton Head Island are the feeding grounds, breeding grounds, and nurseries for many saltwater species of game fish, sport fish, and marine mammals. The dense plankton population gives the coastal water its murky brown-green coloration.

About Hilton Head Island

Climate

Average annual temperature	65.7 (F)
Average annual high temperature	75.7 (F)
Average annual low temperature	55.9 (F)
Average annual precipitation	52.1 inches

information obtained from: <https://www.weatherbase.com>

Demographics

	Town	South Carolina
Population Estimates, July 1, 2022	38,069	5,282,634
Age		
Persons under the age of 65	61.6%	80.9%
Persons 65 years and over	38.4%	19.1%
Racial Composition		
White alone (a)	81.6%	68.9%
Black or African American alone (a)	5.7%	26.3%
Hispanic (b)	14.1%	6.6%
Housing		
Median value of owner-occupied housing units, 2017-2021	\$520,000	\$181,800
Median gross rent, 2017-2021	\$1,380	\$970
Computer and Internet Use		
Households with a computer, 2017-2021	95.7%	91.7%
Households with a broadband internet subscription, 2017-2021	91.5%	83.2%
Education		
High school graduate or higher % of persons age 25 years+, 2017-2021	92.5%	88.8%
Bachelor's degree or higher % of persons age 25 years+, 2017-2021	52.6%	29.8%
Income		
Median household income (in 2021 dollars), 2017-2021	\$87,884	\$58,234
Per capita income in past twelve months (in 2021 dollars), 2017-2021	\$61,752	\$32,823
Geography		
Population per square mile, 2020	910.7	170.3
information obtained from: https://www.census.gov/quickfacts/fact/table/hiltonheadislandtownsouthcarolina,SC/PST045219		

Fact Note:

(a) Includes persons reporting only one race

(b) Hispanics may be of any race, so also are included in applicable race categories

About Hilton Head Island

Principal Property Taxpayers

Taxpayer	Tax Year 2021 (FY 2022)			Tax Year 2012 (FY 2013)		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Marriott Ownership Resorts, Inc.	\$ 16,887,220	1	1.65%	\$ 23,163,160	1	2.76%
Palmetto Electric Co-op, Inc.	5,898,370	2	0.58%			
Sea Pines Resort, LLC	5,082,220	3	0.50%	2,954,530	5	0.35%
Columbia Properties Hilton Head, LLC	4,880,580	4	0.48%	4,540,030	3	0.54%
Hargray Telephone Company, Inc.	4,791,570	5	0.47%			
SCG HiltonHead Property, LLC	4,335,720	6	0.42%	4,260,000	4	0.51%
Shelter Cove II, LLC	2,995,230	7	0.29%			
Shelter Cove III, LLC	2,697,310	8	0.26%			
Barnwell Family Associates, LLC	2,095,470	9	0.20%			
Palmetto Dunes Resort, LLC	2,174,630	10	0.21%			
Summit Title Agency Trustee - Southwind				5,506,480	2	0.66%
Greenwood Development				2,811,500	6	0.33%
Heritage Golf				2,256,000	7	0.27%
Hilton Head Health System LP				1,883,720	8	0.22%
Disney Vacation Dev Inc.				1,715,650	9	0.20%
Andrick Deve Corp et al				1,714,340	10	0.20%
Total	\$ 51,838,320		5.06%	\$ 50,805,410		6.05%

Principal Employers

Employer	2022		2013	
	Employees	Rank	Employees	Rank
SERG Group Restaurants	1,110	1	N/A	N/A
Sea Pines Resort	679	2	650	1
Marriott Vacation Club	549	3	491	3
Coastal Restaurants and Bars	500	4	N/A	N/A
Beaufort County School District	490	5	411	4
Hilton Head Medical Ctr and Clinics	453	6	520	2
Greenwood Communities & Resorts (Palmetto Dunes)	379	7	N/A	N/A
Publix Super Markets	313	8	263	8
Salty Dog	219	9	N/A	N/A
Omni Hilton Head Oceanfront Resort	192	10	N/A	N/A
Total	4,884		2,335	

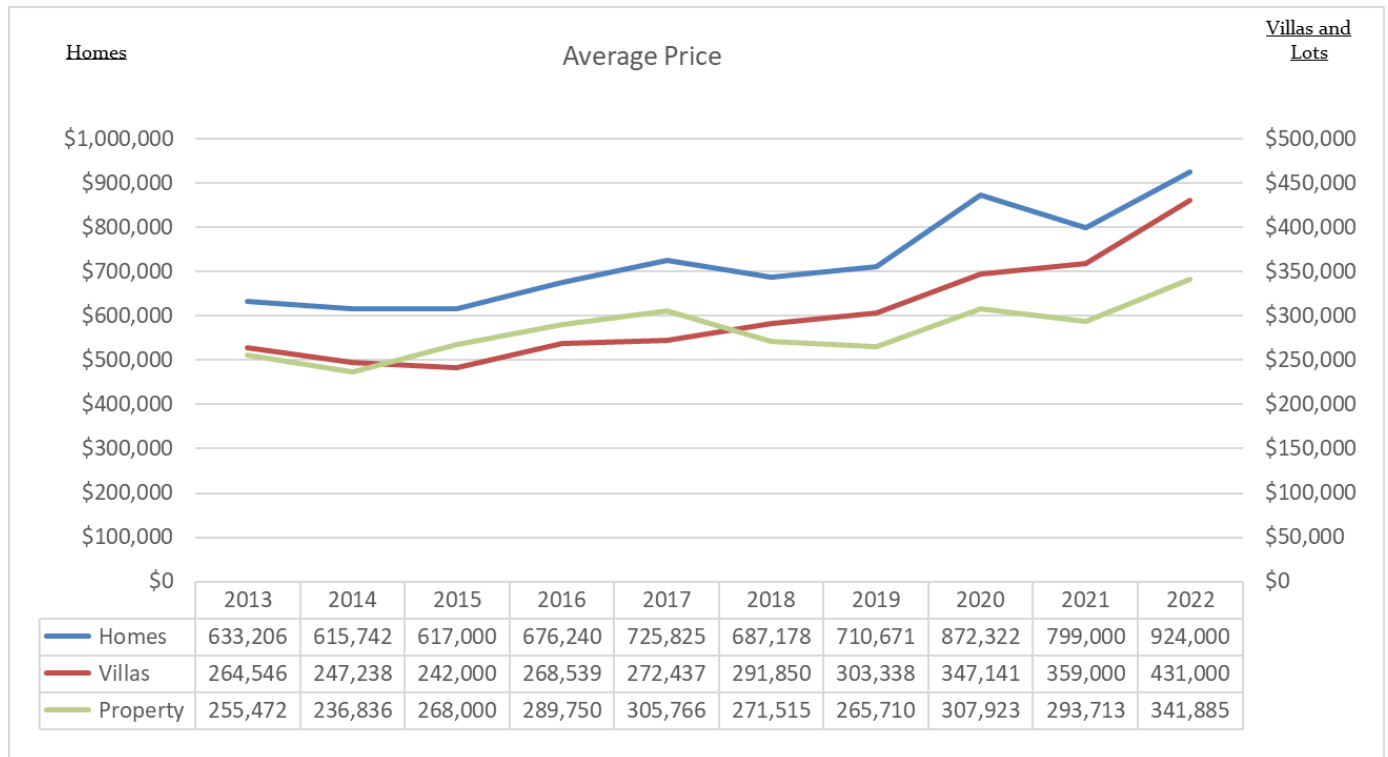
Source: Employment head counts were verified via telephone calls to the above companies.

About Hilton Head Island

Property Sold Through Real Estate Agents¹

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Homes Sold	830	882	932	830	916	1142	1095	1575	1484	1166
% change	8%	6%	6%	-11%	10%	25%	-4%	44%	-6%	-21%
Average Price	\$ 633,206	\$ 615,742	\$ 617,000	\$ 676,240	\$ 725,825	\$ 687,178	\$ 710,671	\$ 872,322	\$ 799,000	\$ 924,000
% change	0%	-3%	0%	10%	7%	-5%	3%	23%	-8%	16%
Villas Sold	885	881	938	937	1094	1120	1179	1400	1518	1139
% change	-1%	0%	6%	0%	17%	2%	5%	19%	8%	-25%
Average Price	\$ 264,546	\$ 247,238	\$ 242,000	\$ 268,539	\$ 272,437	\$ 291,850	\$ 303,338	\$ 347,141	\$ 359,100	\$ 431,000
% change	17%	-7%	-2%	11%	1%	7%	4%	14%	3%	20%
Lots Sold	185	168	146	111	127	146	145	203	280	171
% change	52%	-9%	-13%	-24%	14%	15%	-1%	40%	38%	-39%
Average Price	\$ 255,472	\$ 236,836	\$ 268,000	\$ 289,750	\$ 305,766	\$ 271,515	\$ 265,710	\$ 307,923	\$ 293,713	\$ 341,885
% change	16%	-7%	13%	8%	6%	-11%	-2%	16%	-5%	16%

Home and Villa Prices for 2021 and 2022 are the median prices as provided by the Realtors Association.



About Hilton Head Island

Property Sold Through Real Estate Agents¹



¹ Data obtained from MLS of Hilton Head Island, Inc.

About Hilton Head Island

Arts and Culture

Organizations

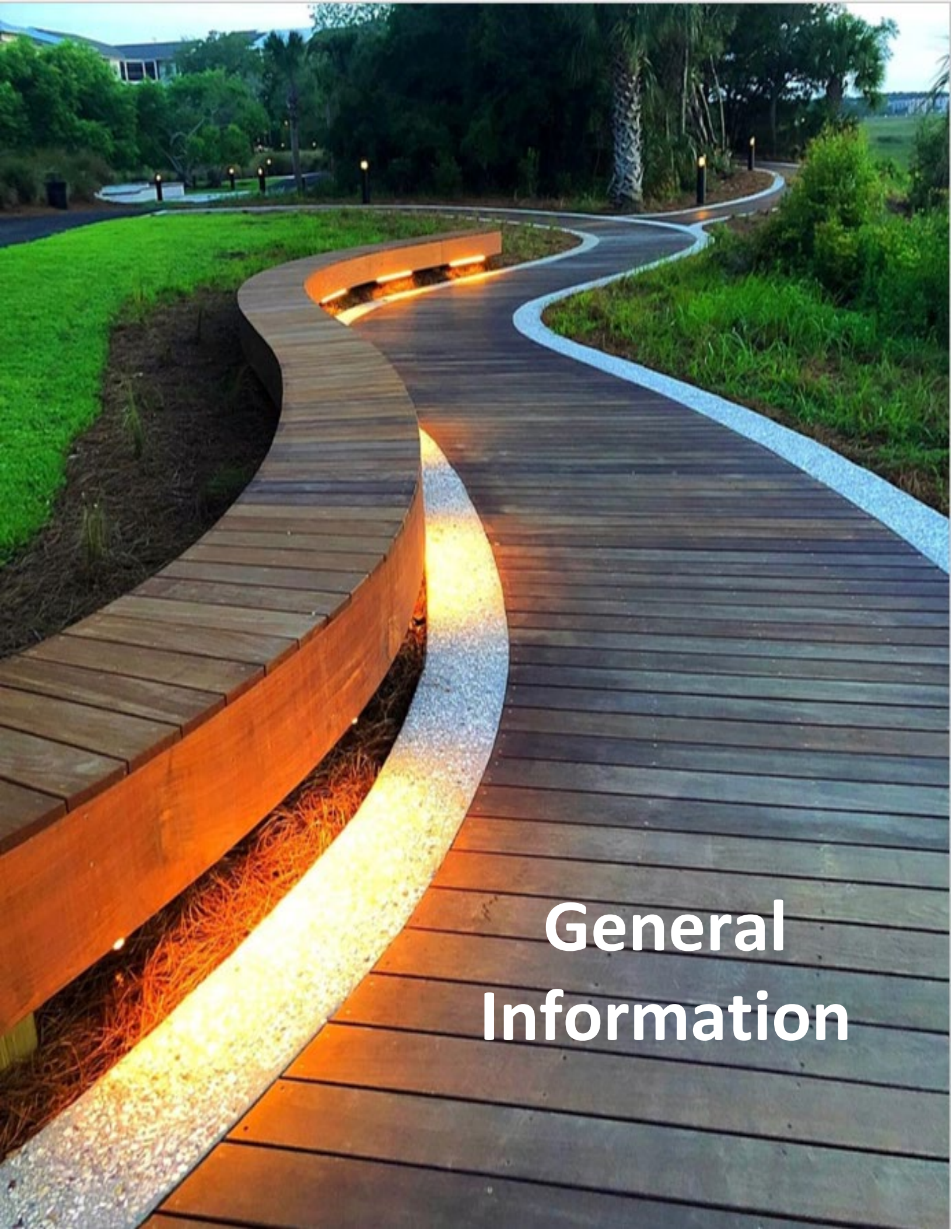
- The **Arts Center of Coastal Carolina** is a showcase for professional performing and visual arts, as well as cultural festivals and educational outreach. The Arts Center also offers community education, including Visual and Performing Arts Camps, Theater Camp, and other workshops and classes.
- The **Coastal Discovery Museum** offers a variety of programs, activities, and indoor and outdoor exhibits year-round to over 125,000 visitors. The Discovery House has permanent exhibitions about the natural history and cultural heritage of the Lowcountry. The museum offers many tours of its 68-acre property that includes salt marsh boardwalks, trails, a native butterfly habitat and various gardens.
- The **Hilton Head Choral Society** is a non-profit organization founded in 1975. The choirs of the Hilton Head Choral Society are known for their diverse musical repertoire including classical masterworks, pops concerts and lighter fare, patriotic and Americana, and gospel and musical theatre. There is also a 20-voice chamber choir and a youth choir. The 120-member full chorus presents four major programs per season: *A Fall Pops Concert*, *The Christmas Concert*, *The Musical Masterworks Concert* and a pair of Memorial Day concerts celebrating the art of American choral singing and a patriotic tribute.
- The **Hilton Head Symphony Orchestra** was started 40 years ago by a handful of musicians and classical music aficionados who dreamed of bringing "big city" culture to Hilton Head. Since then, they have transformed from a small group of classical music lovers to a highly rated symphony orchestra. A branch formed from the Hilton Head Symphony Orchestra is the Hilton Head Youth Orchestra, helping young musicians across the county with their love for music.
- The **Arts Council of Beaufort County**'s mission is to promote and foster the arts of Beaufort County, including Hilton Head Island. Its vision is to position and maintain Beaufort County as a vibrant arts community and destination through active marketing, service to current arts organizations and artists and advocacy for the arts. Programs include Quarterly Community Arts Grants, the Ever Expanding Arts Calendar, Get Your Art Out emerging artist initiative, the print publication ArtNews, and Arts of the Roundtables, which are free quarterly seminars exploring the business of art.
- The **Main Street Youth Theatre** is a non-profit community theatre dedicated to enriching the lives of the island's youth by providing a true theatrical experience. Each year, the theater performs four or five Broadway-quality shows that run about two months at a time. During the tourist season, the theater is a major tourist attraction and is also a local hot spot year round. The organization also provides acting, dance, and vocal instruction after school and during the summer.
- **Lifelong Learning of Hilton Head Island** offers the adult community of Hilton Head Island a collection of educational and fun classes covering subjects from history, arts, yoga, and current events to outer space exploration and beyond.
- **The Heritage Library of Hilton Head Island** is the repository for Hilton Head Island history and a premier ancestry research center. The Heritage Library is a non-profit member library that is open to the public for a small daily fee, and offers history programs, genealogy classes, and special programs throughout the year.

About Hilton Head Island

Arts and Culture

Annual Events

- **Gullah Celebration** – Gullah culture can be seen at the annual Hilton Head Island Gullah Celebration which is held at Shelter Cove Community Park in February. In the summer, the acclaimed Hallelujah Singers present a Gullah concert series at Hilton Head's Arts Center of Coastal Carolina.
- **WineFest** – The Annual WineFest is the largest outdoor, tented wine tasting on the East Coast, featuring over 1,500 domestic and international wines.
- **St. Patrick's Day Parade** – The annual St. Patrick's Day Parade draws over 20,000 people.
- **WingFest** – The annual event is held at Shelter Cove Community Park. The event is operated by the Island Recreation Association, and all proceeds benefit the Island Recreation Scholarship Fund.
- **HarbourFest** – Is held every Tuesday night from June to August at Shelter Cove Marina. It features arts and crafts, live entertainment, and fireworks at sunset. There is a special HarbourFest celebration on July 4.
- **RBC Heritage** – The PGA golf tournament is held every April at Harbour Town Golf Links in Sea Pines Resort.
- **Rib Burnoff and Barbecue Fest** – The annual festival is held at Honey Horn Plantation.
- **Celebrity Golf Tournament** – This event is held at the Golf Club at Indigo Run, the Robert Trent Jones course in Palmetto Dunes and Harbour Town Golf Links. The tournament has contributed over \$3 million to 18 children's charities.
- **FoodFest** – This event celebrates the talent of the local hospitality industry and provides attendees with several spectator events including: The Best Bartender Drink Making Contest, The Hospitable Waiter's Race, and The Tailgate Gourmet Challenge.
- **Chili Cookoff** – The annual Chili Cookoff is held at Honey Horn Plantation.
- **Community Festival** – The annual Community Festival at Honey Horn Plantation features a "haunted trail" in the "haunted forest" presented by the Hilton Head Rotary Club and the Interact Clubs from Hilton Head Island High School and Hilton Head Preparatory School.
- **Motoring Festival and Concours d'Elegance** – World-class automobiles take center stage each November at the annual Hilton Head Island Motoring Festival & Concours d'Elegance at the Honey Horn Plantation. The festival features some of the country's finest collector automobiles, including classic cars, two-wheeled machines, wooden boats, and beach mobiles.



General Information

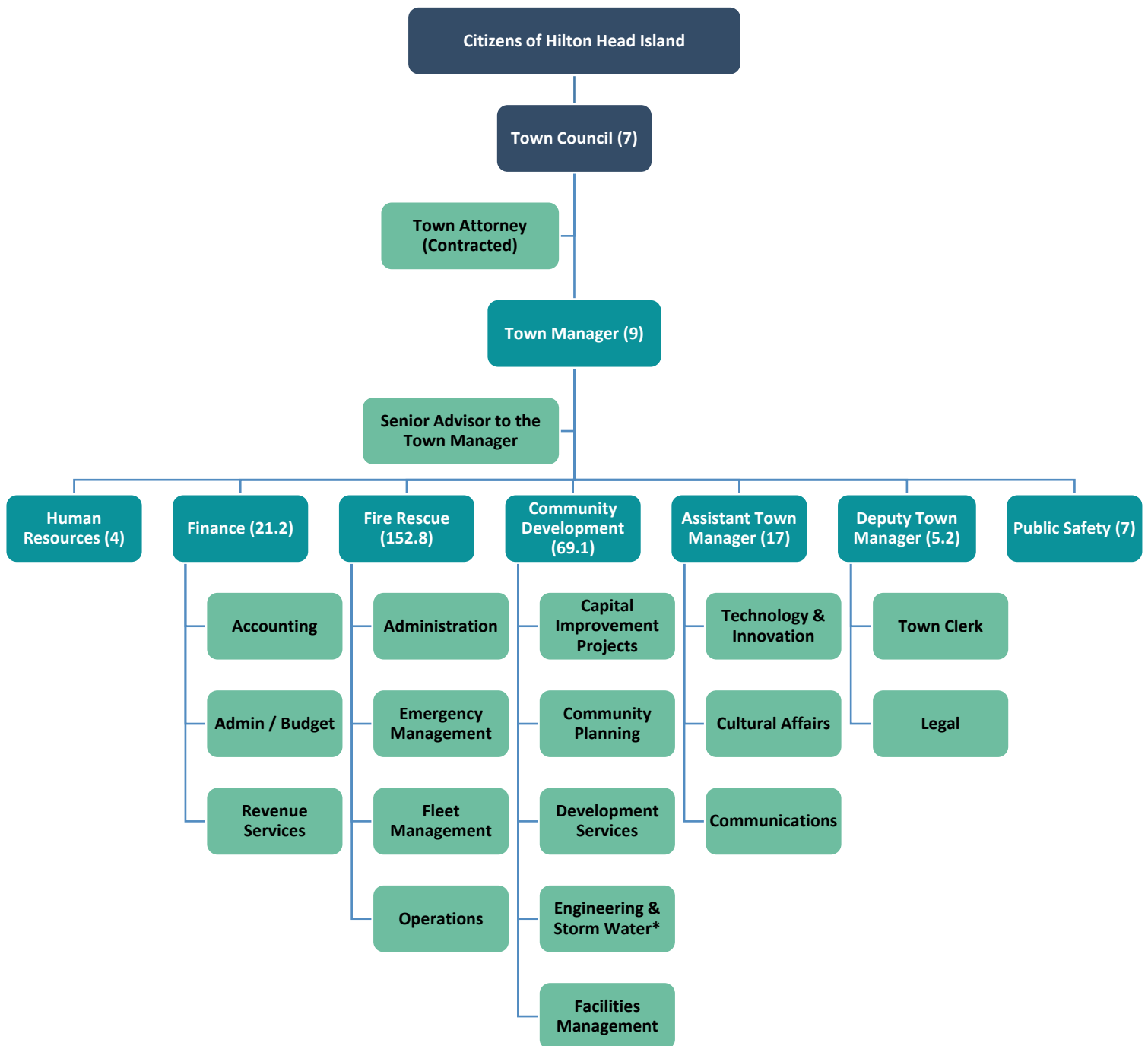
General Information

Location of Hilton Head Island



General Information

Town Organizational Structure



Notes: All the departments identified above are budgeted in the General Fund with the exception of *Stormwater (7) which is in the Stormwater fund.

1. FTEs are noted in parenthesis above. Position detail can be found in the General Fund department budget section, more detail can also be found in the Personnel Chart in the Consolidated Budget section.
2. The Town Manager and Town Attorney are under contract with Town Council

General Information

Government Structure

The Town of Hilton Head Island incorporated as a municipality in 1983 and has jurisdiction over the entire island except Mariner's Cove, Blue Heron Point, and Windmill Harbor. The Town of Hilton Head Island has a Council-Manager form of government. The Town Manager is the chief executive officer and head of the administrative branch and is responsible to the municipal council for the proper administration of all the affairs of the town. The Town Council exercises all powers not specifically delegated to the Town Manager. The Mayor has the same powers, duties, and responsibilities as a member of Town Council. In addition, the Mayor establishes the agenda for Town Council meetings, calls special meetings, executes contracts, deeds, resolutions, and proclamations not designated to the Town Manager, and represents the town at ceremonial functions.

Town functions include: General Government, Finance, Administrative Services, Community Development, Infrastructure Services (includes Stormwater), and Public Safety. All functions except Stormwater are budgeted within the General Fund; Stormwater is budgeted in the Stormwater Fund.

Budget Quick Facts

Property Tax Millage Rate*

General Fund	17.2
Debt Service	5.9
Total Millage Rate	23.1

*The adopted budget includes a millage rate of 23.1, which is the same as fiscal year 2023. During fiscal year 2024, Beaufort County will perform a property reassessment of all property within the County limits. It is expected that the property values within the Town of Hilton Head Island will increase, and in this event, once the new values are known, the Town will reduce its millage to offset the effects of the implementation of new property values from the County's reappraisal process to achieve a revenue-neutral outcome.

Bond Ratings

Moody's Investor Service	Aaa
Standard and Poor's	AA+
Fitch	AA+

Total Town Operating Budget

	FY 2024
Operating Budget	\$ 57,980,977
Town Staff (FTEs)	277.3

Financial Policies & Budget Process



Financial Policies

The financial policies of the Town are adopted/reaffirmed as part of the budget adoption process. The fiscal year 2024 budget complies with these policies.

TOWN OF HILTON HEAD ISLAND FINANCIAL POLICIES

Measurement Focus and Basis of Accounting. Policy describing what is being measured and how it is being reported in the financial statements.

Fund Balance and Reserves. Policies governing the amount of resources to be held in reserve and conditions under which reserves can be used.

Grants. Policies that deal with the administration and grants process.

Debt. Policies that govern the use of government debt, including permissible debt instruments, conditions under which debt may be used, allowable levels of debt, and compliance with continuing disclosure requirements.

Investment. Policies that provide guidance on the investment of public funds, including permissible investment instruments, standards of care for invested funds, and the role of staff and professional advisors in the investment program.

Accounting and Financial Reporting. Policies that endorse key accounting principles, and that ensure external audits are properly performed.

Risk Management and Internal Controls. Policies that address risk management and internal control.

Procurement. Policies that are essential in order to encourage efficient, effective and fair public procurement.

Municipal Check Signing. Policy addressing signature authority for all Town issued accounts payable and payroll checks.

Long-term Financial Planning. A policy that commits the organization to taking a long-term approach to financial health.

Structurally Balanced Budget. Policies that offer a distinction between satisfying the statutory definition and achieving a true structurally balanced budget.

Capital Asset. Policies that cover the lifecycle of capital assets.

Capital Improvement Program (CIP). Policies that include capital improvement planning, capital budgeting, project management, and asset maintenance

Revenues. Policy guidance through the designing of efficient and effective revenue systems that guarantee the generation of adequate public resources to meet expenditure obligations.

Financial Policies

Expenditures. Policies addressing a range of issues around how the money is expended, including personnel, outsourcing, and funding long-term liabilities.

Operating Budget. Policies that describe essential features of the budget development process and form, as well as principles that guide budgetary decision making.

TOWN OF HILTON HEAD ISLAND MEASUREMENT FOCUS AND BASIS OF ACCOUNTING POLICY

The Town uses the modified-accrual basis for budgeting for all budgeted governmental funds, the same as the basis of accounting used in the Town's audited financial statements. The proprietary fund uses the same basis for budgetary purposes but is converted to accrual basis at year-end for the Annual Comprehensive Financial Report.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Taxpayer-assessed income and gross receipts are recognized as revenue when in the hands of intermediary collecting governments (state shared revenues, sales and accommodation tax revenue). Business license revenues are recognized when measurable and available. Property tax revenues are recognized when received or available for payment of liabilities of the current period. The Town considers property taxes and other revenues as available if collected within 30 days after year-end.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting as described above for the government-wide financial statements. The operating statement does not report the issuance of debt, debt service principal payments and capital outlay.

Financial Policies

TOWN OF HILTON HEAD ISLAND FUND BALANCE AND RESERVES POLICY

The Town of Hilton Head Island hereby establishes and will maintain reservations of Fund Balance as defined herein in accordance with the Governmental Accounting and Financial Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund Balance represents the difference between assets and fund liabilities in the governmental funds balance sheet and is commonly referred to as fund equity. This Policy shall apply to the Town's General Fund and all governmental funds. This policy does not apply to the Proprietary Fund.

The fund balance policy addresses the following components: (1) clearly defined classifications that make the nature and extent of the constraints placed on the various fund balances more transparent; (2) providing a better understanding of fund balances by clarifying the definitions of governmental fund types; (3) reservations of the Town's General Fund and all governmental funds; (4) the Town's order of spending regarding restricted and unrestricted fund balance and the order of spending for committed, assigned and unassigned fund balance.

Classifications of Fund Balances

Under GASB Statement No. 54, fund balances are classified as non-spendable, restricted, committed, assigned or unassigned amounts.

1. **Non-Spendable** – Amounts that cannot be spent because they are either in a (a) non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable and property acquired for resale), or (b) legally or contractually required to be maintained intact (i.e. the principal of an endowment, etc.).
2. **Restricted** – Amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.
3. **Committed** – Amounts that are constrained to be used for a specific purpose as per action by the Town Council. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Council removes or changes the commitment by taking the same action it employed to impose the commitment. Committed amounts for the Town consist of amounts passed and approved by Town Council.
4. **Assigned** – Amounts that are intended to be used for a specific purpose but are neither restricted nor committed. The intent shall be expressed by the Town Council, or a designee authorized by the Town Council for a specific purpose in accordance with policy established by the Town Council. The Town reserves the right to assign fund balance by simple majority vote of Town Council.
5. **Unassigned** – Amounts available for any purpose (amounts that are not Non-Spendable, Restricted, Committed or Assigned) for all governmental funds. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to these purposes, it may be necessary to report a negative unassigned fund balance.

Financial Policies

Governmental Fund Type Definitions

The Town's governmental fund types as defined by GASB No. 54 are as follows:

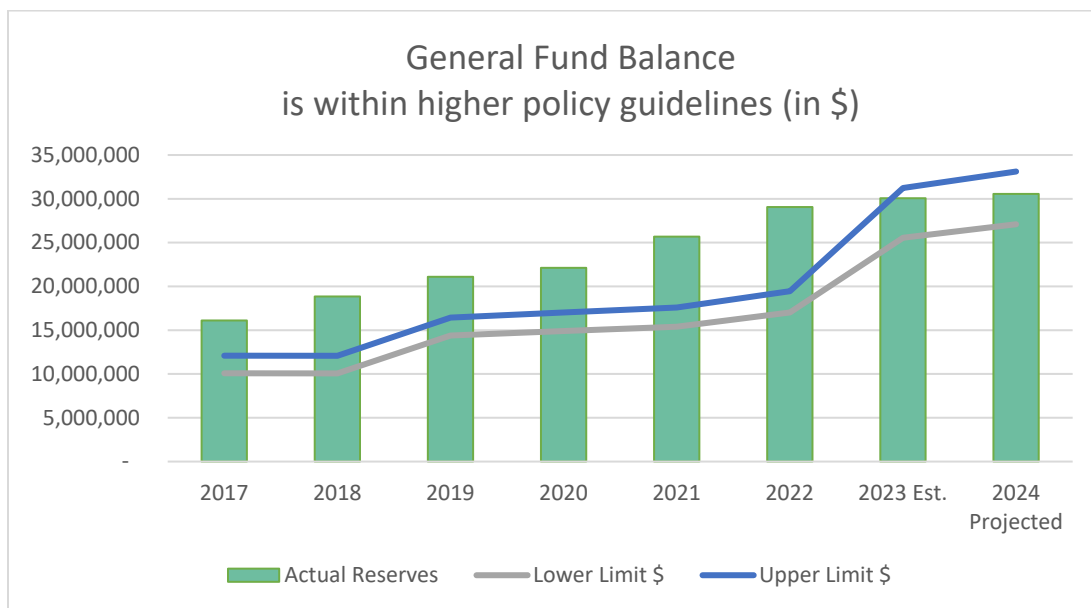
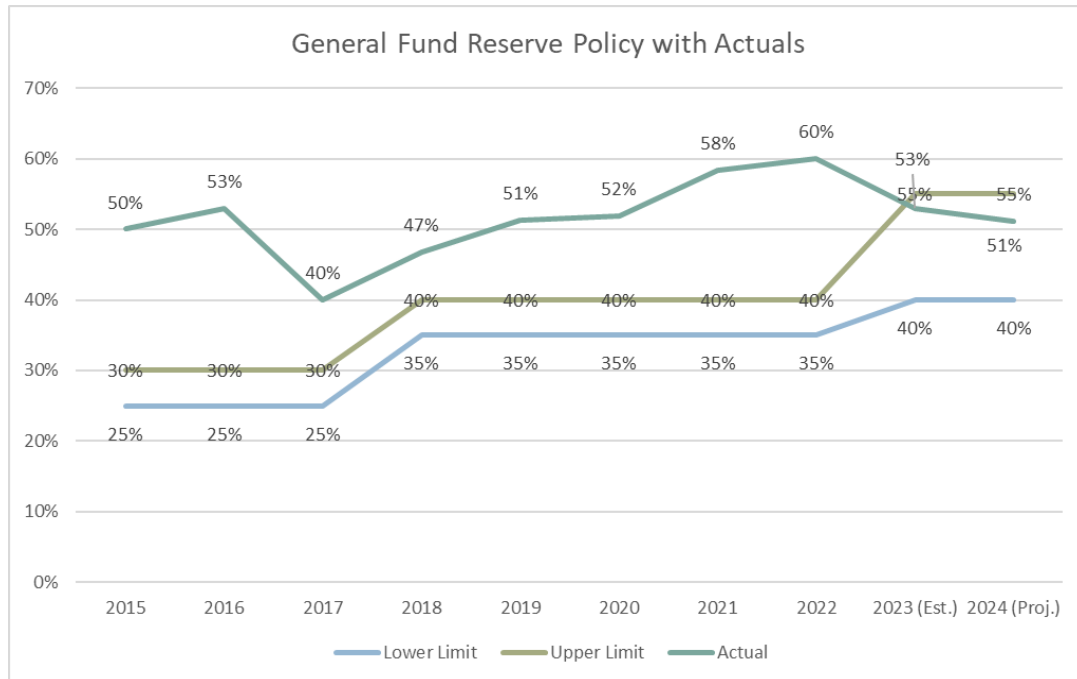
1. The **General Fund** is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.
2. The **Special Revenue Funds** account for the proceeds from dedicated revenue sources that are required by law to be segregated from the General Fund and used for specific allowable expenditures. Special Revenue funds include but are not limited to the Tax Increment Financing ("TIF") District Fund, the Beach Preservation Fee Fund, the Real Estate Transfer Fee Fund, Accommodations Tax Fund, the Hospitality Fees Fund, the Palmetto Electric Franchise Fee Fund, Operating Grants Fund, the Road Usage Fee Fund, the Firemen's Fund, and the Home Grant Fund.
3. The **Capital Projects Fund** is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction renovation of capital facilities, and other capital assets for the Town expect for those financed in the Enterprise Fund.
4. The **Debt Service Fund** is used to account for and report the accumulation of financial resources that are restricted for the payment of all long-term principal, interest, and related costs of the Town.
5. The **Natural Disasters Fund** is used to account for and report financial resources that are restricted, committed, or assigned for expenditures related to the Town's response to a natural disaster or declared emergency.
6. The **Gullah Geechee Historic Neighborhoods Community Development Corporation Fund** is used to account for and report the costs associated with the actions of the Corporation to protect the Town's historic and culturally sensitive neighborhoods.
7. The **Housing Fund** is used to account for and report the costs associated with the development, implementation, and delivery of the strategies and tactics identified within the Town's adopted Workforce Housing Framework.

Disaster Planning Reserves

To protect its assets during catastrophic events, the Town established the following reserves:

Operating Reserves – The Town will establish and maintain an operating balance based on a range of with a minimum of 40% and a maximum of 55% of the Town's adopted fiscal year budget. The operating balance may be utilized for emergency purposes in pre-disaster and post-disaster occurrences; to offset an early fiscal year tax revenue income stream deficiency; and to avoid emergency Town borrowing or use of tax anticipation notes, to cushion the effects of an economic downturn, to provide for emergency expenditures or to offset a revenue shortfall from unforeseen circumstances. The Director of Finance is authorized to transfer the amount of unassigned fund balance above the 55% maximum balance into the following funds: (1) the Debt Service Fund to maintain an account reserved for the reduction of the Town's general obligation debt. These funds may be used for early debt retirement or other debt payments; or (2) the Natural Disasters Fund to maintain an account for disaster preparation, disaster response, or disaster recovery; or (3) the Capital Projects Fund – subject to Town Council appropriations for usage from the CIP Fund.

Financial Policies



The Director of Finance is authorized to transfer the amount of unassigned fund balance above the 55% maximum balance into the following funds:

1. The Debt Service Fund to maintain an account reserved for the reduction of the Town's general obligation debt. These funds may be used for early debt retirement or other debt payments; or
2. The Natural Disasters Fund to maintain an account for disaster preparation, disaster response, or disaster recovery; or
3. The Capital Projects Fund – subject to Town Council appropriations for usage from the CPF/CIP Fund.

Financial Policies

The Town Manager may recommend use of these funds for:

1. Emergency purposes
2. Disaster preparation and response purposes
3. To set aside for debt payments or to pay down debt
4. One-time capital expenditures

These recommendations are subject to Town Council appropriation approvals.

A report shall be given each year to Town Council, at the close of the fiscal year, identifying the status of the fund balance in relation to the operating reserve policy, and any potential excess funds that could be transferred or used.

Unassigned General Fund balances are balances above the maximum level of the operating reserve policy, and not set aside for other purposes.

Restricted for Advertising

The Town shall maintain a Restricted Advertising Account for the purpose of having ready access to funds for special advertising needs in cases of, a) a near miss of a hurricane, b) for advertising in response to a declared disaster, c) for other such targeted advertising needs as determined by Council on a case-by-case basis, and d) for supplemental annual tourism advertising. The Town shall maintain a balance of \$1.0 million in this account. If the balance falls below \$1.0 million, the Town shall deposit two percent (2%) of the local hospitality tax revenues and five percent (5%) of the local accommodations tax, (ATAX), revenues collected annually into the Restricted for Advertising account.

The Town may distribute the funds in the following manner.

- A. The Town Manager may authorize advertising expenditures associated with responding to a near miss or declared disaster and are the only expenditures authorized to take the account below one million dollars.
- B. Following a vote of Town Council, funds may be distributed for other such targeted advertising needs as approved. In no case shall such a release of funds for such purposes take the account below one million dollars.

The local ATAX reserve is a component of the General fund. Beginning in Fiscal Year 2018 Restricted for Advertising monies will be held in the Natural Disasters Fund.

Debt Service Levels

General statutes limit the amount of general obligation debt that a unit of government can issue up to eight percent (8%) of the total assessed value of taxable property located within that government's boundaries. The Town may incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote in a referendum as authorized by law. In addition, Town Council has imposed an 80% cap on this amount. The remaining 20% is reserved for additional bonding associated with disaster recovery.

The Town Council has further stated the disaster recovery reserve capacity should be at least \$20.0 million.

Financial Policies

Real Estate Transfer Fee Debt Service Reserve

The Town will set aside \$1 million of real estate transfer fees into a disaster debt service reserve account in the Real Estate Transfer Fee Fund. The funds will be used to fund debt service payments during a disaster or financial crisis.

Beach Preservation Reserve

The Town will hold in an interest-bearing account a portion of the amounts on deposit in the Town of Hilton Head Island Beach Preservation Fee Account. The amount to be held in this reserve account shall be \$12 million in addition to the restricted reserve.

Funds held in the reserve account may be used for the following items.

- A. Direct expenditures to pay costs of any project or purposes identified in Section 4-9-70 as such may be amended of the Municipal Code and in Section 6-1-50 of the Code of Laws of South Carolina 1976 as amended.
- B. To pledge as security for or to use as debt service for any debt or financial obligation of the Town incurred for a purpose as identified in subsection (A) above.
- C. To advance monies needed by the Town to meet extenuating circumstances created by a storm or natural disaster, provided that the Town Council shall have a reasonable expectation that such amounts would be reimbursed, at least in part, from a local, state, or federal source.

Authorization to utilize monies from the reserves shall be by resolution duly adopted by the Town Council if circumstances allow for the convening of a meeting of Town Council. In the event circumstances do not allow for the convening of a meeting of Town Council, the Town Manager may authorize the utilization of monies from the reserves, provided that such utilization is presented to Town Council at the first practicable opportunity for ratification.

Natural Disasters Fund

Following Hurricane Matthew, the Town will endeavor to hold emergency reserves and unused debt bonding capacity in order to be able to respond to an emergency with at least as many resources as Hurricane Matthew required adjusted for inflation. This amount may be increased for higher possible damage levels and higher possible costs. This calculation will incorporate the Town's various disaster reserves with its debt capacity as its measure for financial preparedness for the next disaster. Amounts needed to accommodate for the seasonality of General Fund operations will not be counted toward these amounts – as Hurricane season corresponds with the low point of the Town's cash flow levels. The General Fund reserves are to maintain Town services and Town facilities in the event of a disaster.

Financial Policies

Disaster Response Reserve

The table below reflects the Town's current reserve funds available for disasters compared to the Hurricane Matthew benchmark.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Disaster Reserve Fund fund balance	33,977,293	36,356,182	34,373,980	34,373,980
Beach Preservation Fee Reserves	18,617,748	27,582,261	35,170,764	36,213,881
Debt Capacity reserved for Disasters	20,000,000	20,000,000	20,000,000	20,000,000
Funding Available for a Disaster	72,595,041	83,938,443	89,544,744	90,587,861
Funding Needed for a Disaster				
Hurricane Matthew Cost (goal)	52,000,000	52,000,000	52,000,000	52,000,000
Funds Available as a % of Goal				
	139.6%	161.4%	172.2%	174.2%

Prioritization of Fund Balance Use (Spending Policy)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Town to use the restricted amounts first as permitted under the law. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Town to use the committed amounts first, followed by the assigned amounts and then unassigned amounts.

Annual Review and Determination of Fund Balance Reserve Amounts

Compliance with the provisions of this policy shall be reviewed as part of the closing of the financial books at year-end (June 30) and the amounts of non-spendable, restricted, committed, and assigned fund balance will be determined. Any residual general fund balance amounts will be classified as unassigned.

Financial Policies

TOWN OF HILTON HEAD ISLAND GRANT ADMINISTRATION POLICY AND PROCEDURES

Scope

This Grants Administration Policies and Procedures Manual will apply to all federal, state, private business, and foundation grants awarded to the Town of Hilton Head Island. Federal and state grants will be managed in compliance with the Code of Federal Regulations (CFR): Title 2, Subtitle A, Chapter II, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Private business and foundation grants will be managed in compliance with the granting organization's rules and regulations.

Procedures are developed for the following six main operational categories:

- Grant Opportunities and Budgeting
- Grant Application/Offer
- Grant Award
- Grant Monitoring and Reporting
- Grant Accounting and Auditing
- Noncompliance Procedures
- Closeout

Purpose

The purpose of these policies and procedures is to assist in providing accurate, current, and complete disclosure of funded programs and financial results of federal, state, private business, and foundation grants within the existing budgetary accounting and reporting framework of the Town of Hilton Head Island.

These policies provide guidelines to ensure the following:

- 2.1 Federal, state, private business, and foundation grants are properly authorized by the Town Manager or designee.
- 2.2 Grants have been properly budgeted by the Finance Department.
- 2.3 Transactions involving federal and state grants are in accordance with the provisions of the Federal Office of Management and Budget Circulars and other federal and state laws.
- 2.4 Transactions involving private business and foundation grants are in accordance with granting organization's rules and regulations.
- 2.5 Grant transactions are properly identified by recording grant revenues and expenditures in the Town's accounting system, including program income and match, and properly reported on financial reports to maintain accounting and reporting controls.

Financial Policies

- 2.6 Grant expenditures are tracked by approved budget categories.
- 2.7 Preparation and timely submitting of financial and progress reports.
- 2.8 Financial and programmatic requirements are monitored for compliance.
- 2.9 Official accounting records required by grant agreements are maintained to the extent possible in a centralized location.
- 2.10 All documents pertaining to a grant are kept and stored for the established time periods in which records retention is required.
- 2.11 Compliancy with Federal cash management regulations.
- 2.12 Program income and indirect costs are properly administrated.
- 2.13 Grant closeout.
- 2.14 Any other pertinent grant-related financial activities.

Governing Laws and Regulations

Federal

- Single Audit Act of 1984 as Amended in 1996
- CFR – Chapter II, Subtitle 2, Chapter II, Section 200 (*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*)
- *Government Auditing Standards* issued by the Comptroller General of the United States

State

- State of South Carolina Code of Laws

Delegation Of Authority

Signatory Authority

The delegation of and signatory authority is exclusively given to the Town Manager or their designee. Under no circumstances shall a grant application be submitted or signed for by an unauthorized staff member or agent of the Town without designation being given by the Town Manager.

Administrative Authority

The official recipient of a grant is the Town of Hilton Head Island with all activity and coordination to be maintained and administrated by the Town staff. All grants awarded to the Town of Hilton Head Island must be included in combined Town reports under federal and state reporting guidelines.

Financial Policies

Roles And Responsibilities

All Monitoring, Financial, Reporting and Accounting Responsibilities

The Senior Grants Administrator is responsible for the day-to-day activities of the grant. The Senior Grants Administrator functions as the liaison between the Grantor and the Town, submitting all required reporting and reimbursable procurements, as required by the Grantor, ensuring the activities conducted under the grant adhere and comply with the grant agreement and its requirements. The Senior Grants Administrator will coordinate with the grant Project or Program Manager to ensure all project or program documents are received for submittal to the Grantor.

The Town's Senior Grants Administrator and Project or Program Manager both share the responsibility of the programmatic monitoring of all grant activities and assuring compliance with federal, state, and granting organization regulations. The interaction of each and their responsibilities are determined prior to the execution of any grant agreement.

The Senior Grants Administrator oversees, monitors, tracks the implementation of activities, maintains a monitoring schedule and the statuses involved, and performs internal controls of all grants.

The Town's Finance Department is responsible for all official financial records of the Town; and in that capacity, the Finance Department is responsible for maintaining adequate records to ensure compliance with federal and state accounting and reporting requirements.

TOWN OF HILTON HEAD ISLAND DEBT MANAGEMENT POLICY

Purpose

The purpose of this policy is to establish parameters by which debt obligations will be undertaken by the Town of Hilton Head Island, SC [the "Town"]. This policy reinforces the commitment of the Town and its officials to manage the issuance of bonds in a way that achieves the long-term capital improvement objectives while minimizing risks, avoiding conflicts of interest, and insuring transparency. This debt management policy provides a formal commitment to the public, credit rating agencies, investors, and the capital markets that the Town will use a disciplined and defined approach to financing its capital needs.

General Policies

- A.** General Obligation bonds are subject to the State Constitutional debt limit of eight percent (8%) of assessed taxable value of the locality. At no time shall the Town's indebtedness backed by the full faith and credit of the Town exceed this limit without a referendum approving the additional general obligation bonds above this limit.
- B.** The Town issues long-term debt to provide funds for the acquisition and construction of major capital facilities as well as the purchase of land.
- C.** The Town may confine long-term borrowing to capital improvements and projects that have lives of 4-50 years (in accordance with the estimated useful life definition of a capital asset).
- D.** The Town will not use long-term debt to finance current operations.

Financial Policies

- E. When the Town finances capital projects by issuing bonds, it will pay back the interest and principal on the bonds within a period not exceeding the expected life of the improvements.
- F. The Town will seek level or declining debt repayment schedules and will avoid issuing debt that provides for balloon principal payments reserved at the end of the term of the issue.
- G. The Town will not issue variable-rate debt due to the potential volatility and financial risks associated with such instruments.
- H. The Town will not use derivatives or other exotic financial structures in the management of the Town's debt portfolio.
- I. The Town will strive to maintain a minimum fund balance in the Debt Service Fund at an amount equivalent to one (1) year's debt obligation. The Debt Service Fund will receive annual funding through operating transfers from other funds, primarily the General Fund, and by interest earned on cash held in the Debt Service Fund itself.
- J. The Town will strive to maintain the highest possible credit rating from at least three nationally recognized rating agencies.

Procedure For Issuance of Debt

K. Authority

- 1.) The Town will adhere to any lawfully promulgated rules and regulations of the State of South Carolina and those promulgated under the Internal Revenue Code ("The Code").
- 2.) All debt shall be formally authorized by resolution of the Town Council.

L. Method of Issuance

It shall be the policy of the Town to sell all General Obligation and Revenue bonds through a competitive bid process. The Town's bonds will be offered in a public sale to all eligible bidders. Unless all bids are rejected, the debt will be awarded to the bidder providing the lowest true interest cost if the bid adheres to the requirements set forth in the official notice of sale.

M. Transparency

- 1.) The Town and/or its Financial Advisor will ensure compliance with the Code, and all applicable Federal and State rules and regulations. Such State compliance will include, but not be limited to, compliance with all legal requirements regarding adequate public notice of all meetings of the Town related to consideration and approval of debt.
- 2.) All costs (including interest, issuance, continuing, and one-time), the terms and conditions of each debt issue along with a debt service schedule outlining the rate of retirement for the principal amount will be disclosed to the Town Council, citizens and other interested parties in a timely manner and will be available for public review on request during normal working hours.

Financial Policies

- 3.) The Town will make this information available through the Town website, newspapers, and other customary locations for Town notices to its Town Council, citizens, and other interested parties.
- 4.) The Town will file its Annual Comprehensive Financial Report which includes debt schedules and any Continuing Disclosure documents, prepared by the Town or its Dissemination Agent with the MSRB through the Electronic Municipal Market Access system ("EMMA"). These documents will be made available to its citizens and other interested parties by posting on the Town's web page.

Debt Types

When the Town determines that the issuance on long term debt is appropriate, the following criteria will be used to evaluate the type of debt to be issued.

N. Security Structure

1.) General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the Town and shall be used to support governmental-purpose facilities and improvements. General obligation bonds are subject to the State Constitutional debt limit of eight percent (8%) of assessed taxable value of the locality. At no time shall the Town's bonded indebtedness backed by the full faith and credit of the Town exceed this limit without a referendum approving the additional general obligation bonds above such limit.

2.) Special Obligation (Revenue) Bonds

Special Obligation Bonds are considered a special obligation of the Town payable from a specified revenue source such as hospitality tax, beach preservation fees, stormwater fees, etc. The full faith, credit, and taxing powers of the Town are not pledged for the payment of the Special Obligation Bonds nor the interest thereon. The Town shall utilize special obligation bonds when practicable for all user-fee supported activities. The Town shall utilize special obligation bonds for restricted revenues including, but not limited to hospitality taxes and accommodations taxes, as permitted under state law.

3.) Tax Increment Financing Bonds

Tax Increment Financing bonds are considered a special obligation of the Town payable solely from ad valorem taxes generated by improvements to real property within the redevelopment property area. The full faith, credit, and taxing powers of the Town are not pledged for the payment of the Tax Increment Financing Bonds nor the interest thereon. The amount of debt allowed is defined in the redevelopment plan for each tax increment district as approved by the affected taxing districts. The Town shall not exceed the debt allowed in the redevelopment plan.

4.) Capital Leases

The Town may use capital leases to finance projects such as equipment, if the Finance Director, Town Manager, and Financial Advisor determine that such an instrument is economically feasible.

Financial Policies

O. Duration

Long-Term Debt

The Town may issue long-term debt when it is deemed that capital improvements cannot or should not be financed from current revenues or short-term borrowings. Long-term debt will not be used to finance current operations or normal maintenance expenses. Long-term debt will be structured such that the financial obligations do not exceed the expected useful economic life of the project(s) financed.

Refinancing Outstanding Debt

The Finance Director and Town Manager, with assistance from the Town's Financial Advisor, will have the responsibility to analyze outstanding debt for refunding opportunities. The following parameters will be considered when analyzing possible refunding opportunities:

P. Debt Service Savings

Absent other compelling considerations such as the opportunity to eliminate onerous or unduly restrictive covenants contained in existing debt documents, the Town as a general rule will require in any refunding bond issue a minimum net present value savings threshold of at least three (3) percent of the refunded debt principal amount. However, The Town may accept a lower threshold.

Q. Restructuring for Economic Purposes

The Town may also consider refunding debt when it is in its best financial interest to do so. Such a refunding will be limited to restructuring to meet unanticipated revenue shortfalls, achieve annual cost savings, mitigate irregular debt service payments, release reserve funds, etc.

R. Term of Refunding Issues

Normally, the Town will refinance debt equal to or within its existing term. However, the Town may consider maturity extension for economic purposes, when necessary to achieve desired outcomes, provided that such extension is legally permissible. The Town may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful economic life of the financed facility and the concept of inter-generational equity will guide these decisions.

S. Escrow Structuring

The Town will utilize the least costly securities available in structuring refunding escrows. In the case of open market securities, a certificate will be provided by a third-party agent, who is not the financial advisor or broker-dealer stating that the securities were procured through an arms-length, competitive bid process.

T. Arbitrage

The Town will take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding. Any positive arbitrage will be rebated as necessary according to Federal guidelines.

Financial Policies

Professional Services

The Town shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Town and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

U. Bond Counsel

The Town shall select a Bond Counsel. The Bond Counsel’s role is to prepare or review and advise the issuer regarding the tax status authorizing resolutions or ordinances, trust indentures, office statements, and other customary matters.

V. Financial Advisor

The Town may select a Financial Advisor with relevant experience in South Carolina municipal government to assist in its issuance of debt.

W. Underwriter

The Town shall solicit proposals for underwriting services for all debt issued in a negotiated or private placement sale. The solicitation process used for these services shall fully comply with Town purchasing requirements, to the extent applicable.

Conflicts

- X.** Professionals involved in a debt transaction hired or compensated by the Town shall be required to disclose to the Town existing client and business relationships between and among the professionals to the transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include sufficient information to allow the Town to understand fully the significance of the relationships.
- Y.** Professionals who become involved in the debt transaction because of a bid submitted in a publicly advertised competitive sale conducted using an industry standard, electronic bidding platform shall not be subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

Compliance

Z. Continuing Annual Disclosure

When the debt is delivered, the Town will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the publicly traded debt to provide certain financial information relating to the Town by not later than twelve months after each of the Town’s fiscal years, (the “Annual Report”) and provide notice of the occurrence of certain enumerated events. The Annual Report will be filed with the MSRB through the Electronic Municipal Market Access system (“EMMA”).

Financial Policies

AA. Arbitrage Rebate

It is the Town's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the applicable laws. Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, arbitrage calculations will be performed by qualified arbitrage professionals in strict adherence to applicable laws and regulations. These calculations will be done in accordance with required Internal Revenue Service reporting dates.

BB. Records

The Town will also maintain records required by the Code including, but not limited to, all records related to the issuance of the debt including detailed receipts and expenditures for a period up to six (6) years following the final maturity date of the Debt.

Debt Policy Review

CC. General Guidance

The guidelines outlined herein are intended to provide general direction regarding the future issuance of Debt. The Town Council maintains the right to modify this Debt Policy and make reasonable exceptions to any of its guidelines at any time to the extent that the execution of such Debt achieves the overall debt management goals of the Town, and such exceptions or changes are consistent with any rules and regulations promulgated by the State of South Carolina.

DD. Designated Official

The Finance Director and Town Manager shall be responsible for ensuring substantial compliance with this Debt Policy.

TOWN OF HILTON HEAD ISLAND INVESTMENT POLICY

Scope

This investment policy applies to all financial assets and funds placed for investment by the Town of Hilton Head Island. Except for special funds that are otherwise specifically provided for, the Town will consolidate the balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. These funds are accounted for in the Town's Annual Comprehensive Financial Report and include:

- A. General Fund
- B. Special Revenue Funds
- C. Capital Project Funds
- D. Debt Service Funds
- E. Stormwater Funds
- F. Natural Disaster Funds
- G. Trust and Agency Funds

Financial Policies

Objectives

The primary objectives, in order of priority, of all investment activities involving the financial assets of the Town of Hilton Head Island shall be the following:

- A. **Safety:** Safety and preservation of principal in the overall portfolio is the foremost investment objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
- 1.) **Credit Risk**
The Town will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
- Limiting investments to the types of securities listed in the Investment Types section of this Investment Policy.
- 2.) **Interest Rate Risk**
The Town will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.
- B. **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets or the South Carolina Investment Pool which offers next day liquidity for short-term funds.
- C. **Yield:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
- A security with declining credit may be sold early to minimize loss of principal.
 - A security swap would improve the quality, yield, or target duration in the portfolio.
 - Liquidity needs of the portfolio require that the security be sold.

Financial Policies

Delegation of Authority

Authority to manage the Town's investment program is derived from State of South Carolina Statutes and Town ordinances and is granted to the Director of Finance, through the adoption of this policy. No persons may engage in an investment transaction except as provided under the terms of this policy and procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Internal Controls

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Prudence

The standard of prudence to be used by all participants in the investment process shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Investment Providers

A. Broker/Dealers

The Town shall select broker/dealers by their ability to provide effective market access and may include "Primary Government Securities Dealers" or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). Broker/dealers selected must be members in good standing of the Financial Industry Regulatory Authority ("FINRA") and be licensed in the State. Each broker/dealer will be reviewed and approved by the Director of Finance.

The Town shall maintain an "approved broker/dealer list" and the list will be periodically approved by the Director of Finance. The Town shall not enter into transactions with a broker/dealer until approved.

Periodic review of the financial condition and registration of all selected broker/dealers will be conducted by the Town.

B. Financial Institutions

The Town shall select a primary depository bank in compliance with the Town's banking services procurement process and State law, and which offers the most favorable terms and conditions for the handling of Town funds.

Financial Policies

The Town may also establish agreements with other financial institutions under separate contract for additional services that are necessary in the administration, collection, investment, and transfer of Town funds. No deposit shall be made except in a qualified public depository as established by State law.

Investment Types

- A. In accordance with South Carolina Statute SC Code Ann. SECTION 6-5-10, Authorized investments by political subdivisions include:
- 1.) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
 - 2.) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
 - 3.) i. General obligations of the State of South Carolina or any of its political units; or ii. Revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
 - 4.) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
 - 5.) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
 - 6.) Repurchase agreements when collateralized by securities as set forth in this section.
 - 7.) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Financial Policies

- B. The provisions of this chapter shall not impair the power of a municipality, county, school district or other local governmental unit or political subdivision or county treasurer to hold funds in deposit accounts with banking institutions as otherwise authorized bylaw.
- C. Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.
- D. Unrated investments (overnight funds) are invested in a money market “account” vs. a true “fund.” That is, the funds are held by Bank in an interest-bearing depository account. As such, they are collateralized per Section 6-5-15 of the SC Code which outlines securing bank deposits.

Collateralization and Insurance

All deposits and investments at a bank, trust company, or savings and loan association (hereinafter, collectively referred to as “depository”), including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively referred to as “deposits”) that are in excess of the amount of insured under the provisions of the Federal Deposit Insurance Corporation (FDIC), including pursuant to a Deposit Placement Program in accordance with South Carolina State Statue 6-5-15, which dictates the securing and collateralization of public funds.

Diversification

It is the policy of the Town of Hilton Head Island to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss and balance the effect of interest rate changes affecting different types of securities. Investments will be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer or business sector;
- Limiting investments in securities with higher credit risks;
- Investing in securities with varying maturities; and
- Continuously investing a portion of the portfolio in readily available funds such as the Local Government Investment Pool, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

Maximum Maturities

To the extent possible, the Town of Hilton Head Island will attempt to match its investments with anticipated cash flow requirements. The Town will not directly invest in securities maturing more than five (5) years from the date of purchase.

Performance Standards

The Town’s investment portfolio will be designed to obtain a market average rate of return during a market/economic environment of stable interest rates and consider the Town’s investment risk constraints and cash flow needs. Given the passive nature of the Town’s investment strategy, the basis used to determine whether market yields are being achieved shall be the average Federal Funds rate.

Reporting

The Director of Finance or designee shall submit a quarterly investment report to the Finance Committee. The report shall include for each individual investment:

- Description of investment instrument
- Issuer name

Financial Policies

- Maturity date
- Purchase price
- Current market value
- Maturity amount

Investment Policy Considerations

The investment policy will be reviewed annually by the Finance & Administrative Committee. Changes in the investment policy must be approved by the Finance & Administration Committee and Town Council.

TOWN OF HILTON HEAD ISLAND ACCOUNTING AND FINANCIAL REPORTING POLICY

The Town will establish and maintain a high standard of accounting practices.

The accounting system will maintain records on a basis consistent with accepted standards for local government accounting. Governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the period when they become measurable and available. Expenditures are recognized when the liability is incurred, except principal and interest on general long-term debt which is recognized when due or when funds have been made available for payment.

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

The Town will comply with prevailing federal, state, and local statutes and regulations. The Town will also conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).

In accordance with South Carolina Code Ann., Section 5-7-40, an annual independent external audit by a certified public accountant, is required of the books of account and financial records of the Town.

In general, it will be the policy of the Town to:

- A. Prepare and present monthly financial reports outlining the status of revenues and expenditures. The financial reports will be distributed to the Town Council, Town Manager and posted to the Town's website for public inspection.
- B. Issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing and Financial Reports (GAAFR) publication.
- C. Annually seek to obtain the Government Finance Officers Association (GFOA) Certificate of Achievement in Excellence for Financial Reporting for the Town's Annual Comprehensive Financial Report (ACFR).

Financial Policies

TOWN OF HILTON HEAD ISLAND RISK MANAGEMENT AND INTERNAL CONTROLS POLICY

In developing and maintaining the Town's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

TOWN OF HILTON HEAD ISLAND PROCUREMENT POLICY

Purpose

To establish detailed Standard Operating Procedures ("SOP") for the procurement of goods and services by all Town Departments ("Departments"). These SOPs are intended to serve as the guide for proper methods, procedures and processes for acquiring goods or services for the Town. No such document can ever be all encompassing, therefore any questions or concerns that may arise during the procurement process should be directed to the Procurement Officer for resolution.

Background

Contracting/Procurement requirements are established in Title 11 of the Town's Municipal Code. The procurement process starts with the Town's Procurement Officer to whom the Town Manager has delegated procurement authority, as allowed per Title 11, Chapter 1, Article 2 of the Town's Municipal Code. This delegation includes all duties with the exception of the contracts for Town Manager and Town Attorney. All other contracts and agreements must be reviewed and approved by the Procurement Officer who will then forward to the appropriate senior staff members for additional review and approval. The Deputy Town Manager will sign most contracts with the exception of contracts for capital improvement projects, which will be signed by the Assistant Town Manager - Community Development. Signature authority has been delegated to these positions by the Town Manager for contracts having a total value of up to \$100,000. Contracts over that amount must be signed by the Town Manager.

The Town utilizes a virtual centralized procurement model in which there is a centralized procurement/contracting process overseen and administered by the Procurement Officer, with decentralized initiation and participation by user Departments. Each Department is responsible for the acquisition of goods or services for which a line item has been established in their budget. The Director of Public Projects and Facilities is responsible for all Capital Improvement Projects and the acquisition of goods or services that support these projects.

The procurement process requirements are determined primarily by the dollar amount of the procurement, regardless of the instrument (purchase card, purchase order or written contract) used for the procurement.

Financial Policies

The Town has three definitive methods/tools for procuring goods or services with a value of \$25,000 or less (“Small Purchases”). These methods are the standard purchase order, the purchase card (P-Card), or when appropriate, the standard town contract (typically when contracting for services). A Purchase Order is also a simple contract. Most Small Purchases can be acquired using a P-Card. However, if a vendor will not accept a P-Card, then a purchase order should be used. Almost all services that fall within the Small Purchases threshold will utilize the Town’s standard contract to acquire the services. Such services shall include any services that will be foreseeably utilized on a recurring basis over a period of time, regardless of total dollar value. If a Department is unclear on which option to choose, it should consult with the Procurement Officer. The detailed procedures and guidelines for Small Purchases are outlined in Exhibit 1.

For acquisition of goods and services with a value in excess of \$25,000, the Town Code requires a formal solicitation. These SOPs establish the procedures and the processes to be used for all formal solicitations. There are several formal solicitation methods that may be used. In all cases the formal solicitation process begins with and is overseen by the Procurement Officer.

EXHIBIT 1 SMALL PURCHASE PROCEDURES

RULES AND REGULATIONS FOR MAKING PURCHASES UP TO \$25,000

Under Section 11-1-315 of the Procurement Code of the Town of Hilton Head Island, the Town Manager may establish procedures for handling purchases of goods and services up to \$25,000. Therefore, the following rules shall apply to all purchases up to \$25,000, unless otherwise exempted by Title 11 of the Municipal Code.

1. Purchases of goods and services up to \$7,500, require either: (i) the completion and approval of a purchase order, (ii) a purchase card transaction (if within P-Card dollar limitations), or (iii) an executed contract, prior to purchase. Employees are encouraged to check competitive prices to obtain the lowest price, but may proceed with the purchase if confident the pricing quoted from one vendor is fair and reasonable. No purchase may be artificially subdivided to constitute a small purchase.
2. Purchases of goods and services from \$7,500.01 to \$25,000.00, require either: (i) the completion and approval of a purchase order, (ii) a purchase card transaction (if within P-Card dollar limitations), or (iii) an executed contract, prior to purchase. Employees are required to obtain a minimum of three written bids/quotes. The designated Department representative must also document in writing either of the following occurrences: (a) any deviation from selecting the lowest price, or (b) purchases where there are less than three sources available for price comparison purposes. **Documentation of the competitive quotes solicited, along with any other written documentation required shall be filed as part of the official procurement record, which means either: (a) uploaded to the P-Card transaction in Works, (b) uploaded the purchase order record in Munis, or (c) filed with the contract package.** The designated Department representative must approve purchase orders prior to the actual purchase of goods and services. All purchases made with a P-Card must be in compliance with the Town’s Purchasing Card Policy.

Financial Policies

TOWN OF HILTON HEAD ISLAND MUNICIPAL CHECK SIGNING POLICY

For all municipal checks relating to the purchase of goods, supplies, and services which are less than Ten Thousand Dollars (\$10,000.00), the check must be signed by the Director of Finance.

For all municipal checks relating to the purchase of goods, supplies, and services which exceed Ten Thousand Dollars (\$10,000.00) and are less than One Hundred Thousand Dollars (\$100,000.00) two signatures are required. The check must be signed by the Director of Finance and must be countersigned by the Deputy Town Manager, Assistant Town Manager-Community Development, or Assistant Town Manager.

For all municipal checks relating to the purchase of goods, supplies, and services which exceed One Hundred Thousand Dollars (\$100,000.00), the check must be signed by the Director of Finance, and must be countersigned by the Town Manager, Mayor, or Mayor Pro-Tem.

For all municipal checks relating to payroll, the check must be signed by the Director of Finance.

All Town employees must be paid by direct deposit. Only exceptions are the first payroll check after date of hire or when changing bank accounts.

These procedures are in addition to the procurement regulations in the Municipal Code of the Town of Hilton Head Island and are subject to an appropriate fidelity bond being in place.

TOWN OF HILTON HEAD ISLAND LONG TERM FINANCIAL PLANNING POLICY

The purpose of a long-term financial plan is to express in financial terms the activities that the Town Council proposes to undertake over the medium to longer term to achieve its stated objectives. It is similar to, but less detailed than the Annual Budget and helps guide Town Council's future actions depending on the longer-term revenue and expenditure proposals.

Long-term financial plans are particularly important for entities with a high level of long-lived assets and significant asset management responsibilities relative to their income base. Such entities may have long periods with modest levels of asset renewal requirements and then other periods when very significant outlays are necessary. They need to be generating revenue in an equitable manner over time and ensure that they have capacity to finance peaks in asset management and other outlays when, and including by way of borrowings where, necessary.

The preparation of a long-term financial plan generates improved information to guide Town Council's decisions about the mix and timings of outlays on operating activities and additional assets and the funding implications of these. Without a soundly based long-term financial plan, the Council with its significant asset management responsibilities is unlikely to have sufficient data to determine sustainable service levels with affordable asset strategies, appropriate revenue targets and treasury management.

The long-term financial plan forecast shall be at a minimum of four years and potentially more if needed.

Financial Policies

TOWN OF HILTON HEAD ISLAND STRUCTURALLY BALANCED BUDGET POLICY

Policy

It is the policy of the Town to maintain a structurally balanced budget to assure the Town's ability to sustain agreed upon service levels. The Town's structurally balanced budget policy is the Town's official source for developing sustainable service delivery on an annual basis.

Authority

Under the authority granted by the Town Charter, the Town Council is authorized to direct the financial affairs of the Town. It is the Town council's intent to use this authority responsibly in order to fulfill the service objectives of the Town. Management's responsibility for the structurally balanced budget policy is delegated to the Director of Finance.

Scope

The structurally balanced budget policy is inclusive of all governmental activity of the Town and incorporates recommended best practices of the Government Finance Officers Association (GFOA).

Definitions

Non-recurring expense - A charge or expense that is unlikely to occur again in the normal course of business.

Non-recurring revenue - A revenue gain or increase of an infrequent or unique nature that is unlikely to occur again in the normal course of business.

Recurring expense - A cost that is highly likely to occur annually such as salaries, benefits, materials, services, and asset maintenance costs.

Recurring revenue - The portion of a government's revenues that can reasonably be expected to continue year-to-year, with some degree of predictability.

Reserves - The portion of fund balance set aside as a hedge against the risks of underperforming revenue streams.

Structurally balanced budget - A budget that supports financial sustainability for multiple years into the future.

Year-end surplus - Funds not expended within the fiscal year to fund services that are recurring or non-recurring.

Guidelines for structurally balanced budget

The Town shall annually adopt a balanced budget, which requires revenue to be equal to or exceed expenses.

Increases in expenses, decreases in revenue, or a combination of the two shall be used to balance the budget.

Non-recurring revenues shall be used to fund non-recurring expenses under normal circumstances.

Any year-end operating surpluses shall revert to the unappropriated fund balance to assist in reaching the required reserve levels as set by the fund balance and reserve policy. Any surplus above the required levels may be used to support one-time expenses only.

The Town shall assure decision makers and stakeholders have information during all phases of the budget process, including but not limited to, the current financial condition of the Town, the impact of the proposed or actual budget, and the outlook and trends.

Financial Policies

The Town shall adjust its policies, plans, programs, and management strategies during a current budget period, as appropriate, to stay within funds available. In addition, the Town shall use its long-term financial planning and budget processes to develop a strategy that provides details for using and replenishing fund balance to levels outlined in the fund balance and reserve policy.

The Town shall identify major revenue sources it considers unpredictable and define how those revenues may be used.

The Town shall develop a policy to guide the financial actions it shall take in the event of emergencies, natural disasters, downturns in the economy, or other unexpected events. The policy shall include methods of regaining a structural balance if draws on reserves are required.

TOWN OF HILTON HEAD ISLAND CAPITAL ASSET POLICY

Purpose

The purpose of this policy is: (1) to describe the policies and procedures utilized in the Town's capital asset management system; (2) put in place guidelines for accounting for and depreciating the Town's capital assets.

The primary goals of this policy are:

- To ensure that the Town's capital assets are accounted for in conformance with generally accepted accounting principles; and
- To establish a consistent and cost-effective method for accounting of the Town's capital assets.

This capital asset policy is in accordance with generally accepted accounting principles and closely conforms to capital asset accounting practices as recommended by the Government Finance Officers Association. The Government Finance Officers Association (GFOA) recommends that every state and local government consider the following applicable guidelines in establishing capitalization thresholds for capital assets:

- Capital assets should be capitalized only if they have an estimated useful life of at least two years following the date of acquisition.
- Capitalization thresholds should be applied to individual assets rather than to groups of similar items (e.g., desks, tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets.
- As a general rule, capitalization thresholds should be designed to encompass approximately 80% of a government's total non-infrastructure assets.
- In no case should a government establish a capitalization threshold of less than \$5,000 for any individual item.
- Governments should exercise control over their non-capitalized capital assets by establishing and maintaining adequate internal control procedures at the department level.

Authority

The Town of Hilton Head Island Town Council.

Financial Policies

Application

This policy applies to all Town Department heads.

Responsibility

The Town Manager and Director of Finance shall be responsible for implementation of this policy.

Definitions

See attachment entitled "Glossary of Terms".

Policy

1. Threshold

Effective July 1, 2022, the Town will capitalize individual assets other than infrastructure and software acquisition that cost \$5,000 or more and have an estimated useful life of at least two (2) years. The capitalization threshold for infrastructure shall be \$100,000 and for software acquisition the threshold shall be \$50,000.

2. Valuation

In accordance with generally accepted accounting principles, the Town will value its capital assets at historical cost. Historical cost includes the cost or estimated cost at the time of acquisition, freight charges, installation and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs. If a capital asset is donated to the Town, the asset will be valued based on the fair market value at the time the asset is donated.

3. Capital Assets Inventory Report

As part of the financial audit, the Finance Department shall submit a capital asset report to the Town's external auditor on an annual basis. This report will include the following information:

- i. Type of asset (i.e. land, building, infrastructure)
- ii. Date of acquisition
- iii. Acquisition cost
- iv. Estimated useful life
- v. Annual depreciation
- vi. Accumulated depreciation

4. Depreciation

The Town will use the Straight-Line Method to depreciate capital assets.

a. Estimated Useful Lives

The following ranges are guidelines in setting estimated useful lives for depreciating assets.

Building	25-30 Years
Infrastructure	25 Years
Vehicles	8-15 Years
Furniture, fixtures, and equipment	5-20 Years
Roads	25-30 Years
Waterway	30 Years
Dams	30-50 Years
Software	10 Years

Financial Policies

b. Inventory

For internal control purposes, the Town may maintain an inventory listing of certain assets (controlled equipment) that do not meet the above reference capitalization amounts. Controlled equipment includes items that should be specifically accounted for and inventoried periodically due to the high re-sale value of the equipment and potential risk of theft. Controlled equipment may include items such as computers, construction equipment, and other office equipment.

Each Department Head is responsible for all controlled equipment within their areas of responsibility.

c. Disposal and Transfer of Town's Assets

Disposition of Town assets will be performed in accordance with applicable Town policies and procedures.

TOWN OF HILTON HEAD ISLAND CAPITAL ASSET POLICY GLOSSARY OF TERMS

Capital Assets: Capital assets include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, intangible assets (such as computer software), and works of art and historical treasures.

Capitalization: Capitalization of an asset occurs when the cost of the asset meets the “threshold” and the “estimated useful life” set in the organizational guidelines. Under capitalization, the cost of an item is initially recorded as an asset rather than an expense.

Depreciation: Depreciation is the process of allocating the cost of property over a period of time, rather than recognizing the cost as an expense in the year of acquisition. Generally, at the end of an asset's life, the sum of the amounts charged for depreciation in each accounting period (accumulated depreciation) will equal the original cost less salvage value.

Donated Capital Asset: Donated assets are those assets contributed to the Town. The donated assets are treated like a capital asset (using the fair market value).

Estimated Useful Life: Estimated useful life means the estimated number of months or years that an asset will be able to be used for the purpose for which it was purchased. In determining useful life, consideration is given to the asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service demands.

Fair Market Value: The amount that would be paid if the item were sold currently in a transaction between a willing buyer and a willing seller.

Historical Cost: The historical cost of a capital asset includes the cost or estimated cost at the time of acquisition, freight charges, installation and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs.

Financial Policies

Infrastructure Assets: Infrastructure assets are long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets (non- infrastructure assets). Infrastructure assets are normally stationary in nature and are of value only to the government entity. Examples include the Town drain system.

Straight-Line Method: The straight-line method is the simplest and most commonly used for calculating depreciation. It can be used for any depreciable property. Under the straight- line method, the basis of the asset is written off evenly over the useful life of the asset. The same amount of depreciation is taken each year. In general, the amount of annual depreciation is determined by dividing an asset's depreciable cost by its estimated life.

Threshold: The threshold is the dollar amount that an asset must equal or exceed if that asset is to be capitalized. Otherwise, the item would be considered as an expense at the time of acquisition.

TOWN OF HILTON HEAD ISLAND CAPITAL IMPROVEMENT PROGRAM (CIP) POLICY

The Town is required by State law to develop a ten-year Capital Improvements Program (CIP) and update it annually. The CIP is the initial source for developing the capital improvement funding for the upcoming year. There are multiple funding sources (each a separate fund within the accounting system) for the CIP. This document reflects the projects to be undertaken by funding source.

State law recognizes millage as either operating or debt. The Town chooses to establish a separate millage for the General Fund and CIP; however for State millage purposes, both are combined into the operating millage.

Once a project is approved and funds appropriated, the project will need Town Council approval to roll-over funds from year to year. During the annual budget process Town Council will be asked to approve any new projects or adjustments to the already approved projects and appropriate into the CIP. Town staff will recommend funding sources for any new projects. Excess appropriated funds shall be used to fund future capital projects, over budget projects, or to refund financial instruments.

The Town coordinates the development of the CIP budget with development of the General Fund budget. Future operating costs associated with capital improvements will be projected and reported in the General Fund budget.

Projects that will exceed budget must have a revised budget and request for additional funding submitted to Finance at the earliest possible time. Additional funding identified through savings on other capital projects or other means is adopted in accordance with the budget transfer policy.

Financial Policies

TOWN OF HILTON HEAD ISLAND REVENUES POLICY

The Town estimates its annual revenues by objective and analytical processes to include trend analysis and economic factors. General Fund revenue forecasts for the next three years shall be conservative and will be reviewed and updated annually.

The Town shall maintain a diversified and stable revenue system to the extent provided by law to insulate it from short run fluctuations in any one revenue source.

The Town will avoid dependence on temporary revenues to fund day-to-day municipal services. One-time revenues will generally be used for one-time expenditures/expenses.

All potential grants will be carefully examined for matching requirements (both dollar and level-of-effort matches).

Current revenues will be sufficient to support current expenditures/expenses (balanced budget) unless Council approves limited uses of unused or excess prior year funds.

TOWN OF HILTON HEAD ISLAND EXPENDITURES POLICY

All current operating expenditures/expenses will be paid for with current operating revenues. Budgetary procedures that fund current expenditures/expenses at the expense of future needs, such as postponing expenditures/expenses, accruing future revenues or rolling over short-term debt, will be avoided.

All assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs.

The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital infrastructure and equipment.

All equipment needs and replacements for the next five years will be projected, and the projection will be reviewed and updated each year.

Future operating costs and maintenance will be determined to the extent estimable prior to construction of all new capital facilities.

Before any actions are taken or agreements are entered into that create fixed costs, the current and future years cost implications (both operating and capital) will be fully determined.

Where practical, performance measures and productivity indicators will be integrated into the budget.

Financial Policies

TOWN OF HILTON HEAD ISLAND OPERATING BUDGET POLICY

Budget Process Overview

The budget is a tool with which the Town can allocate its financial, human and capital resources in an effective and efficient manner to meet residents' needs. The process incorporates the development, implementation and evaluation of a plan for the provision of services and capital assets. Through the budget process, the Town makes decisions on the allocation of human and financial resources to achieve long and short-term goals and objectives as set forth by the Town Council. These resource decisions address desired quality of service, staffing levels, technology needs, equipment and capital improvements, and programs considered to be priorities by the Town Council. The Town of Hilton Head Island's fiscal year starts on July 1 and runs through June 30. To make these decisions, the Town uses the budget model described below.

Policy and Strategy Phase

The Council's goals and directives set the tone for the development of the budget. At an annual workshop, the Council identifies priorities, issues and projects that will provide the direction and framework of the budget. These key policy issues are presented at the "budget kickoff" meeting as are budgeting guidelines for the operating and capital budgets, timelines and an overview of fiscal constraints and resources available for allocation. Within this general framework, departments identify and formulate the more specific budgetary issues.

Assessment Phase

As part of the budget process, departments evaluate performance towards meeting current and past goals and objectives and assess current conditions, programs and needs. Various financial analyses, as well as productivity and staffing analyses, are performed. Programs and services are also reviewed thoroughly to assess their value and priority to the residents of the Town. These internal analyses are necessary to determine service needs and delivery improvements, cost savings opportunities and required staffing levels. Additionally, departments identify possible trade-offs in an attempt to provide the "best fit" for resources between service and workload estimates. Departments also establish departmental goals, objectives and performance measures corresponding to the goals, objectives and specific actions established by Town Council.

Format of Department/Division Budgets

1. The department/division budget is separated into the following components:

Mission Statement

The statement must identify the particular purpose for the department and how it relates to the Town's overall mission.

Core Services

A listing of the fundamental services that the department is designed to provide.

Current Fiscal Year Accomplishments

A broad statement of what was accomplished in the current fiscal year.

Goals

A broad statement of intended accomplishments or a description of a general condition deemed desirable.

Financial Policies

Objectives

An objective is a task to be undertaken to attain a goal. The objectives focus on particular program accomplishments that will be attained within the current year.

Performance Measures (not all departments report this information)

Specific quantitative and qualitative measures of work performed as an objective of the department.

Department Expenditures by Division and Category

The budget for a department is summarized by division, if applicable, and by category of expenditure. Categories of expenditures are as follows:

Personnel – salaries, overtime, other pay including holiday pay and temporary wages, FICA, retirement contributions, and health and other benefits;

Operating – contract and professional services, consulting; printing and publishing; uniforms and protective gear; travel, meetings and conferences; office and operating supplies; repairs and maintenance; capital outlay for equipment and furniture costing less than \$5,000 and software purchases costing less than \$50,000;

Capital outlay – equipment and furniture costing \$5,000 or more, and software purchases costing \$50,000 or more.

2. The **Townwide – Non-departmental** budget is used for centralized expenditures and purchases not assigned to a department or division. The Town distinguishes the expenditures in the budget in the following categories.

The **personnel** reports retiree expenditures; short-term temporary salary and benefits including most summer interns; and workers' compensation deductibles (not premiums).

In the **operating**, the Town reports most utilities, insurance, maintenance contracts, copier leases and supplies, and vehicle fuel.

The **grants** includes Town funding for its affiliated organizations such as the Island Recreation Center; Coastal Discovery Museum management fee and turtle watch program; Solicitor's Office for career criminals program and drug court; Lowcountry Regional Transportation Authority, (LRTA); and the Beaufort County EDC.

The **capital outlay** includes equipment and furniture costing \$5,000 or more, and software purchases costing \$50,000 or more which is not directly associated with a specific department. An example is for security cameras throughout the Town.

The **debt service** is used for short-term debt such as capital leases or bank notes for equipment, vehicles, or software. Currently, the Town does not have any debt service in the General Fund.

Financial Policies

Approach to the Budget Review Process

The budget process begins by reviewing all current services in comparison to the Strategic Plan. Are current services sufficient or necessary? What new initiatives should be undertaken to meet basic requirements? Based on this analysis, a list of recommended changes is developed, creating the basis for the operating budget (business plan).

The mission statement for the department is the basis of the department's budget and lays down the direction of the department. A department's proposed budget is developed based on the previous year's budget, adding new initiatives and removing discontinued services.

From there, a department identifies specific goals, objectives and performance measures (not all departments report this information) to be accomplished within the upcoming year.

Based on the aforementioned analysis, departments submit staffing requests to the Human Resources Department. The Human Resources Department along with the Finance Department develops the personnel budget for each department including anticipated benefit costs. The proposed staffing models will then be reviewed and approved for each department.

It should be noted that departments not only develop a budget for the upcoming fiscal year, they develop a three year expenditure forecast beyond the upcoming fiscal year as well. This includes any anticipated staffing adjustments that may be necessary. This information is incorporated with the three-year financial model developed by the Finance Department, with assistance from the departments, to create the Town's three-year financial forecast that is incorporated in the budget document.

At the same time the operating budgets are being created, the Public Projects and Facilities Director and staff are developing the Capital Improvement Program (CIP) for Planning Commission review, prioritization, and approval. This budget is submitted to the Finance Department and incorporated as part of the budget document.

The Director of Finance, in conjunction with Finance staff, develop the revenue budget based on historical records, trends, and economic conditions – local, regional, and national.

The Debt Service Budget is developed in accordance with legal bond requirements.

The Stormwater (Proprietary) Fund budget is developed in conjunction with two of the Town's major governmental funds (General Fund, Capital Projects Fund). Revenue projections are developed along with any proposed rate increase necessary to support the funding of capital improvements, debt service costs, and project management costs charged by the General Fund.

The Finance Department staff consolidates the operating budgets for the Town's three major governmental funds: General Fund, Debt Service Fund, and Capital Improvement Program (capital projects funds); as well as the two non-major governmental funds: Gullah Geechee Historic Neighborhoods Community Development Corporation Fund and Housing Fund, and the Stormwater (Proprietary) Fund budget into the Town's upcoming fiscal year business plan. In addition, a three- year financial forecast is created for the General Fund and incorporated into its upcoming fiscal year business plan.

Financial Policies

Budget Approval Process

During the months of February, March and April, the Town Manager reviews the proposed budget for the upcoming fiscal year with department directors and makes final adjustments to the budget proposal. The Finance Department staff prepares the final Town Manager's Consolidated Municipal Budget to be submitted to Town Council at its first meeting in May.

During the months of May and June, Town Council reviews the proposed budget and holds public budget workshops and meetings, along with public hearings. The proposed budget is also published on the Town's website, along with recordings of each budget meeting. Several press releases are also distributed communicating the details of the budget development. After Town Council considers the budget Town Council adopts a budget to operate the Town for the next fiscal year.

Public hearings and final adoption of the budget occur by June 30 in accordance with state law.

Monitoring the Budget

The Finance Department prepares a monthly financial report for Town Council comparing actual expenditure activity to the budget.

Budget Transfers, Amending the Budget and Encumbrances

Budget Transfers – The Town Manager is authorized to transfer funds as follows:

- a. Make any budget line item transfer within a department in the General Fund.
- b. Transfer up to One Hundred Thousand Dollars (\$100,000) between departments in the General Fund.
- c. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects as long as the project is completed and closed. If reserve funds (amending the cost of the Capital Improvement Program (CIP)) need to be used or a project slid (amending the CIP spending plan) the transfer must be approved by Town Council.
- d. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved capital projects in the Tax Increment Financing Fund (TIF) per (c) above.
- e. Transfer up to One Hundred Thousand Dollars (\$100,000) between Town Council approved line items in the Debt Service Fund.
- f. Any other transfers between a department's line items or capital projects exceeding the thresholds outlined above will be submitted to Town Council for approval.
- g. No budget transfers shall (a) be made between the General Fund, Capital Projects Fund, Debt Service Fund, or Tax Increment Financing Fund (TIF) with the exception of transfers identified in (c) above related to the Capital Projects Funds, or (b) conflict with any existing Bond Ordinances.

Contract Authority – The Town Manager is authorized to enter into Town contracts if the total contract amount does not exceed the budgeted line item by ten percent (10%) or One Hundred Thousand Dollars (\$100,000), whichever is less. If the total contract amount exceeds said thresholds, the funding proposal must be submitted to Town Council for approval.

Budget Amendments – Any change in the adopted budget which would increase or decrease the total of the combined authorized revenues or expenditures must be approved by Town Council.

Encumbrances – Appropriations are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. While appropriations lapse at the end of each fiscal year, re-appropriation of legal

Financial Policies

encumbrances at year-end of the fund balance are provided through the passage of the new fiscal year budget to increase the revenues (funds from previous fiscal year(s)) and roll-forward the appropriated budget expenditures from the prior year. The threshold for encumbrance roll-over is \$1,500. Any encumbrances less than this threshold will be liquidated and must be expended using funds from the new fiscal year.

Capital Budgets often span fiscal years - Capital budgets are approved on a project-based basis. Unlike operating budgets that expire at year-end, capital budgets carry forward until the project is complete. **This includes projects budgeted in the CIP as well as the Stormwater Fund.**

Specific Carryforwards and Designations

1. Town Council has designated the proceeds of a legal settlement toward work force housing and transportation initiatives. The funds were set aside for further direction from Town Council for specific criteria to utilize these funds. In fiscal year 2022, Town Council approved a transfer of these funds to the Capital Projects Fund and appropriated the funds to be used for housing initiatives in fiscal year 2023. Since these funds remained unspent at year end, and a new Housing Fund was established in fiscal year 2024, these funds were transferred to the Housing Fund to await further direction on use.
2. This year's CIP anticipates carry forward appropriations so that what has been a carry forward will now be incorporated into the beginning budget. This change will help provide a more complete, fuller picture of the CIP and projects in process. Once fiscal year 2023 is closed and the carry forward amounts are known, there is expected to be a "true up" of carry forward anticipated to actual amounts.

Budget Calendar



Budget Calendar

September 8, 2022	Town Council Strategic Planning Workshop
January 3 – 15, 2023	<ul style="list-style-type: none"> -Budget planning meeting with Town Manager and Finance Budget Team -Development of the personnel budget (current staff only) -Capital Projects budget planning meeting with Town Manager, Capital Projects staff and Finance budget team
Week of January 17, 2023	<ul style="list-style-type: none"> -Town Staff Budget Kick-off Meeting -Budget Packets are distributed -Budget Software opens for FY24 budget requests -Affiliated Agencies of the Town are notified of the funding application due date and the expectations for funding requests -Planning Commission - CIP Committee public meeting to discuss the FY 24 Capital Improvement Program -Human Resources budget planning meeting regarding FY24 salary and benefits with HR Director and Finance Budget Team -Review Strategic Plan and Town Council Workshop priorities and their impact on the FY24 Budget with Town Management and Finance Budget Team
January 24, 2023	Town Council Strategic Plan Workshop – Day 1
January 25, 2023	Town Council Strategic Plan Workshop – Day 2
January 27, 2023	Budget requests for new Hardware / Software due to the Technology & Innovation Department and Finance Department
January 31, 2023	All budget requests and supporting documentation are due to Finance
February 3, 2023	Affiliated Agency funding applications are due to Finance
February 6 -17, 2023	<ul style="list-style-type: none"> -Initial budget meetings with individual Town Council members, Town Manager and Finance Director -Existing CIP and Stormwater project review with Capital Projects staff and Finance Budget Team -Finance prepares General Fund budget summary and broad overall budget review
February 15, 2023	Planning Commission holds public meeting to discuss and prioritize FY24 Capital Improvement Projects*
February 20 – March 10, 2023	Administrative review of budget requests with Town Manager, Department/Division Managers, and Finance Budget Team

February 21, 2023	Finance & Administrative Committee receives the Affiliated Agency funding applications at its regular public meeting
March 2023	Review of Town's Investment and Reserve Policies, and discussion of State ATAX Policy creation
March 20 – 31, 2023	Individual budget meetings with Town Council members with Town Manager and Finance Budget Team
March 21, 2023	Finance & Administrative Committee holds public meeting to consider Affiliated Agency funding applications
March 24, 2023	Destination Marketing Organization (DMO) Marketing Plan and Budget due for consideration
March 31, 2023	Due date for Destination Marketing Organization (DMO) Industry Metrics to be submitted to the Town
April 4, 2023	Mid-year FY23 budget amendment (if needed) is presented to Town Council for First and Second Readings
April 6, 2023	Accommodations Tax Committee public meeting for the presentation of the Destination Marketing Organization (DMO) proposed Marketing Plan and Budget
Week of April 10, 2023	Finance Budget Team prepares a proposed balance budget
April 16, 2023	A public notice is published in the Island Packet newspaper with FY 2024 Projected Revenues, Expenditures, and Millage Rate, along with a notice of the Public Hearing to be held on May 2, 2023
April 17 – April 28, 2023	<ul style="list-style-type: none"> -Finance Budget Team presents initial balanced budget to Town Manager -Finalize FY24 proposed Consolidated Budget Executive Summary, PowerPoint presentation, and Budget Ordinance -Finance Budget Team and Town Manager meet in preparation for May 2nd Town Council meeting and 1st Reading of the proposed Budget Ordinance -Distribute Fy24 proposed Consolidated Budget Executive Summary to Town Council
April 18, 2023	Finance and Administrative Committee holds a public meeting for the presentation of the Destination Marketing Organization's (DMO) proposed Marketing Plan, Budget and Industry Metrics
May 2, 2023	Town Manager delivers the proposed budget at the Town Council meeting for the first reading of the budget ordinance and the first Public Hearing

May 9, 2023	Town Council Public Budget Workshop #1
May 11, 2023	Town Council Public Budget Workshop #2
May 15, 2023	A public notice is published in the Island Packet newspaper with FY 2024 Projected Revenues, Expenditures, and Millage Rate, along with a notice of the Public Hearing to be held on June 6, 2023
May 16, 2023	Town Council Public Meeting for the Destination Marketing Organization's (DMO) presentation of their proposed Marketing Plan and Budget
June 6, 2023	Town Manager delivers the Fiscal Year 2024 proposed Town of Hilton Head Island Consolidated Budget Ordinance to Town Council and the Public for the Second and Final Reading and holds second Public Hearing
June 6, 2023	Town Council Adopts Strategic Action Plan for Fiscal Years 2023 - 2025
July 1, 2022	Beginning of Fiscal Year 2024

*The Planning Commission and Town Council put a high priority on using the Town's Strategic Plan as a basis for building the Capital Plan.

Consolidated Budget Summary



Consolidated Budget Summary – All Budgeted Funds

The budget process this year was priority-based and focused on funding the Town's Strategic Action Plan and top priorities, enhancing community planning, innovation, employee benefits program and professional development opportunities, investing in impactful capital projects and community infrastructure, building a resilient community, and using the consolidated budget as a catalyst to implement change and improvement. The balanced budget for Fiscal Year 2024 has been allocated in a manner that will successfully meet the challenges and opportunities before the Town and set the stage for the Town's continued success in the future.

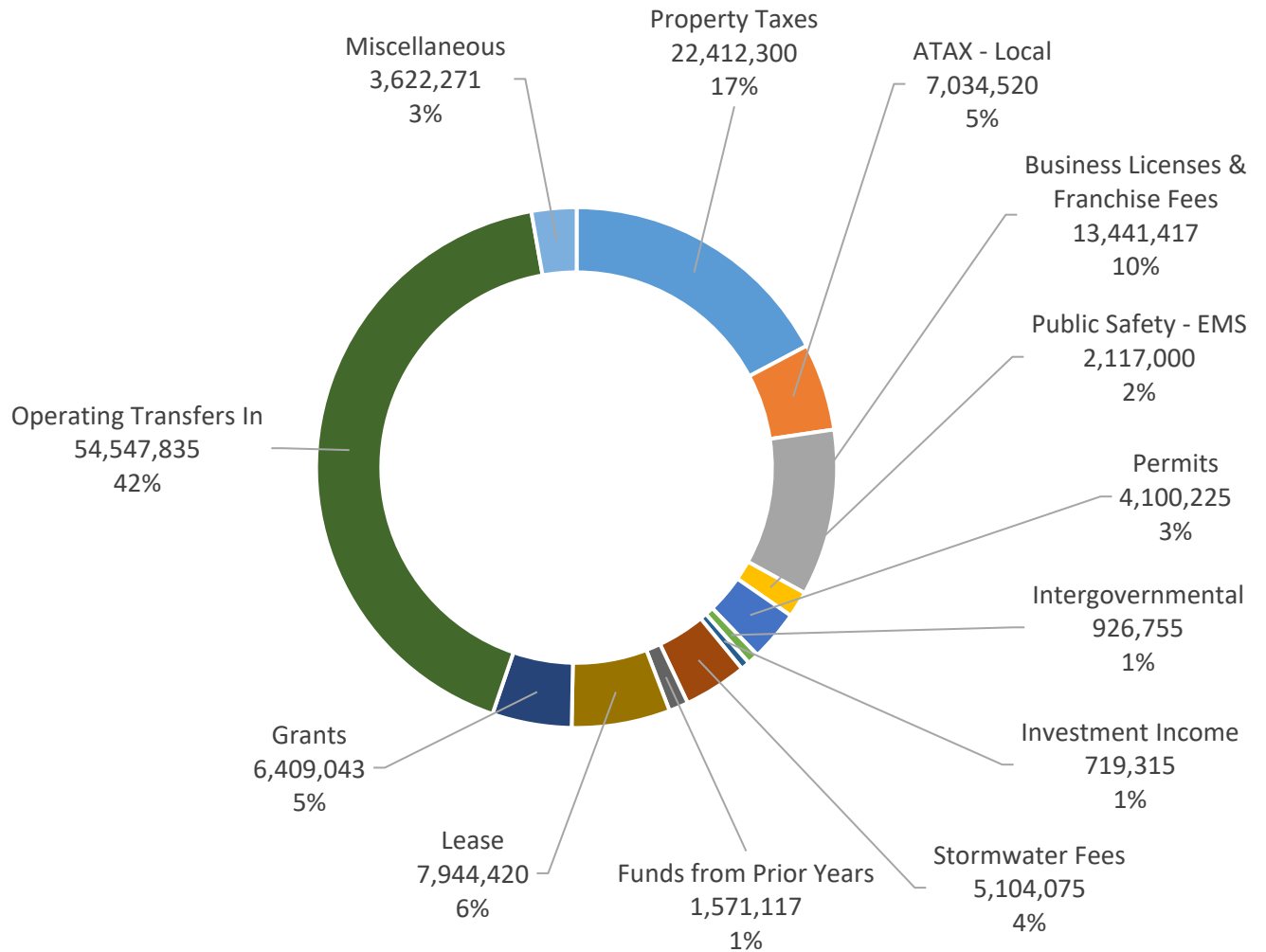
The combined budgets expenditures for the six budgeted funds for Fiscal Year 2024 is \$129,950,293. The budget is balanced, prudent and responsive to community needs.

Consolidated Financial Statement – General, Debt, Capital Projects, Housing, Gullah Geechee Historic Neighborhoods Community Development Corporation (GGHNCD), and Housing Funds

	2021 Actual	2022 Actual	2023 Adopted Budget	2024 Adopted Budget	% Change
<u>Revenues</u>					
Property Taxes	21,373,792	21,972,298	21,425,825	22,412,300	4.6%
ATAx - Local	5,561,900	7,026,531	4,779,690	7,034,520	47.2%
Business Licenses & Franchise Fees	11,265,459	15,246,918	11,597,145	13,441,417	15.9%
Public Safety - EMS	1,776,344	2,016,643	1,838,000	2,117,000	15.2%
Permits	2,125,382	2,001,046	2,468,323	4,100,225	66.1%
Intergovernmental	896,909	633,244	915,878	926,755	1.2%
Investment Income	62,219	85,181	67,750	719,315	961.7%
Stormwater Fees	5,043,167	5,081,075	5,044,000	5,104,075	1.2%
Funds from Prior Years	-	-	769,296	1,571,117	104.2%
Prior Bond Issue	-	-	-	-	0.0%
Lease	-	-	7,742,473	7,944,420	2.6%
Grants	151,926	323,047	3,606,111	6,409,043	77.7%
Operating Transfers In	28,896,003	24,550,756	55,683,190	54,547,835	-2.0%
Miscellaneous	1,747,767	1,233,945	3,563,433	3,622,271	1.7%
Total	78,900,868	80,170,684	119,501,114	129,950,293	8.7%
<u>Expenditures</u>					
General Government	1,923,342	1,726,570	2,072,174	2,148,969	3.7%
Management Services	5,919,561	7,080,011	8,245,502	9,023,700	9.4%
Community Services	9,064,281	10,399,647	11,507,536	19,849,675	72.5%
Public Safety	19,156,810	19,251,340	21,055,008	22,637,205	7.5%
Townwide	4,895,954	4,634,698	5,741,584	7,514,613	30.9%
Transfers Out	125,000	2,708,875	955,000	3,985,000	317.3%
Capital	14,061,999	7,554,151	44,841,933	41,633,081	-7.2%
Stormwater	3,023,948	1,232,783	4,383,496	4,527,484	3.3%
Bond Anticipation Note Repayment	-	-	-	-	0.0%
Debt Issue Costs	-	-	-	-	0.0%
Debt Service	21,559,191	20,527,821	20,698,881	18,630,566	-10.0%
Total	79,730,086	75,115,896	119,501,114	129,950,293	8.7%
Excess/(Deficiency) of Revenues over Expenditures	(829,218)	5,054,788	0	-	

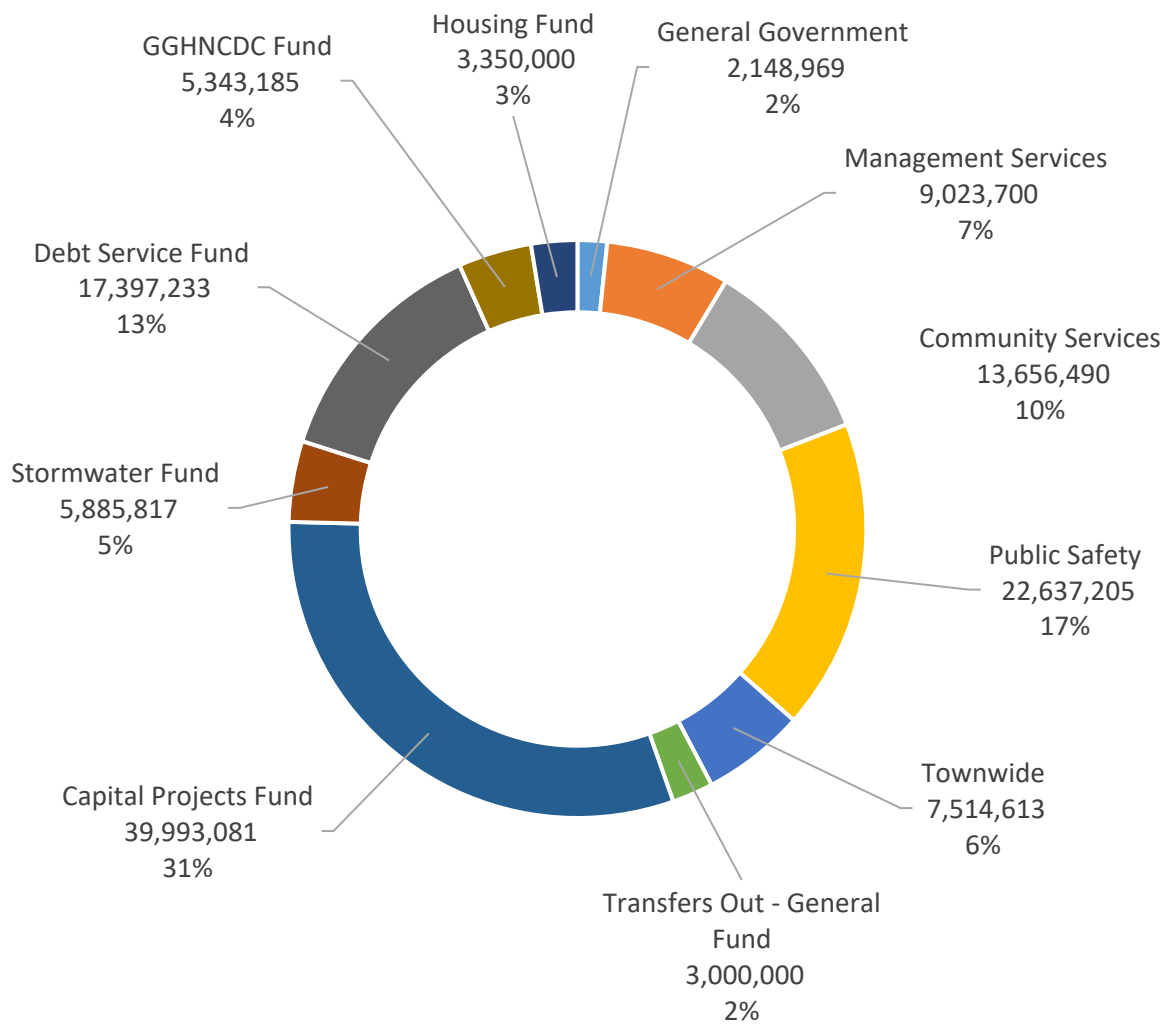
Where the Money Comes From

Fiscal Year 2024



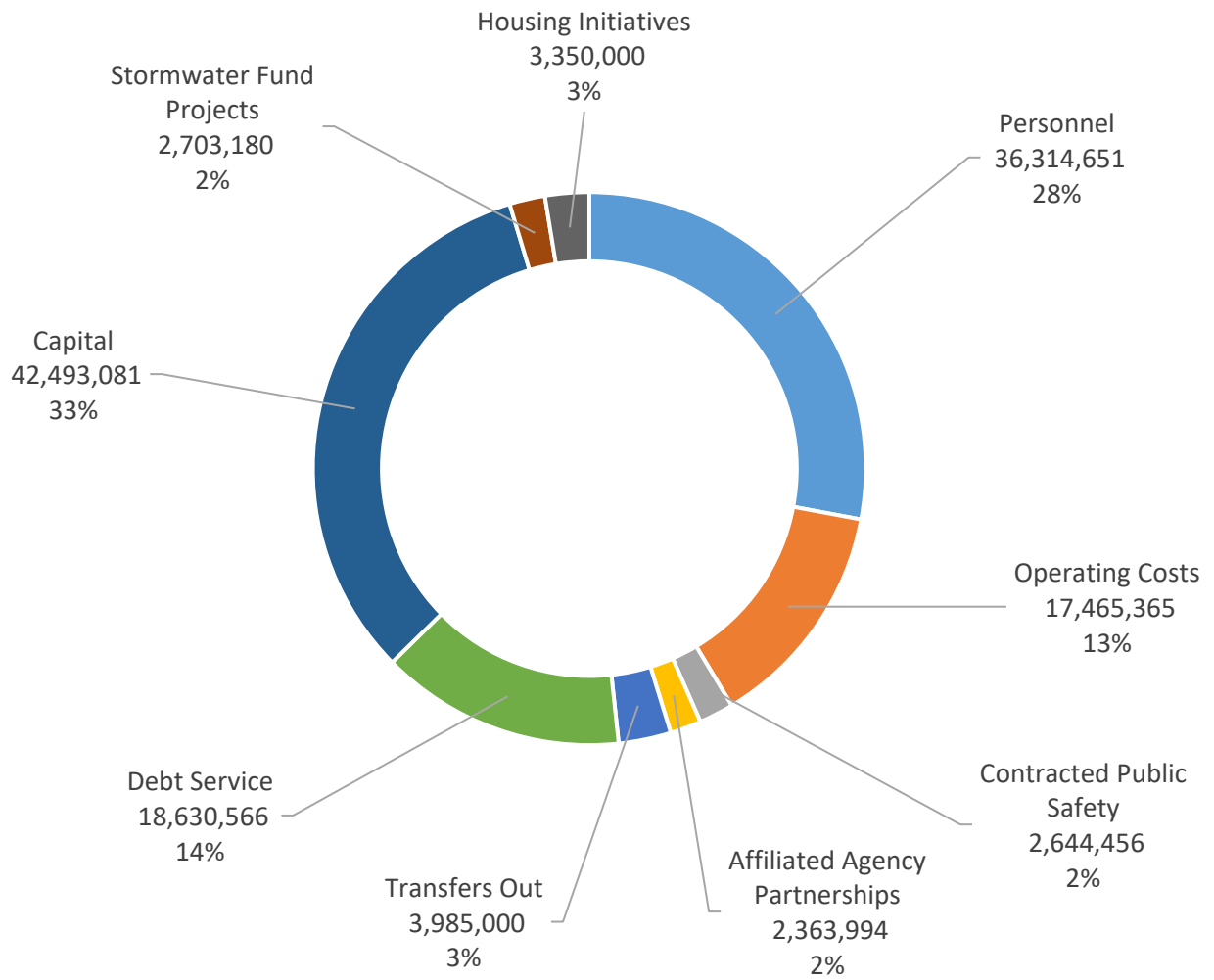
Where the Money Goes – By Program

Fiscal Year 2024



Where the Money Goes – By Category

Fiscal Year 2024

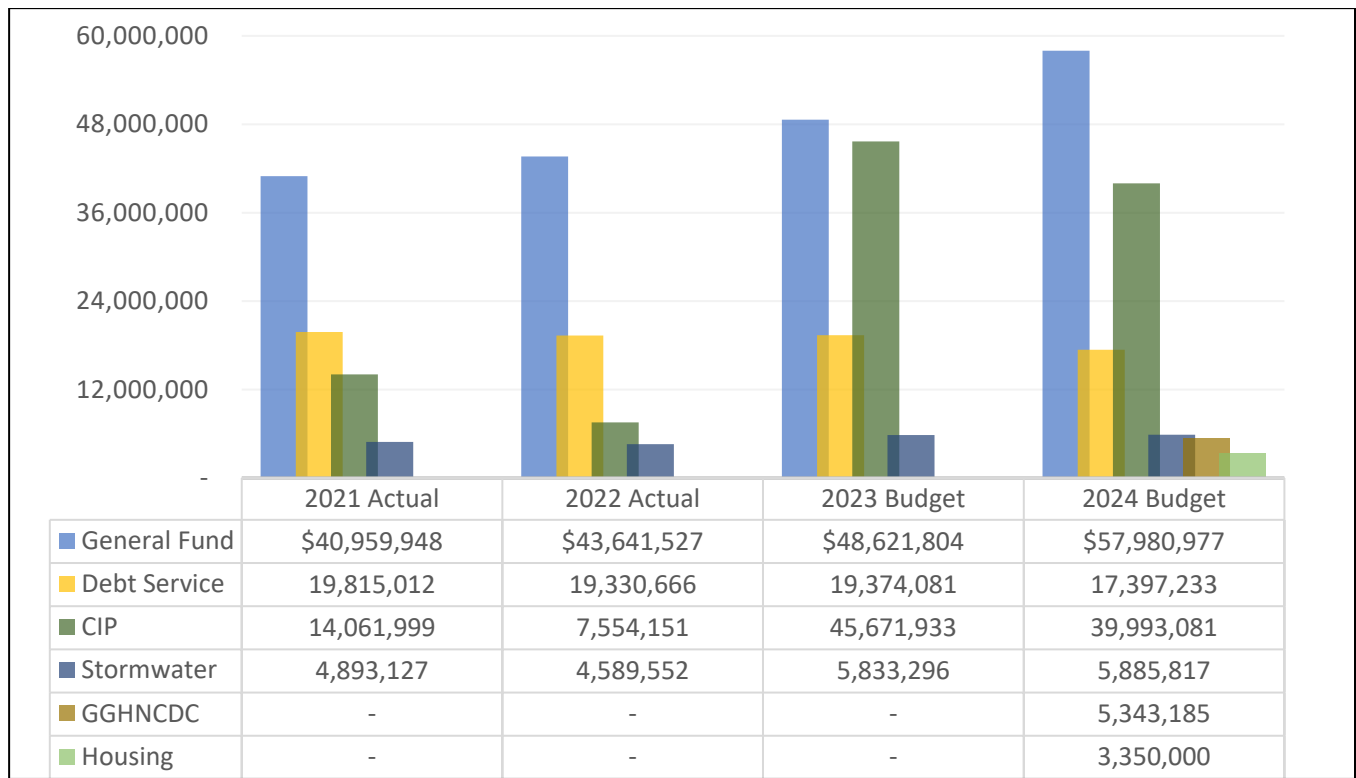


Revenue and Expenditures by Fund

Fiscal Year 2024

Fiscal Year 2024 Budget	General Fund	Debt Service Fund	CIP	SWU	GGHNCDC	Housing	Total
Budgeted Revenues							
Property Taxes	16,942,000	5,470,300					22,412,300
ATAx - Local	7,034,520						7,034,520
Business Licenses and Franchise Fees	13,441,417						13,441,417
EMS Revenue	2,117,000						2,117,000
Permits & Fees	3,729,200			371,025			4,100,225
Intergovernmental	926,755						926,755
Investment Income	585,000	14,315		120,000			719,315
Stormwater Fees	-			5,104,075			5,104,075
Funds from Prior Years	1,280,400			290,717		-	1,571,117
Bond Revenue	-						-
Operating Transfers In	11,336,556	11,912,618	28,948,661			2,350,000	54,547,835
Lease	-		7,944,420				7,944,420
Grants	65,858				5,343,185	1,000,000	6,409,043
Miscellaneous	522,271		3,100,000				3,622,271
Total Revenues	57,980,977	17,397,233	39,993,081	5,885,817	5,343,185	3,350,000	129,950,293
Budgeted Expenditures							
General Government	2,148,969						2,148,969
Management Services	9,023,700						9,023,700
Community Services	13,656,490				2,843,185	3,350,000	19,849,675
Public Safety	22,637,205						22,637,205
Townwide	7,514,613						7,514,613
Transfers Out	3,000,000			985,000			3,985,000
Capital	-		39,133,081		2,500,000		41,633,081
Stormwater	-		860,000	3,667,484			4,527,484
Debt Issue Costs	-						-
Debt Service	-	17,397,233		1,233,333			18,630,566
Total Expenditures	57,980,977	17,397,233	39,993,081	5,885,817	5,343,185	3,350,000	129,950,293
Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-

Analysis of Expenditures by Fund



Revenue Trend Analysis

1. **Property Taxes; General Fund and Debt Service Fund –**

An ad valorem property tax, a tax per unit of property value, is levied upon all real property and certain classes of tangible property as that property is assessed and equalized for State and County purposes for any tax year. The property tax is authorized by the South Carolina Code of Laws (SC Code), Sec. 5-7-30 and 12-43-220, and also by the Town of Hilton Head Island Code of Ordinances, Title 4, Chapter 3.

Collection and Distribution

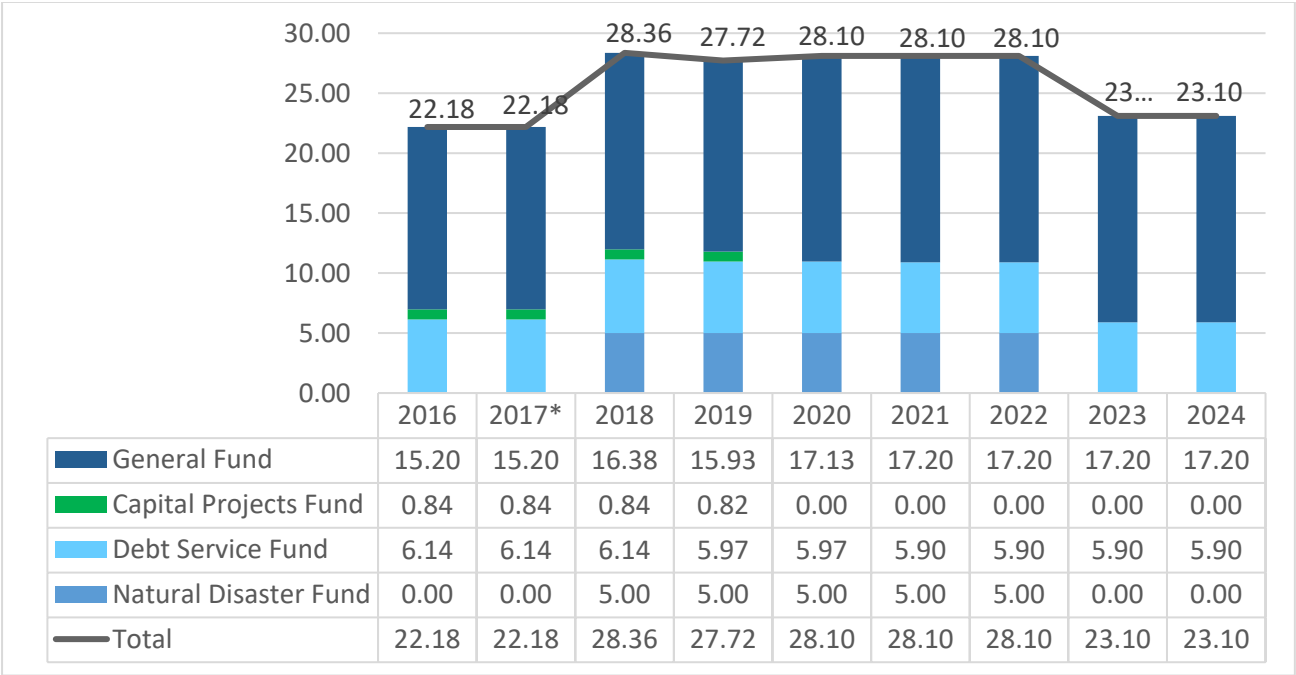
The tax levy is released in September and current taxes are payable from October 1st through December 31st of each year. On January 15, unpaid taxes are considered delinquent, and penalties begin to accrue.

Property Value Reassessment and Tax Levy for Fiscal Year 2024

The millage rate for Fiscal Years 2024 will initially remain the same as Fiscal Year 2023 at 23.10 mills. During fiscal year 2024, Beaufort County will perform a property value reassessment of all property within the County limits. It is expected that the property values within the Town of Hilton Head Island will increase, and in this event, once the new values are known, the Town will reduce its millage to offset the effects of the implementation of new property values from the County's reappraisal process to achieve a revenue-neutral outcome.

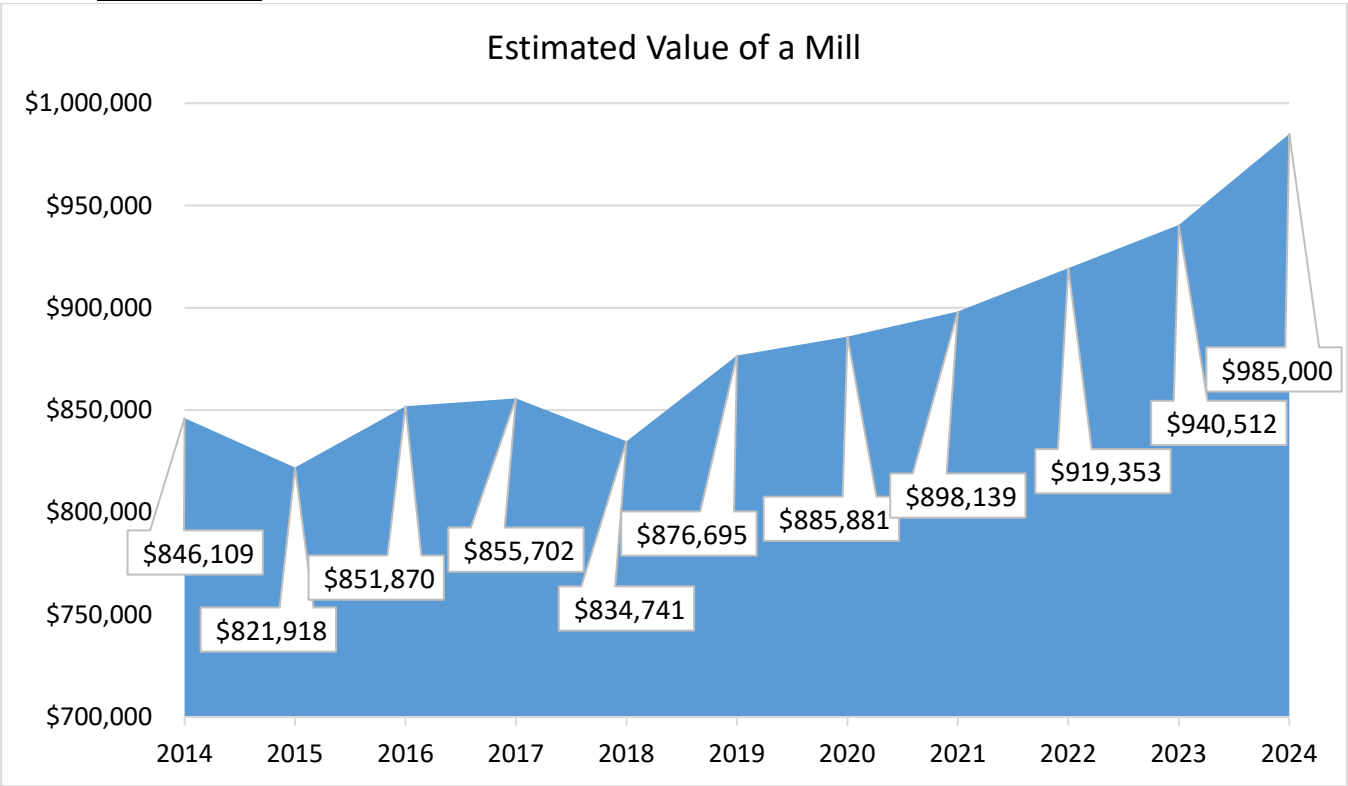
Revenue Trend Analysis

Historical Millage Rate by Fund

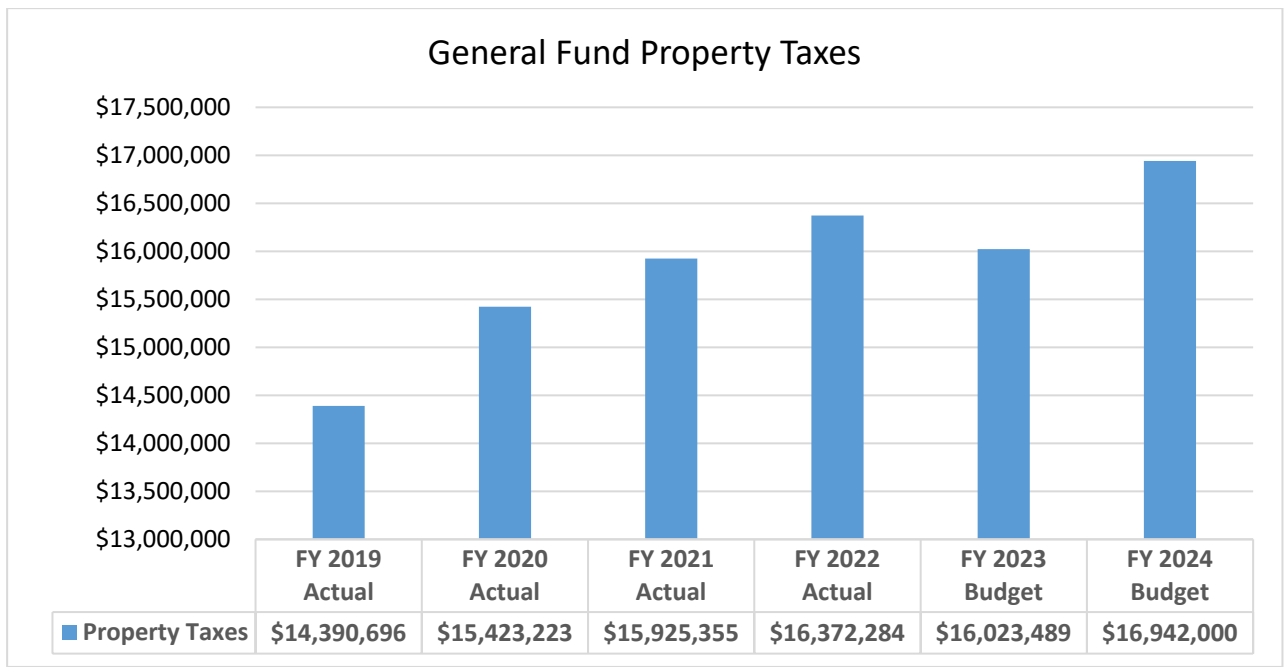


*Hurricane Matthew was in Fiscal Year 2017

Value of a Mil



Revenue Trend Analysis



Anticipated Tax Collections

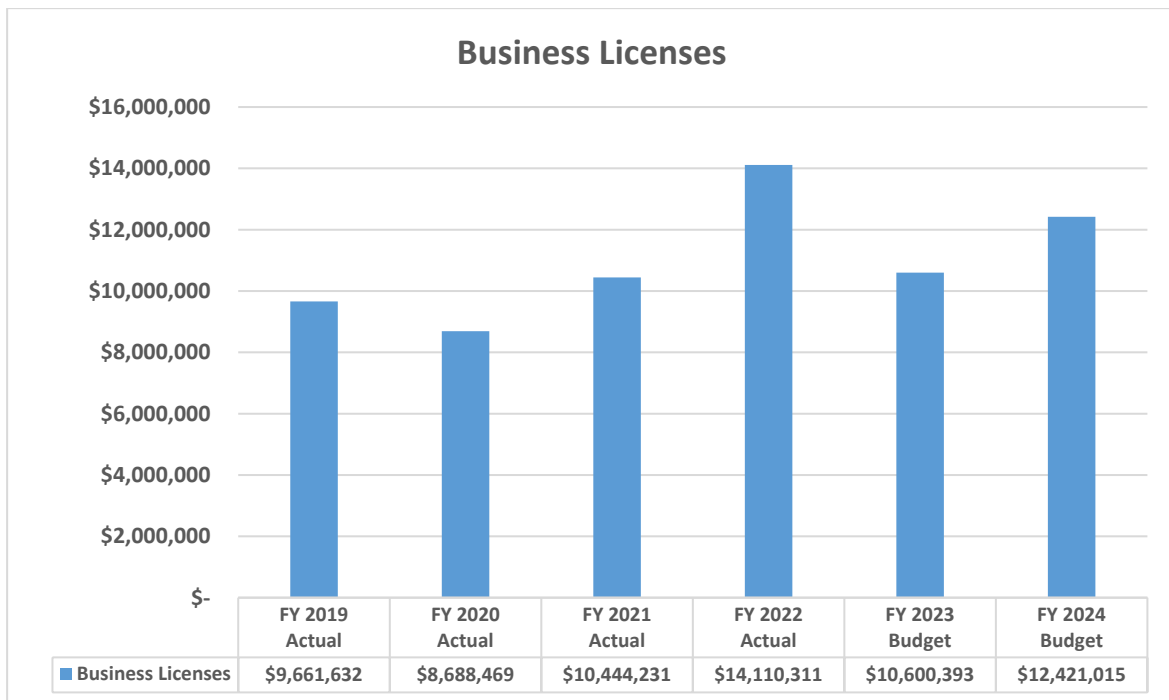
For Fiscal Year 2024 property taxes represent approximately 13% of the total revenue received by the General, Debt, CIP, GGHNCDC, Housing, and Stormwater funds. Revenue anticipated from this source is approximately \$22.4 million for Fiscal Year 2023, of which approximately \$16.9 million is in the General Fund.

2. **Business License Taxes and Franchise Fees; General Fund** – these funds will be used to fund various operating expenditures.

The combined revenue from business license taxes and franchise fees represents the second largest single revenue source for the General Fund.

The most significant source is the business license tax levied upon each \$1,000 of gross receipts, sales, or premiums of business conducted within the corporate limits of the Town. The South Carolina General Assembly passed Act 176, the South Carolina Business License Tax Standardization Act, in September 2020. The law requires every local government with a business license tax to administer the tax in the same way across the state starting January 1, 2022. The law prevents municipalities from receiving a revenue windfall in the first year of implementation as a result of the required changes, as such, the Town's business license tax rates were rebalanced to ensure revenue neutrality during the 2022 business license cycle (FY22-FY23). At the same time, the Municipal Association of South Carolina created a business license model ordinance to assist with the process of complying with the new law, which the Town adopted effective September 21, 2021. Under the model ordinance, a significant change for the Town was there was not a business license exemption for a person owning and renting one (1) residential property, which the Town's previous business license ordinance did include. As a result, the Town received approximately one thousand new business license accounts for short-term rental businesses in FY22, which increased overall business license revenue. Revenue from business licenses is anticipated to be \$12.4 million in Fiscal Year 2024. Franchise fee revenue is anticipated to be just over \$1.0 million.

Revenue Trend Analysis



Note: In Fiscal Year 2020 one business license payment (\$1,087,367) from the state was delayed due to processing issues associated with the COVID-19 pandemic. The payment was posted in Fiscal Year 2021.

3. **Intergovernmental (State Shared); General Fund**

The Town will receive approximately \$926,755 in state shared revenue in Fiscal Year 2024.

The amount received from this source has remained about the same over the past several years.

4. **Permit Fees; General Fund and Stormwater Fund**

New construction – Permit fee revenue from new construction is expected to be consistent with the past couple of years: \$841,000

Development – Revenue from permit fees associated with development is expected to be consistent with the past couple of years: \$15,200

Other – General Fund revenue from other miscellaneous permit fee is expected to increase in FY24 due to a new Community Development Residential Plan review fee equal to 50% of the building permit fee: \$1,123,000. Stormwater Fund revenue from other permit fees is also expected to increase in FY24 due to new development review and inspection fees in accordance with NPDES permit regulations: \$371,025.

Short-Term Rental Permit Fee – A new fee in its first full year in FY 2024, the Short-Term Rental Permit Fee is expected to generate approximately \$1,750,000 and will be utilized solely in the General Fund. A detailed explanation of budgeted FY24 spending is below.

Revenue Trend Analysis

Short Term Rental Permit Fee Overview – FY2024

Budgeted Receipts

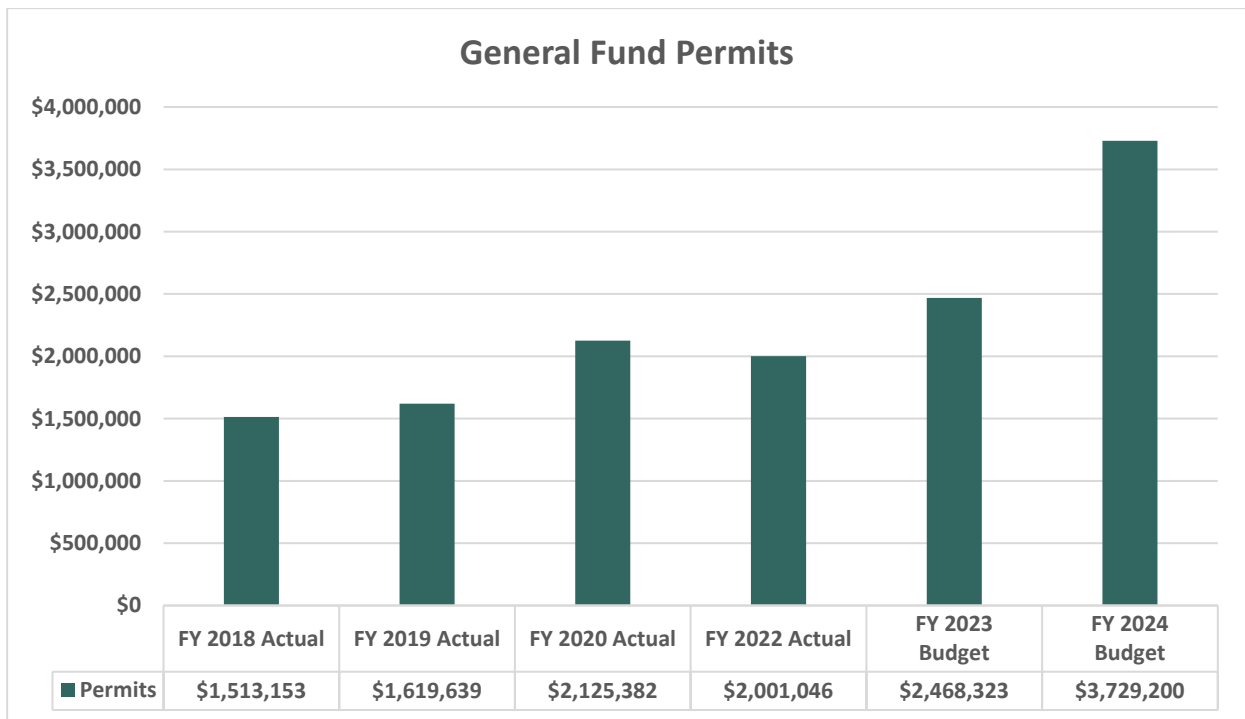
Short Term Rental Permit Fee	\$ 250	The Fee was established by Town Council.
Estimate of number of permits issued	7,000	The Town has over 6,000 permitted as of late FY23. More are being added each month.
Estimated Revenues	1,750,000	This amount agrees to the Budget estimate for 2024.

Budgeted Spending Category

General Fund

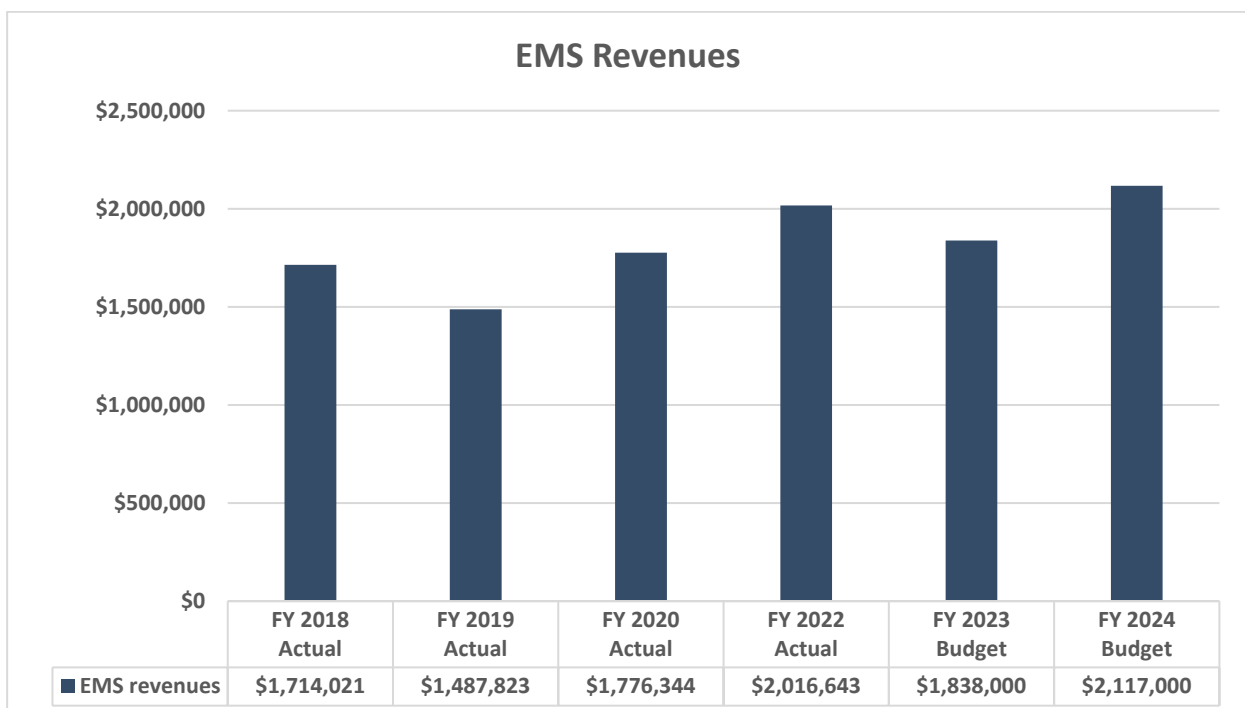
Outsource to third party for administration	\$ 239,700	The Town has contracted with GovOS for certain services to help find and register Short Term Rental operators.
Public Safety	634,530	Includes Code Enforcement officials and operating costs.
Fire Inspections and legal support	154,217	Provides for Fire Inspection support and Legal support for administration of STRs.
Community Development customer service	140,202	Provides assistance with customer support of the STR administration. This amount represents the portion of salaries and benefits for those efforts.
IT and Finance support	290,286	Information Technology and Finance Departments are integral to the STR administration. IT supports the GovOS software and the Town employees who use it. The Finance Department provides services to assist owners and operators with the permit application process and administering the program.
Facilities and Operations support Communications & Marketing Support	291,065	Facilities, Operations, Communications and Marketing all contribute to the STR program. Includes hard costs and salary support for attention the program requires.
Total General Fund	1,750,000	
Total First Full Year Estimated Costs	1,750,000	The Short Term Rental revenue is projected to only cover costs. With this being the first full year in effect, the Town will adjust its activities as needed for prompt and efficient administration of the program.

Revenue Trend Analysis



5. Emergency Medical Services; General Fund

An EMS rate increase went into effect in Fiscal Year 2023, and call volume has also increased. Funds received through Fire Rescue for medical services rendered are projected be consistent with FY23 levels, approximately \$2.1 million.



Revenue Trend Analysis

6. **Local 1% Accommodations Tax (ATAX); General Fund**

Tourism remains high on the Island and therefore, this revenue source tax is expected to generate approximately the same amount in revenue in Fiscal Year 2024 as in Fiscal Year 2023, \$7 million. This tax is imposed on the gross proceeds derived from the rental of any rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients by any hotel, inn, condominium, motel, "bed and breakfast," residence or any other place in which rooms, lodging or sleeping accommodations are furnished to transients for consideration within the town. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person or persons for a period of ninety (90) days or more are not considered "proceeds from transients."

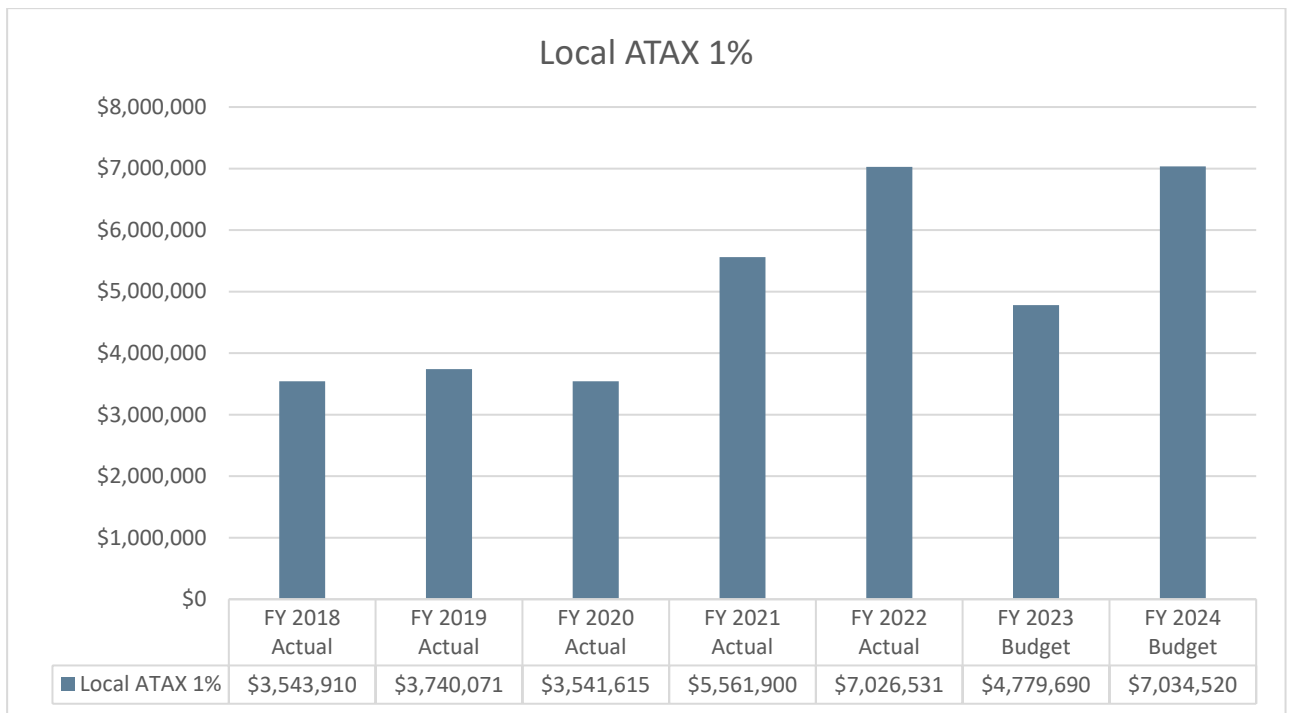
These funds may be used for tourism-related buildings, including, but not limited to, civic centers, coliseums, and aquariums; cultural, recreational, or historic facilities; beach access and re-nourishment; highways, roads, streets, and bridges providing access to tourist destinations; advertisements and promotions related to tourism development; water and sewer infrastructure to serve tourism-related demand and the operation and maintenance of those items previously enumerated and police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

Event Management and hospitality training program fund – The Town sets aside five (5) percent of this local accommodations tax for special events production, volunteerism and hospitality training and shall select one (1) organization to manage and direct such fund expenditures. To be eligible for selection the organization must be local, organized as a nonprofit (501c), and be mission driven to promote tourism development. The organization must employ a full-time executive director and provide an annual audited financial report in accordance with Generally Accepted Accounting Principles. The organization must not otherwise be designated as the official tourism agency by the town or any other governmental agency. The agency is required to submit an annual budget to the Town of Hilton Head Island prior to April 1 of each calendar year for inclusion in the Town's budget. Town Council will consider the budget and award the organization a reimbursable grant on a June 30 fiscal year basis.

Reserve Fund – The Town sets aside, in a separate account, five (5) percent of the one (1) percent local accommodations tax, as a reserve fund for disaster management communications-oriented programs.

These funds are used to provide for post disaster advertising, a communications link to emergency agencies, and media programs to provide public notice. Funds are distributed upon authorization of the Town Manager.

Revenue Trend Analysis



7. **Minor Grants** are not included in the budget. The matching funds associated with the minor grants are included in the operating budget.

8. **Transfers In from Special Revenue Funds; General Fund, Debt Service Fund and CIP Fund**

Transfers In vary from year to year, in FY24 Transfers In include:

- (a) **Hospitality Taxes** – these funds will be used to fund various operating expenditures, debt service payments, and various capital projects.
- (b) **Beach Preservation Fees** – these funds will be used to fund various operating expenditures, debt service payments, and various beach related capital projects.
- (c) **Tax Increment Financing (TIF)** – these funds will be used to fund project management expenditures in the operating budget, debt service payments, and various capital projects.
- (d) **Road Usage Fees** – these funds will be used for road improvement projects.
- (e) **State Accommodation Tax**– these funds will be used to fund various operating expenditures and tourism related CIP projects. State ATAX collections have been at record-high levels since FY21.
- (f) **Real Estate Transfer Fees (RETF)** – these funds will be used for debt service payments and a park development capital project.
- (g) The **General Fund** – Funds to the Housing Fund for critical workforce housing initiatives.
- (h) The **Stormwater Enterprise Fund** – to the General Fund and CIP Fund for project management.
- (i) The **Electric Franchise Fund** – to the General Fund for project management and to fund various operating expenditures, and to the CIP Fund for various projects.
- (j) The **Capital Projects Fund** – to the Housing for critical workforce housing initiatives.

Analysis of Transfers-In

The table below reflects transfers between the special revenue funds and the General Fund, Debt Service Fund, and CIP.

Transfers In	FY 2023 Total	General Fund	Debt Service Fund	CIP	Housing	FY 2024 Total
Hospitality Taxes	\$ 13,492,587	\$ 5,062,424	\$ 1,937,134	\$ 2,360,000	\$ -	\$ 9,359,558
Beach Preservation Fees	8,785,883	1,983,508	4,448,375	6,556,000	-	12,987,883
Tax Increment Financing (TIF)	8,267,799	110,000	3,931,259	4,379,500	-	8,420,759
State Accommodation Taxes	5,554,211	3,515,021	-	3,000,000	-	6,515,021
Real Estate Transfer Fees	1,097,350	-	1,595,850	400,000	-	1,995,850
Stormwater Fees	955,000	125,000	-	860,000	-	985,000
General Fund	-	-	-	-	2,000,000	2,000,000
Road Usage Fees	3,508,555	-	-	3,600,000	-	3,600,000
Electric Franchise Fees	9,283,922	540,603	-	7,793,161	-	8,333,764
Short Term Rental Fees (1)	1,200,118	-	-	-	-	-
Natural Disaster Fund (2)	3,537,765	-	-	-	-	-
Capital Projects Fund	-	-	-	-	350,000	350,000
Total	\$ 55,683,190	\$ 11,336,556	\$ 11,912,618	\$ 28,948,661	\$ 2,350,000	\$ 54,547,835

(1) In FY24 Short Term Rental Fees are included in the General Fund Permits & Fees. The budget amount is \$1,750,000.

(2) The 5 mills dedicated to the Natural Disaster Fund has expired. FY 2023 was the first year after the expiration.

Expenditure Analysis

Summary of Changes – Proposed Budget to Adopted Budget

1. General Fund –
 - The total proposed to adopted budgeted amounts remained the same in the General Fund
2. Debt Service Fund –
 - The total proposed to adopted budgeted amounts remained the same in the Debt Service Fund
3. CIP Fund –
 - The total proposed to adopted budgeted amounts remained the same in the CIP Fund
4. Stormwater Fund –
 - The total proposed to adopted budgeted amounts remained the same in the Stormwater Fund
5. Gullah Geechee Historic Neighborhoods Community Development Corporation Fund –
 - The total proposed to adopted budgeted amounts remained the same in the GGHNCDC Fund
6. Housing Fund –
 - The total proposed to adopted budgeted amounts remained the same in the Housing Fund

Town Staffing (F.T.E.s)

	FY 2021	FY 2022	FY 2023	FY 2024
<u>General Government</u>				
Town Council	7.0	7.0	7.0	7.0
Town Manager	4.0	7.0	8.0	9.0
Human Resources	4.0			
<u>Community Engagement</u>				
Cultural Affairs		1.0	1.0	1.0
Communications		2.5	2.0	2.0
Information Technology and Innovation		14.5	15.0	14.0
<u>Management Services</u>				
Legal and Administration	24.2	6.2	11.4	5.2
Finance	19.7	19.2	20.2	21.2
Human Resources		4.0	4.0	4.0
<u>Community Services</u>				
Community Development	33.1	31.1	32.2	34.1
Public Projects and Facilities (PPF)	21.0	22.0	26.0	28.0
<u>Public Safety</u>				
Fire and Rescue	142.5	145.5	146.5	152.8
Public Safety Code Enforcement				7.0
Total General Fund	255.5	260.0	273.3	285.3
PPF Stormwater Fund	6.0	5.0	5.0	7.0
Total Town Staff	261.5	265.0	278.3	292.3

Changes in Staffing

- Public Safety Code Enforcement moved from the Legal and Administration department to its own department under Public Safety in FY 2024.

Added positions in FY 2024:

- Assistant Finance Director
- Marketing & Engagement Director
- Beach Facilities Technician
- Grounds Crew Member
- Construction Project Manager (2)
- Firefighter (2)
- Communications & Marketing Administrator
- Fire Inspector
- Mechanic
- Emergency Medical Services Lieutenant
- Stormwater Maintenance Administrator
- Stormwater Inspector

General Fund



General Fund

The General Fund is a major fund that accounts for the revenues and expenditures necessary to carry out basic governmental activities of the Town such as general government, financial, legal, administrative services, police and fire protection, recreation, and community and infrastructure services. All financial transactions not accounted for in other funds are recorded in the General Fund.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	% Change
Revenues					
Property Taxes	15,925,355	16,372,284	16,023,489	16,942,000	5.7%
ATAX Local 1%	5,561,900	7,026,531	4,779,690	7,034,520	47.2%
Business Licenses:					
Business Licenses - Town	5,255,705	7,168,807	5,525,705	6,783,975	22.8%
Business Licenses - MASC	5,199,931	6,941,504	5,074,688	5,637,040	11.1%
Franchise Fees:					
Cable	772,715	1,074,991	952,932	967,752	1.6%
Beach Fee	37,108	61,616	43,820	52,650	20.2%
Permit Fees:					
Construction	1,084,627	860,364	663,764	841,000	26.7%
Development	14,172	15,020	15,670	15,200	-3.0%
Short Term Rental	-	-	800,000	1,750,000	118.8%
Other	1,026,583	1,125,662	988,889	1,123,000	13.6%
Intergovernmental/Local Gov't Fee	896,909	633,244	915,878	926,755	1.2%
Grants:					
Beaufort County - Hazmat	-	-	-	-	-
Beaufort County - E911	76,131	128,515	76,111	65,858	-13.5%
Other	2,700	1,345	-	-	-
Miscellaneous Revenue:					
Beach Services	298,401	218,193	298,401	243,000	-18.6%
Donations	300	-	-	-	n/a
Municipal Court	-	-	-	-	n/a
Other	356,195	335,802	279,271	279,271	0.0%
Public Safety - EMS	1,776,344	2,016,643	1,838,000	2,117,000	15.2%
Public Safety - County D/T	1,830	2,910	-	-	n/a
Town Code	-	-	-	-	n/a
Prior Year Unspent Funds	-	-	-	1,280,400	n/a
Victim's Assistance	-	-	-	-	n/a
Investments	22,815	39,184	35,750	585,000	1536.4%
Sub-Total Operating Rev.	38,309,721	44,022,615	38,312,058	46,644,421	21.7%
Transfers In:					
Beach Fees	1,248,544	487,631	1,983,508	1,983,508	0.0%
CIP - Ad Valorem	19,160	46,427	-	-	n/a
CIP - Sunday Liquor	-	-	-	-	n/a
Hospitality Fee	2,546,311	110,203	5,062,424	5,062,424	0.0%
TIF	153,000	144,585	153,000	110,000	-28.1%
ATAX -- State	1,706,394	1,695,211	2,445,211	3,515,021	43.8%
Electric Franchise Fee	416,352	405,452	540,603	540,603	0.0%
Stormwater	125,000	116,250	125,000	125,000	0.0%
Sub-Total Transfers In	6,214,761	3,005,759	10,309,746	11,336,556	10.0%
Total Revenues	44,524,482	47,028,374	48,621,804	57,980,977	19.2%

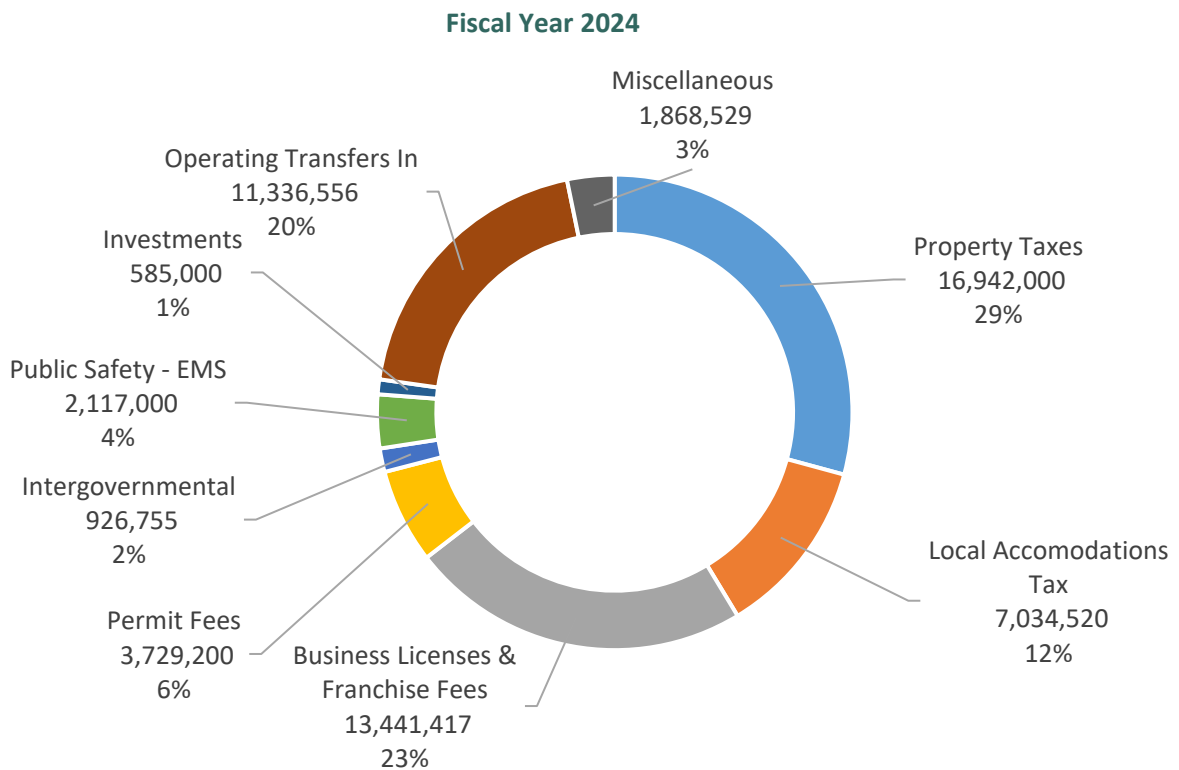
Financial Statement

	FY 2021 Actual	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	% Change
<u>Expenditures</u>					
General Government:					
Town Council	487,805	429,917	548,112	450,842	-17.7%
Town Council - Initiatives	74,945	-	-	-	n/a
Town Manager	762,108	1,296,654	1,524,062	1,698,127	11.4%
Human Resources	598,484	-	-	-	n/a
Total General Government	1,923,342	1,726,571	2,072,174	2,148,969	3.7%
Management Services:					
Finance					
Administration	2,026,335	2,016,665	2,199,100	2,667,700	21.3%
	2,026,335	2,016,665	2,199,100	2,667,700	21.3%
Administrative Services					
Legal Administration	529,104	539,434	1,101,078	672,288	-38.9%
Office of Cultural Affairs	233,272	258,399	300,095	313,313	4.4%
Communications	354,161	257,551	348,115	446,715	28.3%
Technology & Innovation/Records	2,776,689	3,340,536	3,709,364	4,232,573	14.1%
Human Resources	-	667,427	587,750	691,111	17.6%
	3,893,226	5,063,347	6,046,402	6,356,000	5.1%
Total Management Services	5,919,561	7,080,012	8,245,502	9,023,700	9.4%
Community Services:					
Community Development					
Administration	668,141	348,117	679,106	1,278,795	88.3%
Comprehensive Planning	688,788	575,719	1,081,703	936,193	-13.5%
Development, Review and Zoning	666,787	624,443	713,162	780,487	9.4%
Building Inspection/Compliance	1,109,875	1,066,885	1,176,712	1,360,933	15.7%
CD Services	462,984	497,681	635,775	529,604	-16.7%
	3,596,575	3,112,845	4,286,458	4,886,012	14.0%
Public Projects and Facilities					
Administration	244,379	150,404	-	-	n/a
Engineering	834,793	683,911	699,660	513,437	-26.6%
Facilities Management	4,388,534	6,057,703	5,925,951	7,434,416	25.5%
Capital Projects	-	394,782	595,467	822,625	38.1%
	5,467,706	7,286,800	7,221,078	8,770,478	21.5%
Total Community Services	9,064,281	10,399,645	11,507,536	13,656,490	18.7%

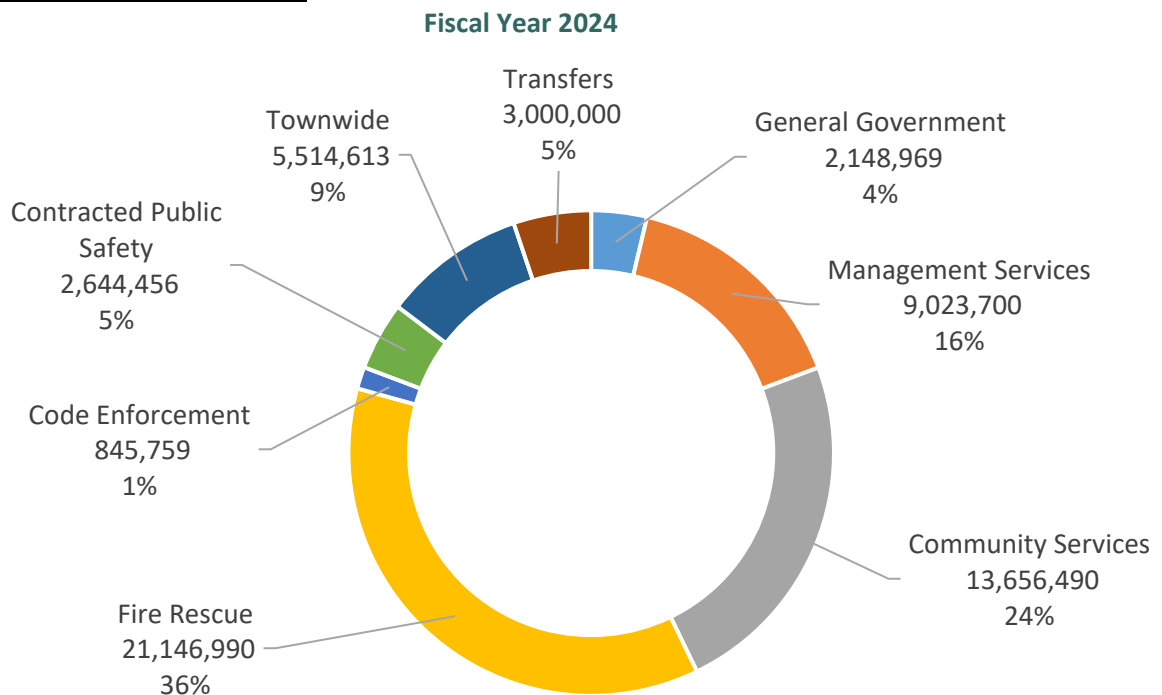
Financial Statement

	FY 2021 Actual	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	
Public Safety:					
Fire Rescue					
Executive	1,085,626	1,140,494	2,120,344	2,308,296	8.9%
Administration	2,885,410	2,435,290	2,701,374	3,395,488	25.7%
Operations	12,050,675	13,154,844	13,558,528	15,443,206	13.9%
Total Fire Rescue	16,021,711	16,730,628	18,380,246	21,146,990	15.1%
Public Safety & Code Enforcement					
Public Safety & Code Enforcement	-	-	-	845,759	n/a
Total Public Safety & Code Enforcement	-	-	-	845,759	n/a
Contracted Public Safety - Police Services					
Police Services	2,022,221	2,000,000	2,000,000	-	-100.0%
Security Services	-	21,647	50,000	-	-100.0%
Shore Beach Services	344,861	411,612	406,462	418,656	3.0%
Shore Beach Reimbursable	-	-	52,500	60,000	14.3%
Stipend	91,925	87,450	165,800	165,800	0.0%
Other	676,092	-	-	-	n/a
Total Public Safety - Police Services	3,135,099	2,520,709	2,674,762	644,456	-75.9%
Townwide (non-departmental):					
Personnel	872,401	384,620	999,329	391,684	-60.8%
Operating	1,922,502	2,087,656	2,450,665	4,758,935	94.2%
Capital	1,936	-	-	-	n/a
Grants	2,099,115	2,162,425	2,291,590	2,363,994	3.2%
Total Townwide	4,895,954	4,634,701	5,741,584	7,514,613	30.9%
Total Expenditures	40,959,948	43,092,266	48,621,804	54,980,977	13.1%
Transfers					
To CIP	-	549,261	-	-	n/a
To Land Acquisition Fund	-	-	-	1,000,000	
To Housing Fund	-	-	-	2,000,000	n/a
Total Transfers	-	549,261	-	3,000,000	n/a
Total Exp. & Transfers To	40,959,948	43,641,527	48,621,804	57,980,977	19.2%
Net change fund balance	3,564,534	3,386,847	-	-	
Beginning Fund Balance	22,111,484	25,676,018	29,062,865	29,062,865	
Ending Fund Balance	25,676,018	29,062,865	29,062,865	29,062,865	

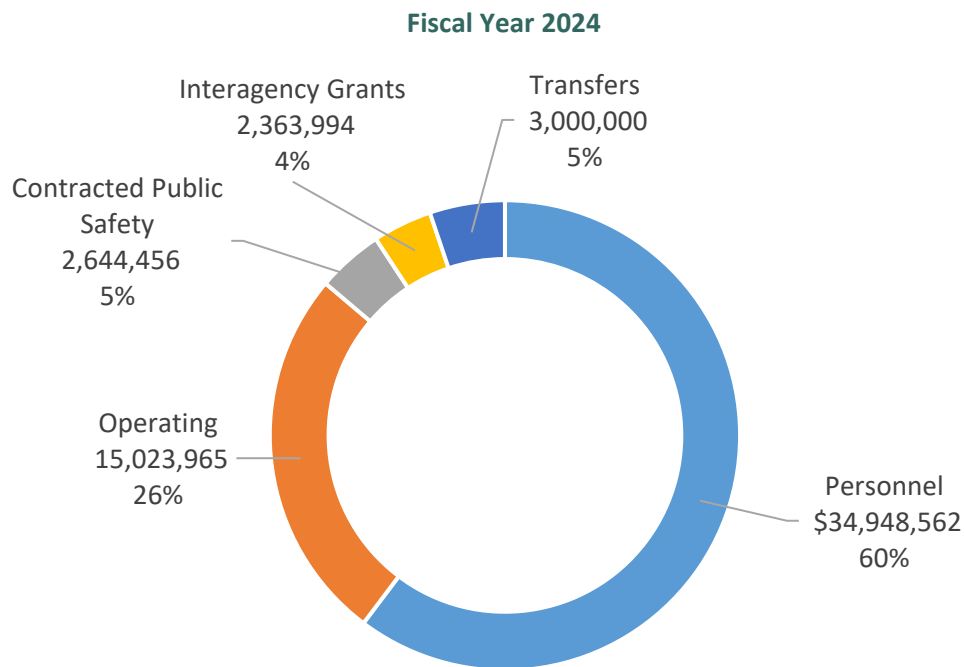
Where Money Comes From



Where Money the Goes – By Program



Where Money the Goes – By Category



Revenue Analysis

A description and analysis of revenues associated with the General Fund can be found in the Consolidated Budget Summary section of this document.

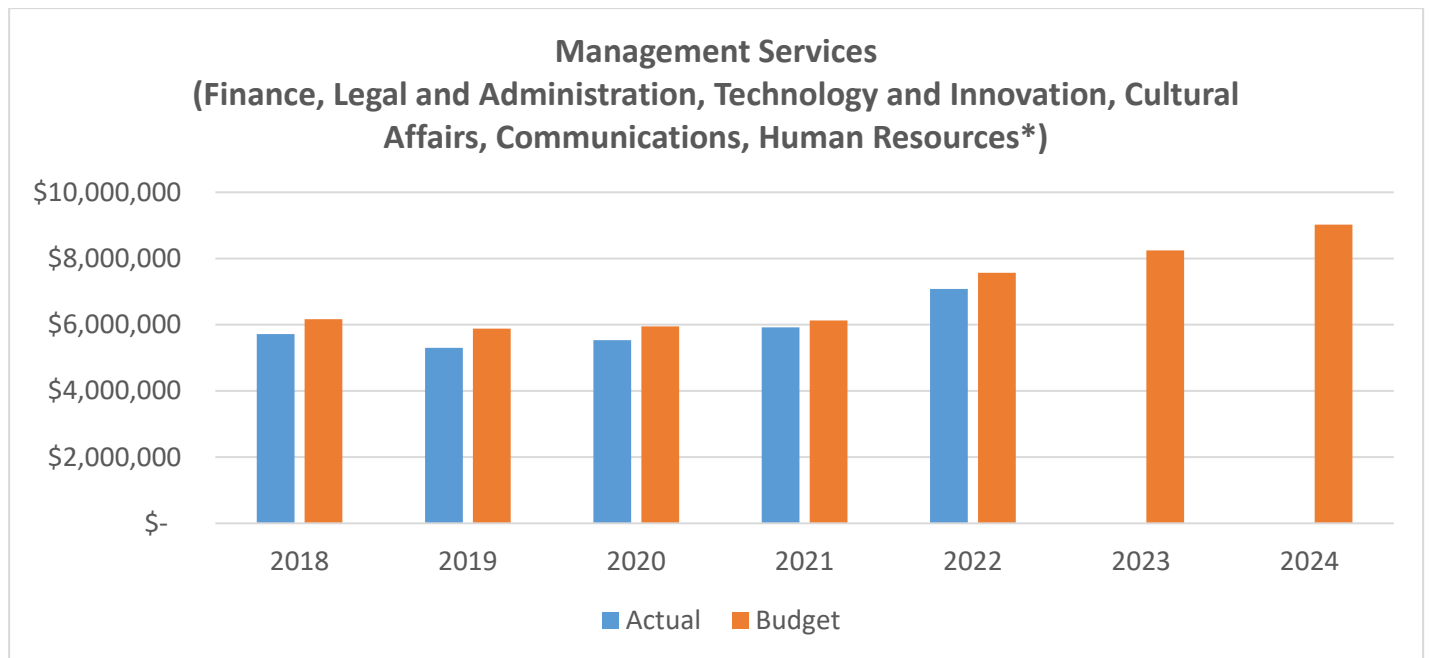
Expenditure Analysis

The following charts depict the trends in expenditures by program.

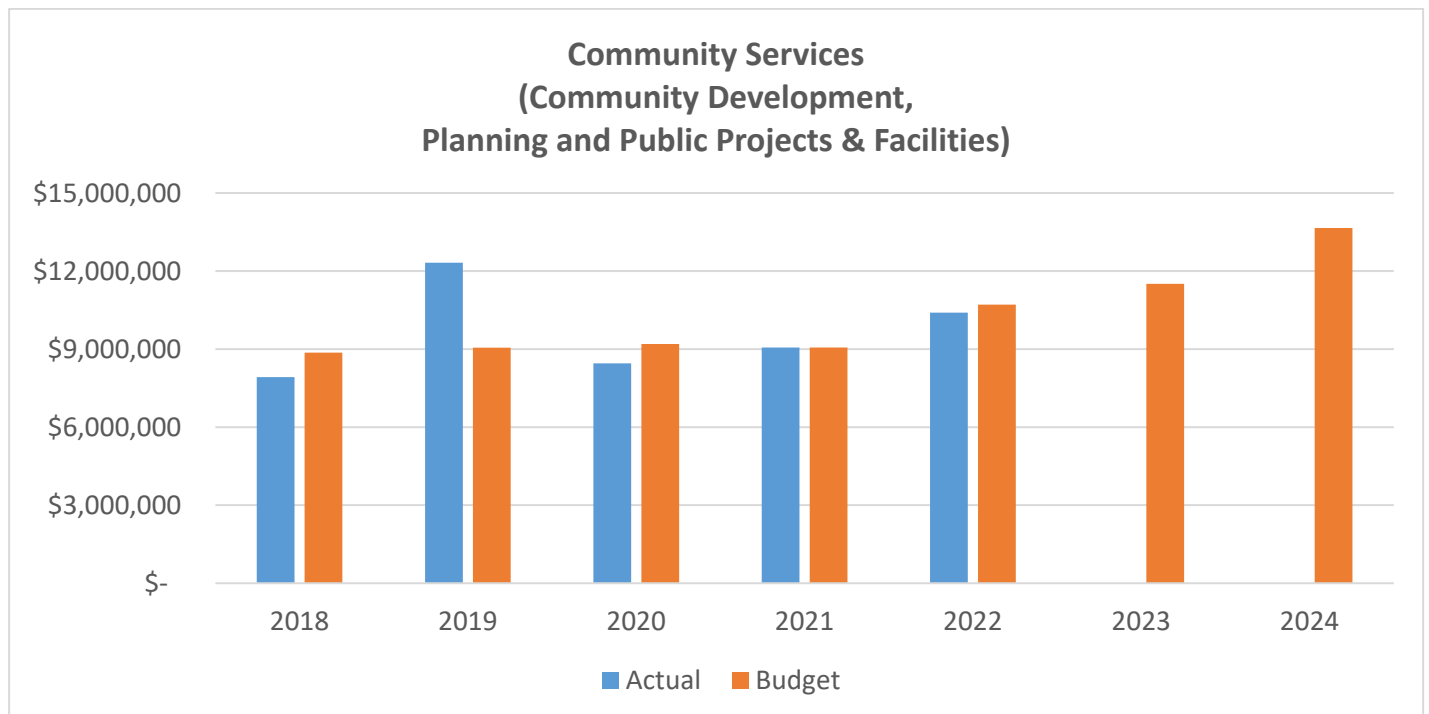


*Note: in Fiscal Year 2019 through 2021 Human Resources moved from Management Services to this category.

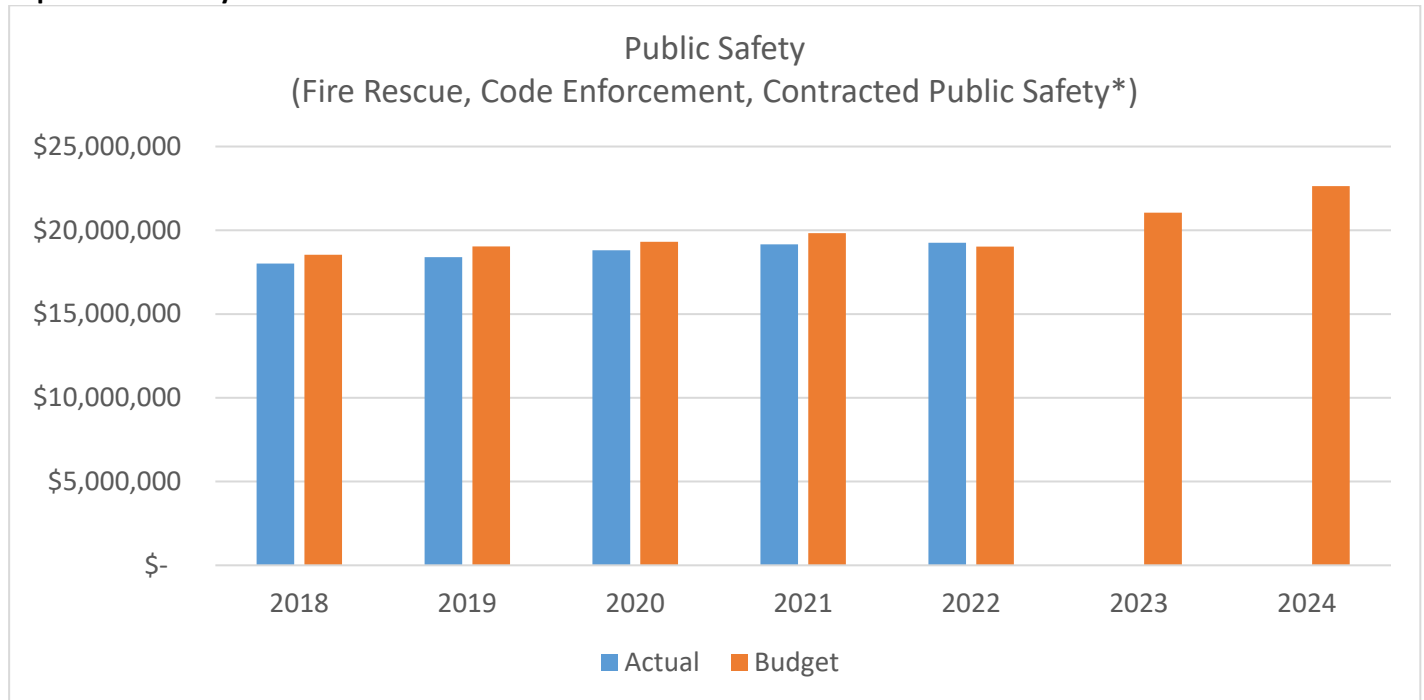
Expenditure Analysis



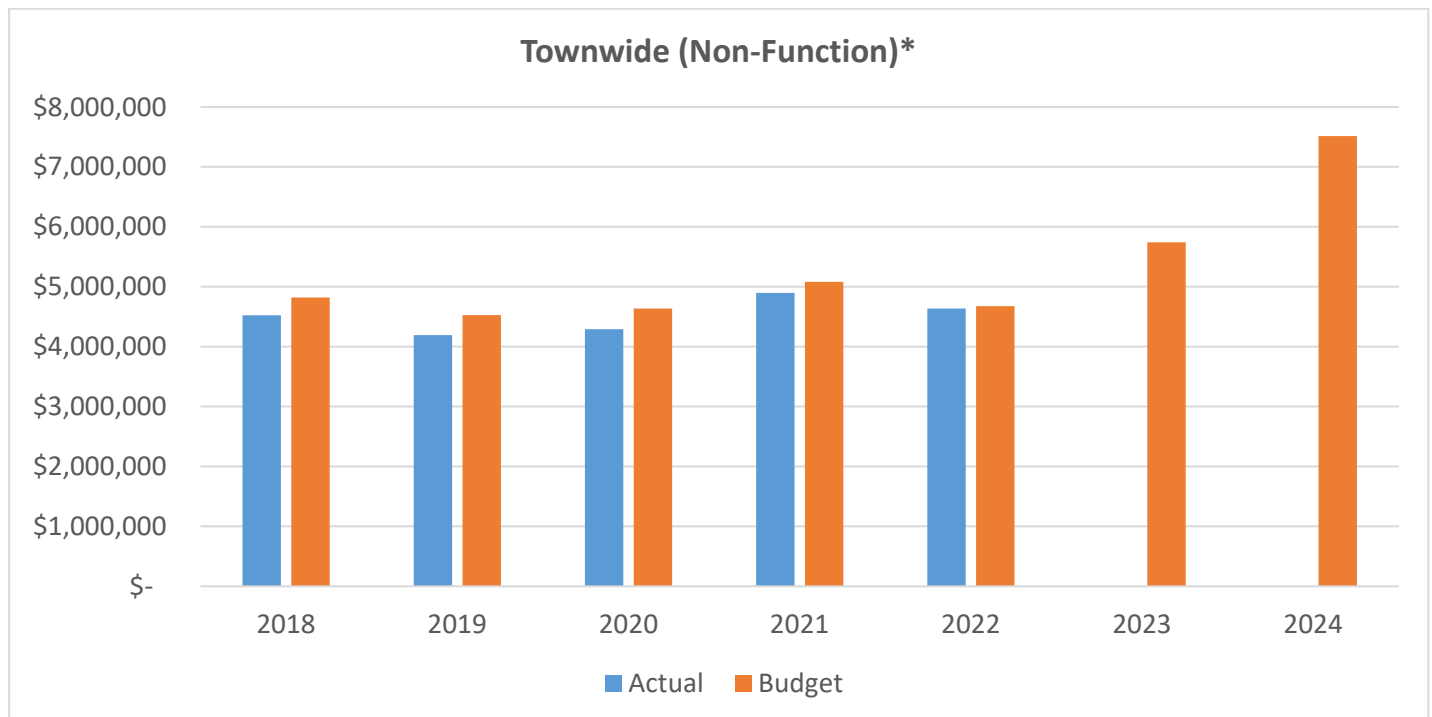
*Note: Human Resources was included in this category from FY16 through FY18, and FY22 through FY24



Expenditure Analysis



*The appropriation for Police Service funding (\$2 million) moved from Public Safety to the Townwide budget in FY24. Code Enforcement funding moved from Management Services to the Public Safety budget in FY24.



*Contracted Police Services (\$2 million) moved from Public Safety to the Townwide budget in FY24). Also includes Affiliated Agency funding and Transfers Out of the General Fund.

Department Budgets

Program: General Government

Department: **Town Council**

Council Mission

To provide professional leadership for the implementation of all policies and objectives set by Town Council and coordinate all municipal operations to provide effective and efficient delivery of services to Hilton Head Island's residents and visitors.

Core Services

Open Town Government

Develop innovative ways to make participation in local government activities possible for all residents and foster a sense of engagement among the citizenry by effectively communicating a common identity, actively seeking insight into the needs of the community, aligning Town services with citizen expectations, and continuing to strive for excellence as a highly-effective municipal corporation.

Financial Stability and Economic Development

Promote services in the most cost-effective manner. Protect the high level of service quality and financial stability that the Town has become known for by encouraging redevelopment, diversifying tax and revenue sources, ensuring the long-term viability of financial strategies, and implementing "new urbanism" techniques.

Community and Environmental Vitality

Preserve the Town's character while promoting a sense of pride for its citizens. Continue to provide support to neighborhood communities and individual homeowners and business owners in maintaining and improving aesthetics, safety, accessibility, and mobility throughout the Town. Lead by example in the stewardship of natural resources by preserving existing environmentally sensitive land sites. Minimize impacts on natural resources and protect trees, waterways, wetlands, and water quality while planning for the conservation of resources.

World-Class Leisure and Recreational Opportunities for Residents and Guests

Support renourishment and maintenance of quality beaches, including access and parking. Support maintenance and development of quality parks and recreational facilities. Support events that attract people to the Town while influencing accommodations and facilities of high standard and quality.

Promoting Unity while Supporting Diversity in the Community

Honor the strength of diversity in our community through open dialogue and gathering together to communicate, understand, and celebrate our differences and similarities.

Department Budgets

Program: General Government

Department: **Town Council**

Town Council held Strategic Planning work sessions on September 8, 2022, and January 24-25, 2023 and adopted the Town of Hilton Head Island Fiscal Years 2023-2025 Strategic Action Plan on June 6, 2023 to guide the Town's operations for calendar year 2023-2024. A number of important factors were identified.

Key Community Goals

- Adopt and pursue **Our Ideals of Excellence**.
- Protect and preserve the **natural environment**.
- Manage **evolving growth** while maintaining the Island's unique aesthetic.
- Provide **exceptional quality of life offerings** in arts, culture, and recreation with best-in-class facilities and programming.
- Develop **creative revenue sources** to fund the delivery of capital services, maintenance, operations, and projects meeting the needs of the Town, residents, and visitors.
- Recognize, respect, and promote **multi-dimensional diversity** on the Island.
- Promote **efficient and secure public services** to meet current and future needs.
- Plan for and mitigate the effects of **climate change, environmental or health concerns**, and natural disasters.
- View the **region as a partner**, not a competitor.
- Foster a **healthy, self-sustaining community** that encourages economic, cultural, and demographic diversity.

Our Ideals of Excellence Core Values and Focus Areas

- **Pursuit of Excellence**
 - Require and sustain excellence of Place, People, Planning, and Process.
- **Environmental Sustainability**
 - Create a resilient and sustainable environment through planning and policy.
- **Parks and Recreation**
 - Implement the Parks & Recreation Master Plan.
- **Regional Focus**
 - Evaluate how regional expansion will impact immediate and future social, economic, and political planning and policy.
- **Revitalize Economy**
 - Create an Island-appropriate economy that has sufficient depth and breadth to attract and support a diverse resident, visitor, and business population.
- **Inclusive Community**
 - Foster a multi-dimensional, equitable, and diverse community.
- **Connected Community**
 - Facilitate true connectivity in Island physical, social, and cultural environments.
- **Right-sized Infrastructure**
 - Align the community's physical, environmental, and social values with the Capital Improvements Program (CIP) and infrastructure planning.

Department Budgets

Program: General Government

Department: **Town Council**

Town Council FY 2023 Budget Highlights

- Funding is provided for continued Strategic Planning Workshops for Town Council and Senior Staff
- Updated Town Council salary processing from a base salary plus meeting stipend to a set salary including base salary and meeting stipend in an effort to reduce paperwork and improve efficiency.

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
<u>Town Council</u>					
Personnel	154,096	153,783	167,742	167,742	0.0%
Operating	333,709	276,134	380,370	283,100	-25.6%
Initiatives	74,945	-	-	-	0.0%
Capital	-	-	-	-	0.0%
Total	562,750	429,917	548,112	450,842	-17.7%
Personnel	7.0	7.0	7.0	7.0	

Department Budgets

Program: General Government

Department: **Town Manager**

Town of Hilton Head Island Mission

To provide excellent customer service to all that come in contact with the Town. To wisely manage and utilize the financial and physical resources of Town government. To promote policies and programs which will assure the long term health and vitality of the community. To encourage and instill job satisfaction for all Town staff. To develop and enhance the professional growth of all staff members.

Core Services

The Town of Hilton Head Island is a Council-Manager form of government, wherein the Town Manager is the chief executive officer and head of the administrative branch of the municipal government.

The Town Manager provides overall management of Town departments in a way that empowers employees to exceed citizen/ customer expectations.

The Town Manager provides support and recommendations to Mayor and Town Council; provides effective communication between Town Council, staff, residents, and other customers; and meets with Department Heads to ensure implementation of Town Council's goals and objectives.

Fiscal Year 2024 Goal and Objectives

- Implement the Strategic Action Plan and fund Strategic Action Plan Priorities and Initiatives.
- Execute the policies and initiatives of Town Council.
- Lead Town operations to meaningfully provide best-in-class service, and award-winning projects and initiatives.
- Enhance customer service, public safety, innovation, employee engagement, and training.
- Plan and invest in impactful capital projects and community infrastructure.
- Develop and use the consolidated budget as a catalyst to implement change and improvement.

Fiscal Year 2024 Budget Highlights

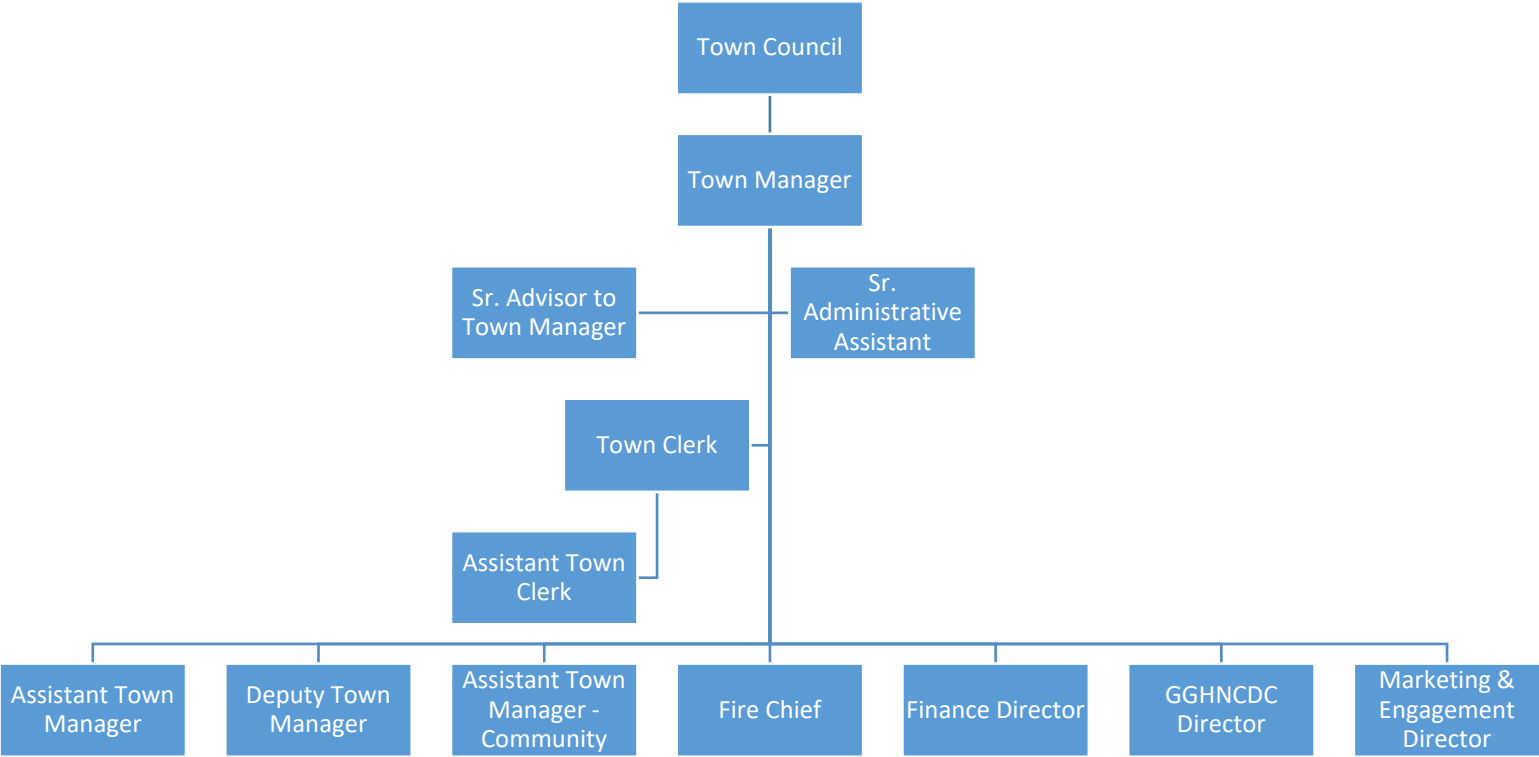
- Funding for a new full-time position, the Marketing & Engagement Director, to spearhead the prioritization of communications and outreach, including expanding and enhancing social media, marketing, and communications.

Department Budgets

Program: General Government

Department: **Town Manager**

Organizational Chart



*Note: Town Council is elected by and represents the citizens of the Town and is budgeted separately. The Town Manager is under contract with Town Council. The Assistant Town Manager – Community is budgeted in Community Development’s budget and the Fire Chief and Finance Director are budgeted within their respective budgets.

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
Town Manager					
Personnel	746,393	1,246,250	1,372,212	1,646,277	20.0%
Operating	15,715	50,404	151,850	51,850	-65.9%
Capital	-	-	-	-	0.0%
Total	762,108	1,296,654	1,524,062	1,698,127	11.4%
Personnel	5.0	7.0	8.0	9.0	

Department Budgets

Program: Management Services

Department: Administrative Services – Legal and Administration

Mission

To provide administrative leadership, supervision, support and direction to the Legal and Administration Division. To provide sound legal advice and services to the Town Manager, Town Staff, Town Council, and Boards and Commissions of the Town of Hilton Head Island. Provide support and assist with the Town's Public Information Program and Initiatives. Plan various community events. Provide support and assist with the Town's Special Event Process. Provide support and assist with the Town's State Legislative Agenda. Process Town-wide Freedom of Information requests. Provide risk management functions and management of fixed asset records; provide leadership for Town safety program. Oversee strategic planning and initiatives that have a significant impact in support of Town objectives.

Core Services

Administration

Assist Town Manager with Town-wide oversight. Assist with strategic planning, development and delivery of complex programs, initiatives and high-level projects that are large scale, multi-year or have significant impact in support of Town objectives. Coordinates and supports Public Information Program to include Mayor/Town Manager correspondence; Town Council and subcommittee agendas, media relations; and planning of community events. Provide assistance with the Town's State Legislative Agenda. Provide assistance with the Town's Special Event Process. Manage the Mayor's Youth Volunteer Service Award Program. Manage Administration Division and Legal Division.

Legal Services

Advise Town officials in a variety of subject areas, including ethics, environmental law, constitutional law, public records requests and records management, contract law, land use planning, revenue and taxation, code enforcement, housing, elections, and telecommunications franchises and utilities. Prepare and review opinions, contracts, resolutions, ordinances, intergovernmental agreements, regulations, leases, licenses, public communications, policies and procedures, and other legal documents. Monitor risk exposure and advise on policy development and program implementation to minimize risk and safeguard Town operations. Manage outside counsel and the Town for specialized legal matters. Attend and participated in meetings for, and provide legal support and advice to Town commissions, committees, and boards.

Fiscal Year 2023 Accomplishments

- Oversaw the State's Legislative Agenda and its strategies and provided assistance to support the Town's positions on 2021-2022 State Legislation.
- Assisted with the development and implementation of the Town Council Strategic Action Plan and organization of Strategic Action Plan Workshop.
- Processed 90 special events and 10 non-special events.
- Processed over 475 Freedom of Information Requests, 50 subpoenas, and 250 contracts and addendums.
- Assisted with providing resources, materials, information on Town policies, procedures, and State laws to incoming Town Committee, Commission and Board members.

Department Budgets

Program: Management Services

Department: Administrative Services – Legal and Administration

Fiscal Year 2023 Accomplishments

- Assisted with the recruitment and appointments of Board and Commission Members.
- Managed the planning and organization of the Mayor’s Youth Volunteer Service Award Program.
- Assisted with the drafting and dissemination of Town ordinances, resolutions, releases, indemnification agreements, right-of-entries, easements, leases, intergovernmental agreements, memorandums of understanding, and contracts.
- Provided direction concerning Town safety program.
- Provided leadership and supervision for subordinate professional and administrative staff to optimize organization effectiveness, performance development and talent management.
- Co-negotiated and settled FEMA Arbitration related to Hurricane Matthew, protecting approximately \$6 million in FEMA public assistance funding.
- Provided solution to regulations pertaining to dogs on the beach; drafted new ordinance to align with Beaufort County’s animal control ordinance and still allow dogs on the beach.
- Initiated and assisted in the creation of a development agreement related to the Northpoint Workforce Housing public-private partnership project.
- Supported staff and assisted in the negotiation and drafting of the agreement related to the William Hilton Parkway Corridor Project.
- Oversaw the required Redistricting Process of Town ward boundaries.
- Assisted with the creation of the Gullah Geechee Historical Neighborhood Development Corporation.

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Goal 1: Pursuit of Excellence - To provide competent legal advice and counsel in a timely manner to Town officials and administration.

Objective: To render sound legal advice to Town officials and staff, respond to project demands, and review contracts within three business days.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Review of contracts within 3 business days	100%	99%	99%	100%
Workers compensation compliance	98.0%	98.0%	98.0%	98.0%

Department Budgets

Program: Management Services

Department: Administrative Services – Legal and Administration

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Objective: To respond to Freedom of Information requests within 10 days.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Average response to FOIA Requests within 10 days	300	350	400	425
FOIA requests processed	420	475	500	525

Goal 2: Pursuit of Excellence - To oversee the State Legislative Agenda and strategies and provide assistance to support the Town's positions on 2021-2022 legislative issues.

Objective: To monitor Town's priority legislation; to support Town Council Intergovernmental Committee; and draft letters of support or opposition to legislators.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Review and Distribute MASC Legislative Alerts	30	31	32	32
Letters of support or opposition	5	3	4	4

Goal 3: Pursuit of Excellence / Revitalize Economy / Inclusive Community / Connected Community - To provide administrative support for the Town's Special Event application process.

Objective: To review applications, advise applicants of ordinance requirements and required documentation distribute application to key staff and BCSO liaison, coordinate meetings, draft correspondence/permits, obtain necessary signatures, and notify parties of approved events.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Number of special event applications processed	34	45	90	105
Number of non-special events reviewed and processed	21	7	10	15

Goal 4: Pursuit of Excellence - To draft Ordinances, Resolutions, and other legal documents.

Objective: To draft legal documents in a timely manner.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Ordinances drafted	12	13	14	14
Resolutions drafted	18	20	25	25

Department Budgets

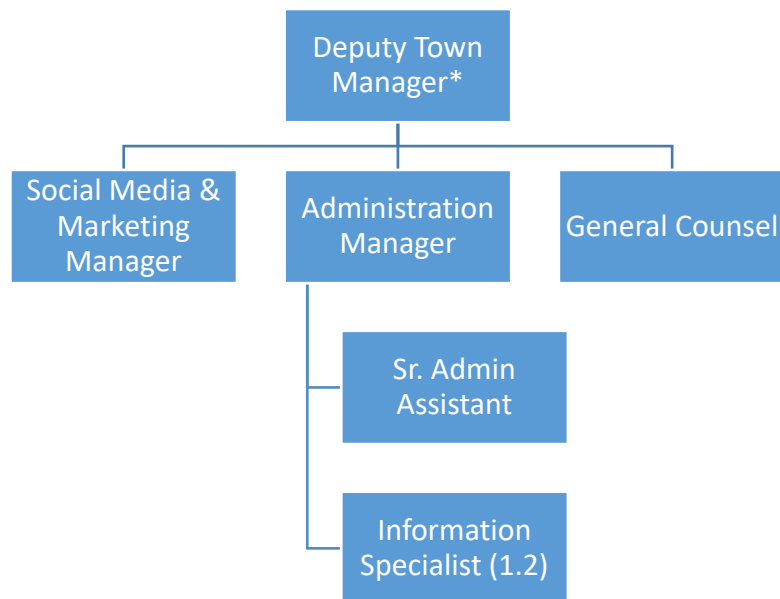
Program: Management Services

Department: **Administrative Services – Legal and Administration**

Fiscal Year 2024 Budget Highlights

- Moved Code Enforcement services from Legal and Administration to the Public Safety Department under the purview of the Director of Public Safety in FY24.
- Maintained same operational budget and accounted for General Counsel support functions.

Organizational Chart



Note: The Deputy Town Manager's salary and benefits are budgeted in the Town Manager's Department.

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
<u>Legal & Administration</u>					
Personnel	500,250	508,045	1,084,294	637,303	-41.2%
Operating	28,854	31,389	16,784	34,985	108.4%
Capital	-	-	-	-	0.0%
Total	529,104	539,434	1,101,078	672,288	-38.9%
Personnel	6.2	6.2	10.7	5.2	

Department Budgets

Program: Management Services

Department: Administrative Services – Office of Cultural Affairs

Mission

To promote and support Hilton Head Island as a vibrant and diverse island that is celebrated locally, regionally and nationally for the ways in which arts and culture enrich and enhance the community.

Core Services

Office of Cultural Affairs:

Promote and support Hilton Head Island as a vibrant and diverse island that is celebrated locally, regionally and nationally for the ways in which arts and culture enrich and enhance the community.

Fiscal Year 2023 Accomplishments

- Increased Facebook (8%) and Instagram (9%) followers over the past 12 months. Expect the FY23 increase to be around 10-12%.
- E-Newsletter subscriptions up 12% in 2022.
- Successful Lantern Parade with over 1,000 participants and several thousand spectators.
- Oversaw production of a successful Crescendo month with arts, culture, and heritage organization partners with over 100 events scheduled.
- Initiated a weekly “Singer Songwriter Series” in Lowcountry Celebration Park offering free original music performances by local musicians.
- Coordinated with other Town staff to conduct the Town’s inaugural Tree Lighting and Menorah Lighting events at Lowcountry Celebration Park.
- Initiated pilot program for the “Island Culture Project” which will connect students with experiences provided by local historical, cultural, and artistic organizations.

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Goals and Objectives:

The Office of Cultural Affairs (OCA) is guided by its Strategic Plan that was adopted by Town Council on 12/7/21. The plan’s goals are aligned with the Town of Hilton Head Island’s “Our Plan.” The Strategic Plan identifies five goals that guide the OCA’s activities, projects, resources, and collaborations.

Office of Cultural Affairs Strategic Plan – FY22 – FY24

1. Marketing and Communications – Promote our Arts and Culture Assets

-FY24 Projects include implementing website improvements, growing social media engagement, coordinating with Arts Council of Hilton Head to build collaborations and unique programming and activities, identifying avenues for marketing Hilton Head Island focusing upon cultural and heritage tourism.

Department Budgets

Program: Management Services

Department: Administrative Services – Office of Cultural Affairs

[Office of Cultural Affairs Strategic Plan – FY22 – FY24](#)

2. Resource Provision – Increase Resource Availability for the Community and Artists

-FY24 – Identify location for public art installation focused on youth segment of population. Connect organizations with necessary resources for finding arts providers, workshop leaders, and field trip opportunities. Identify grant opportunities to support OCA-coordinated programs and activities.

3. Inclusive – Foster and Inclusive Multi-Dimensional Community

-FY24 - Work with other Town staff and departments on projects connected to the OCA Mission/Vision - including Gullah-Geechee Land & Cultural Preservation Task Force, cultural education programs, and park development. Collaborate with other departments to produce the Town's holiday events in 2023. Coordinate activities around the celebration of the Town's 40th anniversary (360/40) with other staff, community leaders, partner organizations, and corporate sponsors (Please note that none of the funding in this budget request are specifically for events connected to the 360/40 celebration.)

4. Public Art – Build a Connected and Collaborative Community through Public Art

-FY24 - Ongoing public art acquisition, temporary exhibit planning, and identifying opportunities for community engagement. Continue to collaborate with the Capital Projects team to ensure appropriate locations for future installations and the thoughtful and intentional placement of Town-owned public art in accessible and appropriate locations.

5. Annual Crescendo Celebration – Expand the Crescendo Festival to be Recognized as a Regional Attraction

-FY24 - Work with Hilton Head Arts Council and other organizations to produce and promote high-quality and unique events Evaluate any new event proposals to ensure that they fit the Island's "sense of place." Organize and produce events during Crescendo including the Singer-Songwriter series and Poetry & Patron events. Identify funding sources and sponsorships for events including the Singer-Songwriter series, Poetry & Patron, and new programs for 2023.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2023 Budget	FY 2024 Budget
Office of Cultural Affairs Website Visitors	15,500	24,639	30,000	27,100	33,000
Culture HHI Facebook & IG Followers	6,100	7,706	8,750	8,500	9,500
Culture HHI E-Subscription Services Subscribers	4,040	4,160	4,750	4,576	5,200

Department Budgets

Program: Management Services

Department: Administrative Services – Office of Cultural Affairs

Fiscal Year 2024 Budget Highlights

- Produce 2023 Lantern Parade (11/18/23) and associated events, workshops, and activities.
- Production of Town sponsored events during Crescendo, Holiday events, and 360/40 celebration.
- Revamp CultureHHI website as necessary.
- Increase engagement in social media advertising and outside marketing opportunities to grow participation in arts and culture events Island-wide.
- Installation of mural or other public art experiences at a local school or youth-oriented location.
- Launch Poetry Trail project in cooperation with the Island Writers' Network (original poetry by local poets that specifically connect to the Town's sculpture collection and other significant sites on the Island).

Organizational Chart



*The Assistant Town Manager's salary and benefits are budgeted in the Town Manager's department.

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
<u>Office of Cultural Affairs</u>					
Personnel	137,952	152,497	161,345	160,163	-0.7%
Operating	95,320	105,901	138,750	153,150	10.4%
Capital	-	-	-	-	#DIV/0!
Total	233,272	258,398	300,095	313,313	4.4%
Personnel	1.0	1.0	1.0	1.0	

Department Budgets

Program: Management Services

Department: Administrative Services – Technology & Innovation

Mission

To provide administrative leadership, supervision, support and direction to the Information Technology Division, Communications Division, Legal and Administration Division, Culture Affairs Division, Records Management Division, and Human Resources Division. To provide sound legal advice and services to the Town Manager, Town Staff, Town Council, and Boards and Commissions of the Town of Hilton Head Island. Prosecute municipal code violations and misdemeanor offenses in Magistrates Court. Provide support and assist with the Town's Public Information Program and Initiatives. Provide support and assist with the Town's Special Event Process. Provide support and assist with the Town's State Legislative Agenda. Process Town-wide Freedom of Information requests. Inform and engage residents, guests, stakeholders and employees; strengthen and expand the Town's brand and foster community pride and cooperation through telling the Hilton Head Island story.

Core Services

Technology & Innovation

Our enterprise IT services include infrastructure operations, information systems, desktop and collaboration services, IT planning, IT project management, and IT support.

Network & Infrastructure Services is responsible for the data, video, voice and network infrastructure. We provide secure Internet and network connectivity, the wireless network, remote access systems, telephone and messaging services and all physical network infrastructure for network connectivity.

Further, we provide the computing infrastructure and service management that powers Town applications including Microsoft 365 and calendaring systems. Manage and maintain the 24 x 7 Data center operations, including security, virtualization, mass storage, backup, disaster recovery, Help Desk, and IT Departmental support.

Enterprise Applications & GIS Services Provide technical support for all enterprise level software applications to include the design and maintenance of the Town's Geographic Information System. This division is dedicated to the acquisition, development, implementation, maintenance, and support of the Town's core enterprise applications that are used for the delivery of services to all Town departments and the citizens of Hilton Head Island, SC. Our goal is to maintain and support enterprise applications, enhance business processes through the use of enterprise applications, and improve the user experience in all enterprise software applications. The Geographic Information Systems (GIS) team creates and maintains GIS databases and applications internally and externally to support all Town departments and the citizens of Hilton Head Island, SC.

Public Safety Systems provide direct, and indirect Information Technology (IT) support for Fire Rescue's core services. Work closely with Fire Rescue's leadership in defining their IT needs for current and future operations. Coordinate with other IT divisions to ensure Fire Rescue's core services are supported to the highest level of interoperability, reliability and security. When appropriate, utilize Town enterprise data/networking services to reduce costs.

Records Management

Provide support for internal departments to include scanning, storing and destroying records as appropriate. Respond quickly and efficiently to customer requests for Town records. Identify and capture historical archival records. Provide reception and information services at the Town's main reception desk.

Department Budgets

Program: Management Services

Department: Administrative Services – Technology & Innovation

Fiscal Year 2023 Accomplishments

- Implemented network redundancy to improve failover measures
- Migrated Energov and Munis from on prem to Hosted with Tyler for continuity of government
- Implemented a Help Desk ticketing system to formally track all incoming requests
- Monthly Training Program
- GovOS Short Term Rental Software
- Implementation of 4 host servers to support Public Safety
- GIS Infrastructure upgrades to support Town operations
- Development of Town Owned Property Asset Management dashboard
- Adoption of Electronic Plan Submissions and E-Reviews using Energov Citizen Self Service and Bluebeam

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Goal 1: Pursuit of Excellence - To provide cost-effective state of the art management information systems and support services to enhance employee productivity throughout the Town.

Objective 1: Maintain 99.9% uptime of all critical system services.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Projected
Critical system uptime	99.99%	99.99%	99.99%	99.99%
Number of critical system failures	1	1	0	0

Goal 2: Pursuit of Excellence To ensure confidentiality, integrity, and availability of Town data by preventing unauthorized access to systems.

Objective 1: Utilizing a layered security methodology, prevent malicious attacks from reaching critical systems and users.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Projected
Number of security breaches	1	0	0	0
Email rejections (includes viruses and SPAM)	280,997	317,075	320,075	350,000
Total threats blocked (malware)	1,128	1,122	1,200	2000
Malicious websites blocked and warned	106,428	105,348	107,000	110,000

Department Budgets

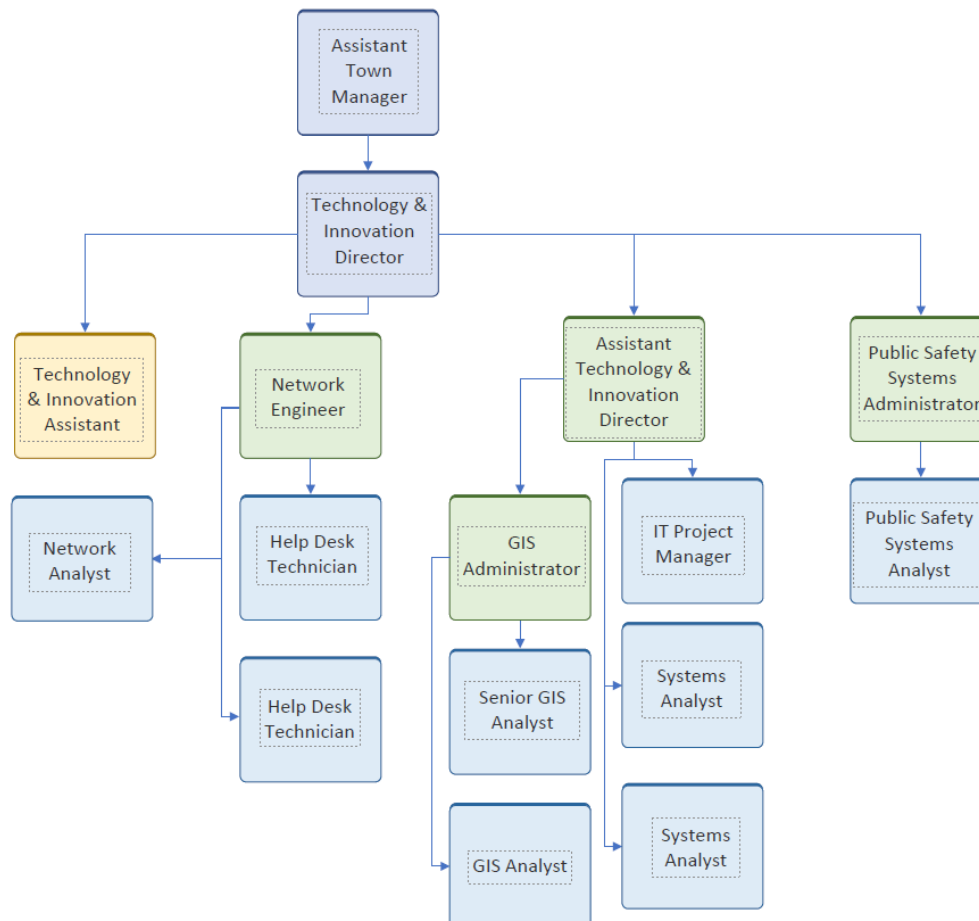
Program: Management Services

Department: **Administrative Services – Technology & Innovation**

Fiscal Year 2024 Budget Highlights

- Originally, we cut an estimated \$150k from the budget before taking on the yearly cost of Tyler Technologies (Munis/Energov), GovOS (short term rental software) and the townwide phone and cell phone costs at an approximate additional cost of \$600k
- Implementation of IT Strategic Plan initiatives.
- Implement 4-year lifecycle replacement on end user laptops and PC's
- Implement 5-year lifecycle replacement on vital network infrastructure
- Add more citizens access capabilities through online access platforms

Organizational Chart



*The Assistant Town Manager is budgeted in the Town Manager's Department.

Department Budgets

Program: Management Services

Department: **Administrative Services – Technology & Innovation**

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
<u>Technology & Innovation/Records</u>					
Personnel	1,139,987	1,533,216	1,723,393	1,698,962	-1.4%
Operating	1,496,509	1,807,320	1,985,971	2,533,611	27.6%
Capital	140,194	-	-	-	#DIV/0!
Total	2,776,689	3,340,536	3,709,364	4,232,573	14.1%
Personnel	11.0	14.5	15.0	14.0	

Department Budgets

Program: Management Services

Department: **Administrative Services – Communications**

Mission

To cultivate and support a thriving, engaged and educated community through the provision of contemporary and accessible communications, online tools, resources, and opportunities to interact and collaborate with, learn about, and obtain services from the Town.

Core Services

Communications

Develop and administer a public information program to communicate with the public and the media about Town priorities and activities. Design and administer the Town's Websites to include all associated electronic online government services.

Fiscal Year 2023 Accomplishments

- Expanded the Town website's Spanish microsite to include translated versions of all Town forms.
- Developed and implemented comprehensive communication campaigns (graphic design services, content creation, social media, informational video series, and earned media interviews) for:
 1. MyHHI (See Click Fix)
 2. Strategic Action Plan
 3. FY 2023 Budget
 4. Bike Month
 5. Public Safety Week
 6. Short-term Rental
 7. Sewer Connection Program
 8. Home Safety & Repair Program
 9. Holiday Events
 10. Gullah Geechee Community Development Corporation
 11. Major Community Development Initiatives (Mid-Island District, Mid-Island Park, North Point)

Department Budgets

Program: Management Services

Department: Administrative Services – Communications

Fiscal Year 2023 Accomplishments

- Created content (news releases, articles), managed earned media opportunities and provide communications guidance for Town Manager, Mayor and a wide range of town projects/initiatives including Town Council actions, Mayor communications, CIP projects, pathway and park improvements, facilities/engineering, Gullah Geechee initiatives, Cross Island toll removal, Town events (Holiday events, St. Patrick's Day Parade and RBC Heritage), major beach and park upgrades, election, Honored islanders, Language Line Interpretation & Translation services, launch of a Spanish microsite, dogs on beach, e-bike ordinance, and environmental sustainability.
- Created content (news releases, articles), managed earned media opportunities, attended and documented events, and provide communications guidance for employee communications including new and promoted employees; retirement of Fire Chief / hiring of new Chief; and Fire Rescue hiring pool.
- Engaged a communications consulting firm, Slate Communications to assist with development of a communications strategic plan and launched communications study.

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Pursuit of Excellence / Connected Community -To develop and implement communication strategies to further the Town's Public Information Program initiatives and goals. To increase public access to information, services and interaction through the Town's multiple communication channels.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Town E-Subscription Services Subscribers	30,391	31,946	32,000	32,250
Town Website Visitors	2,809,992	2,046,590	2,100,000	2,250,000
Town Website Page Views	8,858,078	7,016,631	7,250,000	7,500,000

Fiscal Year 2024 Budget Highlights

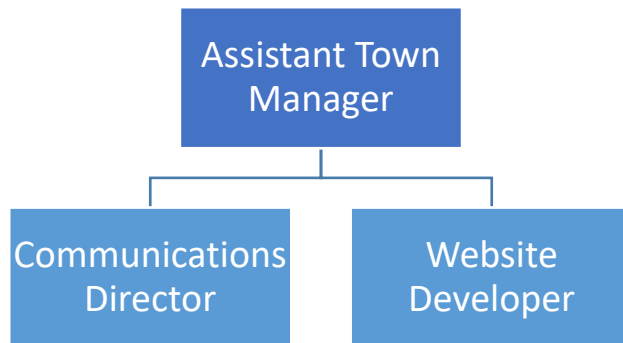
- Implementation of the Communications Strategic Plan.
- Development of a Town Annual Report highlighting the progress made on Strategic Plan initiatives during the calendar year.
- Implementation of a new Intranet to improve Town staff access to information and services.
- Expansion and improvement of online services available on the website to increase public convenience and efficiency for Town Staff.

Department Budgets

Program: Management Services

Department: **Community Engagement - Communications**

Organizational Chart



Expenditure and Staffing Summary

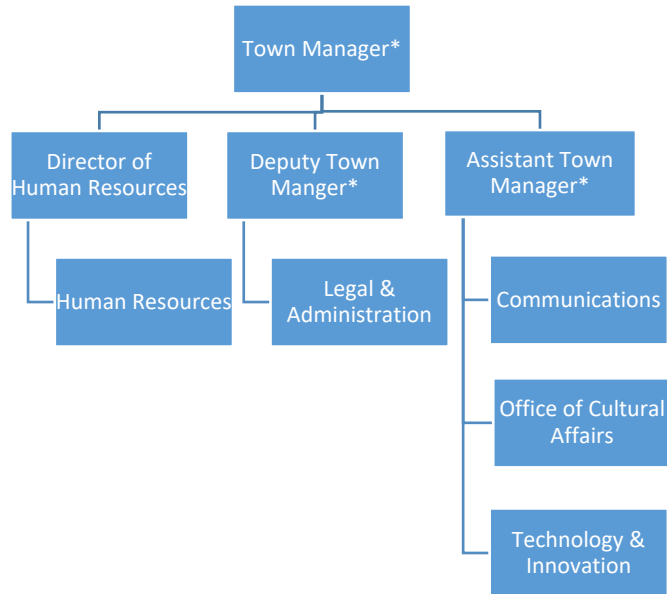
	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
<u>Communications</u>					
Personnel	318,962	230,084	241,750	313,735	29.8%
Operating	35,199	27,467	106,365	132,980	25.0%
Total	354,161	257,551	348,115	446,715	28.3%
Personnel	2.5	2.5	2.0	2.0	

Department Budgets

Program: Management Services

Department: Administrative Services

Management Services – Administrative Services - Departmental Structure



*Note: The Town Manager is under contract with Town Council. The Town Manager, Deputy Town Manager, and Assistant Town Manager's salaries and benefits are budgeted in the Town Manager's Department.

Management Services – Administrative Services - Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
Administrative Services - Program Summary					
Administration and Legal	529,104	539,434	1,101,078	672,288	-38.9%
Cultural Affairs	233,272	258,398	300,095	313,313	4.4%
Communications	354,161	257,551	348,115	446,715	28.3%
Human Resources	598,484	667,426	587,750	691,111	17.6%
Technology & Innovation/Records Mgmt	2,776,689	3,340,536	3,709,364	4,232,573	14.1%
Total	4,491,710	5,063,345	6,046,402	6,356,000	5.1%
Administrative Services - By Category					
Personnel	2,558,488	2,883,147	3,698,154	3,377,042	-8.7%
Operating	1,793,028	2,180,198	2,348,248	2,978,958	26.9%
Capital	140,194	-	-	-	#DIV/0!
Total	4,491,710	5,063,345	6,046,402	6,356,000	5.1%
Personnel	19.7	24.2	29.7	26.2	

Department Budgets

Program: Management Services

Department: Finance

Mission

To provide sound financial management resulting in effective preservation of the Town and its fiscal assets; to comply with all governmental policies and procedures relative to accounting, auditing, financial reporting, asset management, debt administration, business licensing and associated revenue collections; and to provide accurate financial information and courteous and professional support to Town staff and its citizens to ensure a high level of customer satisfaction is maintained.

The Finance Department's mission incorporates the following principles:

Leadership – Strong financial leadership in all areas of activity undertaken by the Town.

Innovation – Progressive use of technology to promote the efficient use of resources.

Professionalism – Sound professional advice on all aspects of financial management.

Quality – Achievement and maintenance of a high quality service.

GFOA standards for Finance Departments as identified in "An Elected Official's Guide to Government Finance" include:

1. **Promote competent financial management**.....Governments should seek to retain trained experience professional managers. To ensure that vital financial policies are implemented, a continuing investment should be made in proper organization, staffing, training, compensation, certification, technology, and support facilities for financial professionals.
2. **Use the budget to communicate effectively**.....The budget document should be prepared so that it facilitates public understanding and analysis while effectively communicating key economic issues and fiscal policies. Revenue sources and assumptions should be explained as clearly as the spending plan.
3. **Pay careful attention to revenues**.....Revenue estimates should be based on reasonable expectations. Unless fund balances or budget stabilization reserves are available to absorb shortfalls, realistic and reasonably conservative revenue estimates are preferable.
4. **Monitor the budget**.....The budget process should include periodic reports to the governing body demonstrating budgetary compliance. Budget policymaking and oversight should be forward looking.

Core Services

Financial Administration

Provide strong financial leadership in all areas of activity undertaken by the Town. Promote the use of technology to ensure the efficient use of the Town's resources. Develop and manage the Town's financial policies and exercise budgetary controls over all expenditures. Provide effective cash and debt management for the Town ensuring strong bond ratings are maintained. Oversee the compilation of accurate comprehensive annual financial reports and budgets in compliance with governmental standards, practices and recommendations. Provide oversight of technological and systems improvements within the department. Ensure the department is committed to providing the highest quality customer services.

Department Budgets

Program: Management Services

Department: Finance

Core Services

Accounting Services

Provide administration of the Town's general ledger, payroll, accounts payable, financial audits, State reporting and grants. Provide accounting functions for the Island Recreation Association and Coastal Discovery Museum. Responsible for maintaining the following funds: General, Tax Increment Financing District (TIF), Debt Service, Capital Projects, Accommodations Tax - State, Accommodations Tax – Local, Beach Preservation Fee, Hospitality Tax, Stormwater Fee, Real Estate Transfer Fee, Home Grant, Road Usage Fee, and Electric Franchise Fee. Provide effective accounting support to staff and committees. Compile accurate monthly and comprehensive annual financial reports in compliance with governmental standards, practices and recommendations to be published on the Town's website and submitted to the Government Finance Officers Association.

Revenue Services

Collection of Town-wide funds including business license fees, hospitality taxes, accommodations taxes, beach preservation fees, franchise fees, and beach passes. Perform billing and collections for Emergency Medical Services. Oversee the processes associated with the Town's setoff debt collection program. Maintain the Town's business license database and ensure compliance with the business license ordinance through on-site inspections. Compile accurate annual financial budgets in compliance with governmental standards, practices and recommendations to be published on the Town's website and submitted to the Government Finance Officers Association.

Procurement

Oversight of solicitations and contracts for goods and services. Oversee all Town risk management programs and insurance coverage.

Fiscal Year 2023 Accomplishments

1. Implementation of the Short-Term Rental Permit program
2. Bond rating agencies reviewed and re-affirmed our strong bond ratings
3. Achieved record high collections of several revenues during FY23 including Business Licenses, Beach Preservation Fees, Hospitality Taxes, State Accommodation Taxes, and Local Accommodation Taxes
4. Extended the expiration date of the Real Estate Transfer Fee from December 31, 2024 until December 31, 2044, which will allow the Town to continue its strategic land acquisition program
5. Completed the Fiscal Year 2022 audit and preparation of the Annual Comprehensive Financial Report
6. Completed preparation of the Fiscal Year 2023 budget and the preparation of the budget books

Fiscal Year 2024 Goals, Objectives, and Performance Measures

1. Support the Strategic Plan and ensure the capital and operation needs are provided for appropriately
2. Maintain strong credit rating of the Town
3. Obtain GFOA Certificate of Achievement for Excellence in Financial Reporting
4. Obtain GFOA Distinguished Budget Presentation Award
5. Continue to implement the Short-Term Rental Program
6. Amend the Business License Ordinance to update the Business License Class Schedule as required by Act 176 of 2020
7. Amend the Millage Rate once the effects of the County Property Tax Reassessment are known.

Department Budgets

Program: Management Services

Department: Finance

Fiscal Year 2024 Additional Goals, Objectives, and Performance Measures

Goal: Pursuit of Excellence / Revitalize Economy - Maintain the Town's strong credit rating.

Objective: To effectively manage and implement the fiscal planning process for the bond issuance and ultimate funding of the ten-year Capital Improvement Program.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Standard & Poor's Bond Rating	AA+	AA+	AA+	AA+
Moody's Investors Bond Rating	Aaa	Aaa	Aaa	Aaa
Fitch Bond Rating	AA+	AA+	AA+	AA+

Goal: Pursuit of Excellence - Provide a high level of customer service to both our internal and external customers in the Revenue Services Division and ensure diligent collection efforts in accordance with state and local laws.

Objective: To issue licenses and accounts and process cash receipts in a timely and accurate manner.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY2023 Actual	FY2024 Projected
# of Business License renewals processed	6,876	9,425	13,500	13,675	14,000
# of new Business Licenses processed	1,196	4,870	2,000	3,113	2,200
Business License collections	\$10,455,636	\$14,110,310	\$10,600,393	\$12,690,924	\$12,421,015
# of Local ATAX/Beach Preservation Fees permits	1,262	1,126	1,250	1,277	1,300
# of Local ATAX/Beach Preservation Fees receipts processed	6,253	5,412	5,500	5,700	5,700
Local ATAX/Beach Preservation Fees collections	\$16,685,701	\$21,079,593	\$16,220,970	\$20,845,396	\$21,100,000
# of Hospitality Tax Permits	368	396	400	405	400
# of Hospitality Tax receipts processed	2,478	2,621	2,700	2,640	2,650
Hospitality Tax collections	\$8,051,256	\$9,907,025	\$8,733,470	\$10,400,345	\$10,106,156
# of Short-Term Rental Permits	N/A	N/A	4,800	6,638	7,000
Short-Term Rental Permit collections	N/A	N/A	\$1,200,000	\$1,659,500	\$1,750,000

Department Budgets

Program: Management Services

Department: Finance

Fiscal Year 2024 Additional Goals, Objectives, and Performance Measures

Goal: Environmental Sustainability - Support paperless records retention to allow the Finance Department to be environmentally responsible and allows faster and more efficient access to financial information.

Objective: Archive Revenue Services primary and support documentation with 30 days of processing.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2024 Projected
Revenue Services documents archived within 30 days	92%	95%	98%	98%
EMS documents archived within 30 days	98%	95%	98%	98%

Note: EMS billing was successfully outsourced in Fiscal Year 2020. The Finance team is still heavily involved in monitoring billing activity, monitoring collection results, and collecting outstanding billings from proprietary billing systems.

Goal: Pursuit of Excellence / Revitalize Economy - Ensure business license compliance and enforcement of Town Code.

Objective: Conduct business license site visits/contacts.

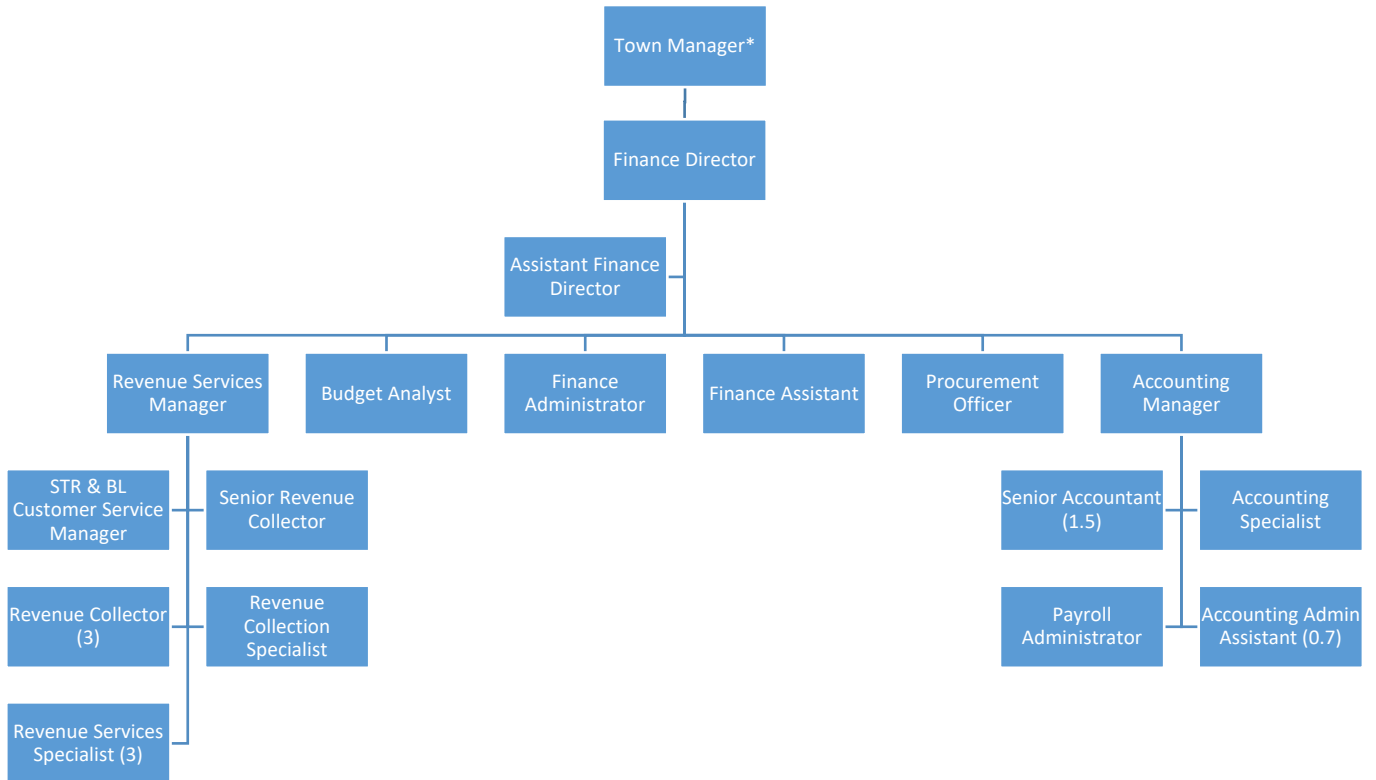
	FY 2021 Actual	FY 2022 Actual	FY 2023 Budget	FY 2024 Actual	FY 2024 Projected
Business License site visits	561	575	600	359	400

Department Budgets

Program: Management Services

Department: Finance

Organizational Chart



*Note: The Town Manager is under contract with Town Council.

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
Finance - Program Summary					
Personnel	1,779,884	1,780,108	1,996,630	2,332,548	16.8%
Operating	246,451	236,557	202,470	335,152	65.5%
Capital	-	-	-	-	#DIV/0!
Total	2,026,335	2,016,665	2,199,100	2,667,700	21.3%
Personnel	19.7	19.2	20.2	21.2	

Department Budgets

Program: Community Services

Department: Community Development

Mission

To provide the highest quality planning services for both internal and external customers by; a) insuring the Comprehensive Plan is in accordance with state law and is being implemented; b) providing creative, flexible, fair and consistent administration of development and construction codes, permitting and inspection of structures, while maintaining records and assuring compliance with the provision of the National Flood Insurance Program for our customers; c) insuring a comprehensive and professional direction for the Island's environmental protection and preservation; and d) preserving and enhancing the Island's long-term sustainability.

Core Services

Administration

1. Oversees the implementation of the Land Management Ordinance to ensure development and redevelopment activities are in compliance.
2. Oversees revision to the Comprehensive Plan to improve its effectiveness in guiding the future of the community.
3. Oversees implementation of building codes and effective code enforcement.
4. Selectively participates in regional issues with Beaufort County, the Town of Bluffton, and other agencies regarding growth management, development regulations, transportation planning, recreation planning, natural resource protection, and other issues that impact our community.
5. Assists in developing and addressing Town Council's Key Priorities.
6. Coordinates land acquisition efforts of Town Council.
7. Oversees process improvements within the department and with other departments.
8. Coordinates review board activities, meetings, agendas, and packets.
9. Promotes public education of department's projects and functions.
10. Updates and implements the Town's Disaster Recovery Plan.

Development, Review and Rezoning

1. Manages and coordinates efforts to implement the Land Management Ordinance by the review of all applications for Development Plans, Subdivisions, Variances, Special Exceptions, Appeals, Zoning Map Amendments, Public Project Reviews, and Master Plan Amendments ensuring all applications are in compliance with the Comprehensive Plan.
2. Oversees natural resource protection of the Island including beach, tree and wetland regulations, and water quality preservation.
3. Continues environmental monitoring for water quality and created wetlands, and Land Management Ordinance effectiveness for tree protection.
4. Oversees Urban Design Program and Guidelines.
5. Provides for periodic review and update of the Land Management Ordinance.
6. Manages the Community Rating System, assuring that construction within the Town is in compliance with FEMA regulations thereby providing savings on flood insurance premiums for the residents and businesses on the Island.

Department Budgets

Program: Community Services

Department: Community Development - Planning

Core Services

Comprehensive Planning

1. Guides the revision and implementation of the Comprehensive Plan focusing on Redevelopment strategies, Sustainable strategies, Capital Improvement Program projects, and Land Management Ordinance amendments.
2. Provides support services and programs for economic development initiatives in the Town.
3. Provides for grant research and writing to secure funding for various Town projects and programs.
4. Implements all aspects of CDBG Entitlement Grant Activities.
5. Undertakes and guides Special Projects as identified by Town Council or Town Management.
6. Oversees Sustainable Practices Program and Implementation.
7. Provides staff support to Capital Improvement Program (CIP) and storm water initiatives as needed.

Building

1. Delivers prompt, efficient, and courteous service in the management, coordination and inspection of the building permitting process to be in compliance with current building code and flood control regulations for both single family and commercial structures.
2. Enforces State and locally adopted building codes and ordinances.
3. Collects permit fees and impact fees for both the Town and the County.
4. Provides flood hazard determination to homeowners, insurance, legal and banking representatives.
5. Conducts seminars and outreach activities for the public pertaining to building code and flood control regulations.

Community Development Services

1. Serves as front line for general information and permitting process. Approves minor permits for site development.
2. Maintains accurate records and statistics of construction on Hilton Head Island.
3. Communicates with the construction/development community to address code issues, inspection issues, procedures for permitting and inspection, and planning/development issues.
4. Initializes building permit applications within 2 days of receipt.
5. Performs site plan reviews on applications for single family structures within 2 days of initializing the application.

Fiscal Year 2023 Accomplishments

- Realigned Community Development and Infrastructure Services Departments into one Department.
- Gateway Corridor Project Coordination, including Recommendations for Project Improvements.
- Researched and assessed Town-owned properties, including funding source review, and development of an interactive application.
- Outlined Housing Initiatives, including creation of a Housing public-private partnership.
- Workforce Housing: Completed a communications plan and prepared for a Town Council workshop to address workforce housing opportunities and a Regional Housing Trust Fund.

Department Budgets

Program: Community Services

Department: Community Development - Planning

Fiscal Year 2023 Accomplishments

- Creation and implementation of the Historic Neighborhoods Permitting and Design Studio.
- Achieved FEMA, Community Rating System Class 5 Community status.
- Short-Term Rental Initiative: Working jointly with Development Review & Zoning, completed the first phase of the project and drafted an Ordinance based on the initial policy framework.
- Mid-Island Redevelopment Area: Coordinated with MKSK to complete the initial public engagement and research.
- Island-Wide Conditions and Trends Assessment: Coordinated with MKSK to create a draft project scope and timeline, identify stakeholders, and survey existing data.
- Ford's Shell Ring: Working with Beaufort County, developed a Joint Operating Agreement (JOA) for the park. Assisted with legal and site development issues.
- Mitchelville Lease: Crafted a draft revision to the Mitchelville lease to add three Town/County-owned properties to the site.
- Gullah Geechee Top Priority Recommendations: Completed 9 of the 16 Top Priority Projects. Maintaining these as ongoing programs. Developing a plan to complete the remaining projects.
- Grand Opening of the Shelter Cove Parking and Pathway Improvements project.
- Assisted customers with scheduling inspections.
- Assisted customers with scope of work changes.
- Coordinated updates to Energov Workflows.
- Worked with IT for customer reports, such PSD and CSS changes, and assisted with reports for active permits.
- Coordinated with the Homebuilders Association and trained contractors on how to use the new online permitting site.

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Goal 1: Environmental Sustainability

Objective: Establish National Leadership Credibility in Environmental Sustainability & Resource Protection

Objective: Acquire Audubon International "Sustainable Community" Recertification

Goal 2: Inclusive Community

Objective: Implement Gullah Geechee Land & Cultural Preservation Task Force Work Plan

Objective: Develop Landmark Protection Program

Goal 3: Pursuit of Excellence / Operational

Objective: Assist with implementing Mitchelville Master Plan

Objective: Improve Permitting & Review Process

Department Budgets

Program: Community Services

Department: Community Development - Planning

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Goal 4: Connected Community

Objective: Adopt Mid-Island Redevelopment Strategy

Objective: Develop Hilton Head Island Growth Framework & Illustrative Master Plan

Objective: Conduct Strengths, Weaknesses, Opportunities & Threats (SWOT) Analysis of Land Management Ordinance (LMO)

Goal 5: Right-sized Infrastructure

Objective: Implement Workforce & Affordable Housing Strategy

Fiscal Year 2024 Budget Highlights

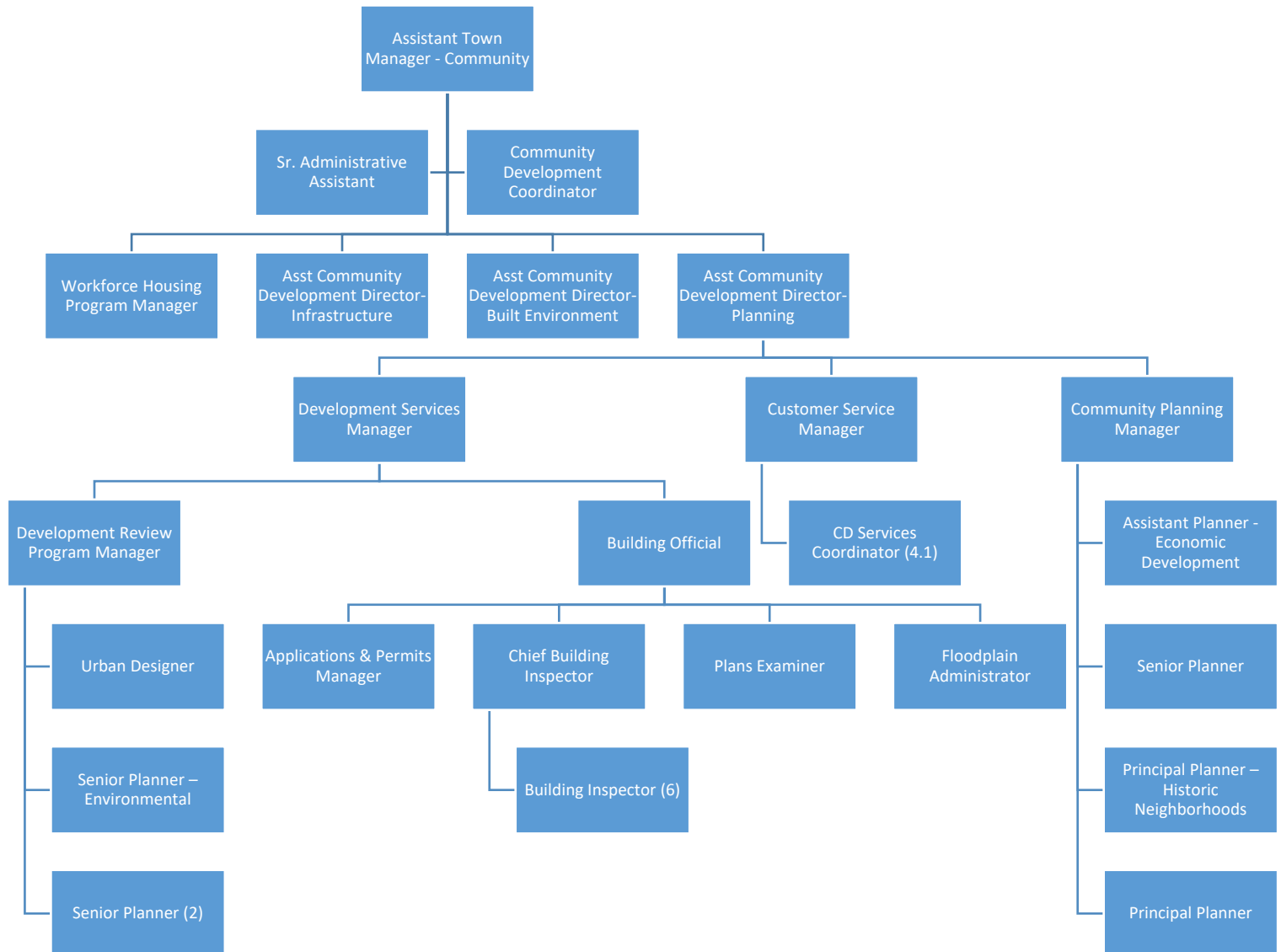
- Funding for comprehensive LMO Code amendments.
- Planning for Island-Wide Illustrative Master Plan, Conditions and Trends Completion, District Planning, Future Land Use Map, and Comprehensive Plan amendments.
- Permitting and Plan Review Process improvements including new fees to support residential building plan review.
- Continued funding for the Sewer Connection and Home Safety and Repair Programs.
- Supplemental services funding for administrative support.
- Supplemental services funding for on-call code writing.
- Supplemental services funding for building plan reviews.
- Supplemental services funding for development plan reviews.

Department Budgets

Program: Community Services

Department: Community Development - Planning

Organizational Chart



Department Budgets

Program: Community Services

Department: Community Development

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Budget Request	% change
Community Development - Program Summary					
Administration	668,141	348,116	679,106	1,278,795	88.3%
Comprehensive Planning	688,788	575,719	1,081,703	936,193	-13.5%
Development Review & Zoning	666,787	624,443	713,162	780,487	9.4%
Building	1,109,875	1,066,885	1,176,712	1,360,933	15.7%
CD Services	462,984	497,681	635,775	529,604	-16.7%
Total	3,596,575	3,112,844	4,286,458	4,886,012	14.0%
Community Development - By Category					
Personnel	3,440,537	2,833,374	3,612,563	4,278,396	18.4%
Operating	156,038	279,470	673,895	607,616	-9.8%
Capital	-	-	-	-	n/a
Total	3,596,575	3,112,844	4,286,458	4,886,012	14.0%
Personnel	33.1	30.1	31.1	34.1	

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Mission

Lead, manage and supervise the operations of the Engineering, Capital Projects, Facilities Management, and Stormwater Divisions. Provide oversight of the Capital Improvements Program (CIP). Provide departmental support and assistance to the Town Manager, other staff, and Boards and Commissions as required. Provide services to the general public in a courteous and professional manner. Exceed their expectations.

Core Services

Engineering

Provide general oversight and project management for design and construction of road, drainage, pathway, and other infrastructure projects. Review and approve plans for land development to ensure compliance with the traffic and stormwater management standards of the Land Management Ordinance. Conduct field inspections of development projects and issue certificates of compliance for same. Maintain the Town's roadways, traffic signals, traffic signs, and stormwater infrastructure. Coordinate with other government agencies and utility providers regarding infrastructure maintenance and improvements.

Capital Projects

Provide general oversight and administration of the Capital Improvements Program (CIP). The CIP is the Town's program for planning capital improvement needs identified in the Comprehensive Plan, and other adopted Town Plans, and tying those needs to forecasted revenues for the current and upcoming fiscal years. The program follows a yearly planning and budgeting process including recommendations by the Planning Commission and Parks and Recreation Commission with a budget adopted by Town Council.

Facilities Management

Operate and maintain Town beach parks. Manage parking permits and boat permits. Maintain beach accesses, pathways, highway medians, transfer stations, buildings and grounds, and cleaning service bids. Provide parking enforcement and act as liaison for Town Beautification and Recycling initiatives. Maintain Fire and Rescue buildings and grounds to include distribution of cleaning supplies.

Stormwater

The Stormwater Utility is responsible for the following:

- Maintenance of the Town's drainage infrastructure, including both routine maintenance and corrective maintenance programs;
- Maintenance and operation of four stormwater pump stations;
- Implementing capital improvements projects for stormwater infrastructure via close coordination with the CIP Division;
- Maintaining and improving water quality on the Island, including managing the Town's NPDES Permit, conducting an ongoing Water Quality Monitoring Program, and managing the health of the Town's lagoons;
- Conducting frequent and thorough regulatory inspections in support of the NPDES Permit, LMO compliance, and drainage system conditions;
- Managing service requests received from residents, business owners, and visitors including documenting, vetting, identification of responsibility, programming for correction, and providing timely feedback to the requestors;

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Stormwater

- Managing and improving the Town's inventory of drainage infrastructure via the Asset Management and Watershed Inventory and Modeling Programs; and
- Ensuring LMO compliance through plan review and providing constructive feedback on improving site design for new development and redevelopment

Fiscal Year 2023 Accomplishments

Engineering

- Completed annual beach monitoring and applied for Beach Renourishment permits (2025 construction)
- Completed update of the Local Comprehensive Beach management Plan
- Coordinated with SCDOT on US 278 Resurfacing and Cross Island Parkway projects
- Coordinated with Public Service Districts (PSDs) on Capital Projects – SIPSD ASR plant and water mains and BCPSD ASR plant easement on Town property
- Acquired Main Street Right of Way for improved maintenance and Capital Improvements
- Began SWOT analysis of Solid Waste and Recycling
- Began SWOT analysis of Resilience to Sea Level Rise and Climate Adaptation – RFQ
- Parking Master Plan Implementation – Contracted with PCI as Parking Management firm

Capital Projects

- Adoption of Master Plans for Mid-Island Tract, Chaplin Community Park, Crossings Park, Patterson Park, and Shelter Cove Community Park Expansion.
- Completion of +/- 40 Capital Projects

Facilities Management

- Enhanced the landscaping at the traffic circles on Squire Pope, Mathews DR, Beach City, and Dunnagans Alley.
- Additional Christmas lighting at Gumtree traffic circle, Corner of William Hilton PKWY and Squire Pope, Town Hall, and additional palms. Deer and star also added on corridor.
- Hired skilled techs to staff. This includes Tech 2 category, Grounds and Landscape Manager and Events and Programming Manager.
- Started replacing old CFL fixtures in our Parks, Fire Stations, and Facilities to LED
- Implementation of See Click Fix. Using Cartograph as a sole vehicle for work requests.
- Implemented vegetation management along corridor and Parks.
- Park restroom enhancements. Started to change out old restroom fixtures to new touchless fixtures.
- Establish a higher standard of service to provide a better product to the public. We have increased the detail in contracts.
- LED lighting upgrade to Fire Station # 1
- Vegetation management around Jarvis Pond and specimen Oak.
- Enhanced Jarvis sign along corridor.

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Fiscal Year 2023 Accomplishments

Stormwater

- Successfully meeting or exceeding all NPDES permit requirements, including submittal of mandatory annual reporting documents to SCDHEC ahead of schedule.
- Successfully managing the NPDES Permit including:
 - Conducting more than 900 active construction site sediment and erosion control inspections
 - Completing more than 400 permit application and plan reviews
 - Responding to and eliminating more than 20 illicit discharges
 - Engaging in outreach and education with the public via in-person meetings and organized training sessions with PUD infrastructure and maintenance staff
- Completed proactive maintenance projects at numerous locations, including:
 - Palmetto Headlands
 - Sam Frasier Outfall
 - Muddy Creek Road
 - Dianah Drive
- Successfully operating and maintaining four Stormwater Pump Stations, including minor repairs
- Successfully completed corrective maintenance projects at more than 30 locations, including:
 - Replacing pipes and improving ditches along Cobia Court
 - Replacing pipe and improving ditches on Gum Tree Road and Squire Pope Road
 - Replacement of more than 500 feet of failing primary system pipe in Palmetto Hall
 - Replacement of failing primary system pipes under Gloucester Road in Shipyard
 - Repairing pipe joint failures causing sinkholes at 6 locations

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Goal 1: Pursuit of Excellence

Objective: Implement Parking Master Plan (go live after 2023 summer season)

Objective: Enhance Beach Shuttle Services

Objective: Adopt & Implement Beach Operations Master Plan

Objective: Create and implement a new Town “brand” of signage throughout the Island

Objective: Improve the “beach experience” for residents and guests. This would include a parking master plan, increased use of public transportation, code enforcement, improving the Beach Ambassadors program, and upgrading the facilities.

Objective: Improve efficiency in service delivery to correct deficiencies via the Corrective Maintenance Program; increase volume by 25%.

Objective: Continue refinement and expansion of the Proactive Maintenance Program; Increase the number of identified proactive maintenance sites by 10% and move toward bi-annual frequency at all locations.

Objective: Improve efficiency in service delivery to correct deficiencies via the Corrective Maintenance Program; increase volume by 25%.

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Goal 2: Environmental Sustainability

Objective: Implement Beach Renourishment Program (acquire permits and develop bid documents)

Objective: Work with Public Service Districts (PSDs) on Long-Term Capital Projects

Objective: Identify Strengths, Weaknesses, Opportunities & Threats (SWOT) of Hilton Head Island Solid Waste & Recycling

Objective: Identify Strengths, Weaknesses, Opportunities & Threats (SWOT) of Hilton Head Island Resiliency

Goal 3: Regional Focus

Objective: Evaluate Access Between Hilton Head Island & the Greater Region Through Viable Multi-Modal Transportation

Objective: Adopt and implement various aspects of the Southern Lowcountry Stormwater Design Manual.

Goal 4: Right Sized Infrastructure

Objective: Adopt Traffic Calming Policy

Goal 5: Engineering

Objective: Ensure land development projects are reviewed compliance with LMO and to amend the LMO for more comprehensive

Objective: Manage traffic signal systems under agreement with SCDOT.

Goal 6: Capital Improvement Program (CIP)

Objective: Manage Capital Improvement Projects to ensure schedule and budget targets are met and quality specifications are met.

Objective: Provide quarterly updates on the status of Capital Projects.

Objective: Maintain the Capital Projects Dashboard to keep elected officials and the public informed.

Objective: Implement Improvements at the Jarvis Creek system outfall.

Objective: Replace pumps at the Lawton Pump Station.

Objective: Complete design and permitting for overhaul and improvements at the Wexford Stormwater Pump Station.

Objective: Install security cameras at all four stormwater pump stations.

Goal 7: Stormwater Management

Objective: Increase scope of sediment and erosion control inspection and enforcement; implement required inspection of single-family home construction; adding staff to accomplish.

Objective: Ensure compliance with Town's NPDES Permit, mitigation of flooding, monitor and enhance water quality.

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Objective: Successfully manage service request intake, vetting documentation, and ensuring excellent customer service by providing timely and personal feedback.

Objective: Maintain storm drainage infrastructure integrity through implementing corrective and proactive maintenance activities to protect and ensure public health and safety.

Objective: Improve NPDES Permit Compliance performance measures in public outreach and public participation; Supplement efforts of Carolina Clear with 2 or more activities per quarter

Objective: Maintain the Town's stormwater pump stations, including performing scheduled biannual and annual inspections and proactive maintenance according to current LOS policy

Objective: Continue to improve the integrity of stormwater inventory data, including adding BMPs to the database and attaching plans and inspection documents.

Objective: Successfully complete review of all plans and permit applications assigned per LMO requirements, providing constructive feedback on improved site design for new development and redevelopment, supported by making site visits and participating in better site design review meetings.

Goal 8: Facilities Management

Events and Programming

Objective: Evaluate all Town owned Assets from an event aspect

Objective: Create a list of current partnerships and who they represent

Objective: Create a list of partners that we want to engage and/or work with

Objective: Evaluate current processes for Special Event Application

Objective: Evaluate the current policy regard the Special Event sign / park kiosks postings

Objective: Evaluation and improvement of Park usage with Island Rec. and with Facility Staff

Objective: Produce in-house events for the community

Objective: Work with Communication Department on marketing and social media

Field Operation

Objective: Establish Daily, Weekly, Monthly, Semi-Annual, Annual Inspections in Cartegraph

Objective: Evaluate Town owned Facilities for maintenance and CIP needs.

Objective: Work with Landscape Manager to put a program together to enhance park landscaping

Objective: Establish a program to convert all Town properties to "touchless" amenities in the restrooms.

Objective: Evaluate and create program go convert all Town owned buildings and parks to LED.

Objective: Establish monthly training to enhance tech knowledge

Objective: Continue to upgrade/ repair facilities with touchless fixtures, LED lighting, and improved landscaping

Contracts and Administration

Objective: GIS mapping of all Landscaping Contracts

Objective: Evaluate and improve contract scopes of work based on Town Staff's direction

Objective: Identify additional trades of work to establish contract on. (Sprinkler inspection/ repairs, Electrical, etc.)

Objective: Work with Field Operations Manager to create daily, weekly, monthly, quarterly, annual reoccurring inspections in Cartegraph.

Objective: Review the wedding permit process and add an administration fee?

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Grounds and Landscaping

Objective: Establish a Turf Management program.

Objective: Establish a Forest Management program

Objective: Perform litter inspections and work to improve litter control program

Objective: Evaluate plantings in corridor and identify areas of opportunity for enhancements (upgrades at intersections and irrigation).

Objective: Evaluate plantings in parks and identify areas of opportunities for improvements.

Objective: Explore options to "Go Green" with battery powered maintenance tools.

Objective: Work with Contract Manager to evaluate and improve on landscaping contracts to mirror Town's needs and expectations.

Objective: Establish an environmentally conscious pesticide/ herbicide program for Town Landscaping practices.

Beach Operations

Objective: Review of staffing and internal operational needs

Objective: Review and evaluate current plantings and potential upgrades at Beach Parks

Objective: Evaluation of beach facilities and potential CIP projects

Objective: Consistency of operations at all parks

Objective: Work with Events and Programming Manger on providing additional beach programming for events

Objective: Continue to work with Turtle Patrol and Turtle Trackers to promote and improve season

Objective: Continue to upgrade/ repair facilities with touchless fixtures, LED lighting, and improved landscaping

Fiscal Year 2024 Budget Highlights

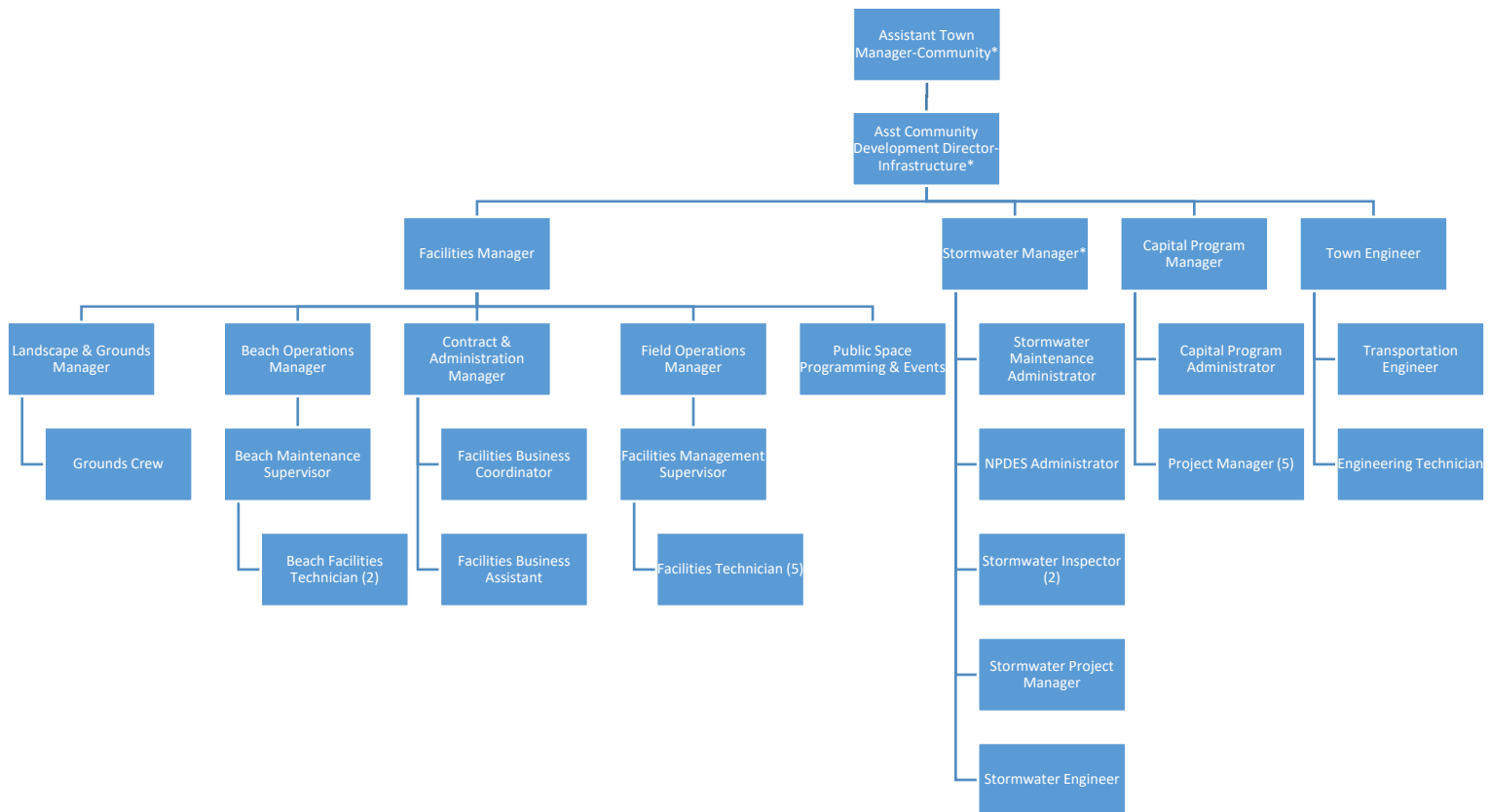
- Budget includes the addition of two Construction Project Managers and a Project Manager to support the efforts of the Capital Projects Division.
- Budget includes the addition of additional Facilities Management staff to improve service delivery within corridors, beach and park, litter control and special event programming and execution.
- Budget provides for professional development, continuing education, and licensure for professional staff.

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Organizational Chart



*Note: The Assistant Town Manager-Community and the Assistant Community Development Director's salary and benefits are budgeted in the Community Development Planning Department. Seven positions above are budgeted in the Town's Stormwater Fund. The remaining positions are in the General Fund.

Department Budgets

Program: Community Services

Department: Community Development - Infrastructure Services

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
Infrastructure Services - Program Summary					
Administration	244,379	150,404	-	-	0.0%
Engineering	834,793	683,911	699,660	513,437	-26.6%
Facilities	4,388,534	6,057,703	5,925,951	7,434,416	25.5%
Capital Projects	-	394,782	595,467	822,625	38.1%
Total	5,467,706	7,286,800	7,221,078	8,770,478	21.5%
Infrastructure Services - By Category					
Personnel	1,843,507	2,050,252	2,346,924	2,992,536	27.5%
Operating	3,624,199	5,236,548	4,874,154	5,777,942	18.5%
Capital	-	-	-	-	#DIV/0!
Total	5,467,706	7,286,800	7,221,078	8,770,478	21.5%
Personnel	21.0	22.0	26.0	28.0	

Department Budgets

Program: Public Safety

Department: Fire Rescue

Mission

To protect the people, property and environment of Hilton Head Island with courage, commitment and compassion.

Town Council Guiding Principle

Providing a Serene, Safe and Healthy Living Environment for Residents, Guests and Visitors.

Town Council Goal

Financially Sound, Excellent Services

Core Services

1. Provide fire services to the town to include structural firefighting, wildland firefighting, motor vehicle fires, and all other fires typically assigned to a fire department to include the training and development of its staff to perform these duties.
2. Fire Rescue provides advanced life support (ALS) emergency medical services (EMS) to include public education, early detection, response, treatment, patient care and necessary transport including the training of its staff to perform these duties.
3. Operate seven fire stations, a dispatch center and a headquarters facility. Manage and operate a Primary Public Safety Answering Point to receive and process 911 calls from the public for Hilton Head Island, Hilton Head Island Airport and Daufuskie Island in addition to serving as backup communication center for Beaufort and Jasper Counties.
4. Provide fire prevention services to the Town to include public education, prevention, code enforcement, and fire origin cause and determination.
5. Deliver other specialty emergency response services to include hazardous materials response, technical rescue services, vehicle and machinery extrication services, confined space, and other services as requested.
6. Emergency Management develops town-wide plans for the preparedness, response, and recovery from man-made and natural disasters to include but not limited to evacuations, hurricane and tropical storms, earthquakes, floods, tornadoes, fire, hazardous materials, etc. and to coordinate all such plans with local, county, state, and federal authorities.
7. Manage a fleet maintenance program for all Town vehicles to include preventative maintenance and repairs and assist in other activities as required.
8. Fire Rescue shall conduct research and planning activities as necessary to properly perform its assigned services.

Fiscal Year 2023 Accomplishments

- Extrication Tools Replaced (CIP)
- Staffed a 4th firefighter at Fire Station 4 to go from a jump crew to split crew staffing.
- Hired personnel to fill all vacancies of line/ operations personnel.
- Supported IT/PSS with ambulance safety camera initiative.
- Continued to work with apparatus vendor on fire apparatus fleet replacement.
- 33 personnel completed a 30-hour National Registry of EMT (NREMT) Refresher online to renew their certification.
- 104 personnel completed BLS recertifications for High-Performance CPR.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2023 Accomplishments

- 22 paramedics complete Advanced Cardiac Life Support Refresher.
- The EMS Division provided onboarding EMS training to 12 new hires.
- 9 personnel successfully completed an Emergency Medical Technician – Paramedic course, involving 1,112 hours of classroom instruction and 352 hours of clinicals.
- 8 personnel successfully completed an Emergency Medical Technician - Basic course, involving 240 hours of classroom instruction and 60 hours of clinicals.
- Completed the on-boarding of 10 Paramedic students and enrolled six additional EMTs in the paramedic course.
- Provided specialized EMS training from an outside vendor to enhance the quality of care provided to the public.
- Renewed State licensure for approximately 12 personnel.
- Submitted and received the Beaufort County Grant in Aid.
- Completely re-evaluated the Town's EOC staffing and organization. Developed new staffing model based on that evaluation.
- Implemented minimum NIMS training for all Town staff (ICS 100 and 700).
- Started the Emergency Management Accreditation Program accreditation process. The self-assessment process was completed in January 2023 and team site visit is scheduled for March 2023.
- Evaluated EOC staffing and developed an updated staffing plan based on new positions and adjusting the organizational chart to represent the current Town departments.
 - Updated the emergency operations plan based on new positions and org chart to represent the current operational structure of the EOC and make the sections more in line with the day-to-day organization of the Town.
 - Completed a re-evaluate our current EOC staffing and organization to ensure the Town has the correct staff in the EOC. This change will ensure the EOC functions more like the Town and create a more efficient EOC.
- May 2022 held annual meetings with our public/private partners that included utilities, gated communities, security, and healthcare facilities. Emergency Management continues to work on building relationships with our community partners.
- Events
 - COVID-19 – Transitioned from regular testing to no Town supported sites and transitioned from weekly update to Council and leaders to occasional updates as information changed.
 - March, April and September Severe Weather – multiple weather briefings and provided updates to staff and partners. No EOC activation needed.
 - Tropical Storm Ian – multiple weather briefings, movement of some logistical resources, held one Fire Rescue shift for increased staffing, and very minimal staffing of the EOC.
 - Tropical Storm Nicole – multiple weather briefings and provided updates to staff and partners. No EOC activation needed.
- Exercises
 - Planned for and completed a Tsunami Exercise in coordination with Beaufort County on June 21, 2022.
 - Developed and held Virtual Operations Support Team tabletop exercise on July 11, 2022.
 - Barnwell re-entry workshop with all public safety departments in Beaufort County on September 6, 2022, and November 1, 2022.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2023 Accomplishments

- Technician Vallera obtained EVT Level I & Level II Fire Apparatus Technician and is scheduled to test for the 3 remaining ASE certifications to obtain EVT Level I, Level II, and Master Ambulance Technician certifications.
- Technician Gogo is scheduled to test for 3 remaining ASE certifications required to obtain EVT Level I & Level II Ambulance Technician.
- Safety Initiative – Replaced Fleet Maintenance shop floor jacks – replaced two 10-ton hydraulic floor jacks with new OTC 10-ton hydraulic jacks, replaced two 20-ton air/hydraulic floor jacks with new OTC 22-ton air/hydraulic jacks, and replaced two 3.5-ton hydraulic floor jacks with new OTC 3.5-ton hydraulic floor jacks.
- Completed Annual Pumper, Aerial, and Ladder Testing – Fleet Maintenance coordinated the testing with a third-party agency to ensure the fleet is maintained, safe, and reliable in accordance with national standards.
- CIP Project FY2023 - Replaced 2 staff vehicles, new Fire Chief vehicle and Fire/Life Safety Coordinator van have been placed in service. Decommissioned van was traded in with dealer, and previous Fire Chief vehicle was transferred to DC Operations.
- Replaced aged Fleet Maintenance shop forklift thru CIP funds – Estimated time of delivery June 2023.
- CIP Project FY2023 – Safety Initiative - Replaced 20-year-old Fleet Maintenance vehicle lift. The new lift has been delivered and installation will be completed by end of January 2023.
- Hired a Communications Manager, 5 full-time Dispatchers, and 3 part-time Dispatchers.
- Purchased a 911 Simulator for use in recruitment and training efforts.
- Project 33, the Training Program Accreditation project, was submitted to APCO for approval.
- Completed a comprehensive audit of community use AED's to ensure they are accessible and registered as part of Pulsepoint Respond.
- Added 7000 non inspectable multifamily properties to our database to better record risk at the property level.
- Fire Investigators have successfully attended Marine Fire Investigation courses to better understand the special
- Formalized and documented a repeatable after-action review process that captures strengths and opportunities for improvement utilizing Microsoft Teams and power applications.
- Restructured the comprehensive training program to better serve the needs of the department's firefighters to ensure a well-trained workforce.
- Replaced the fire training tower's aged and worn exterior doors.
- Reviewed and updated the fire apparatus operator promotional process, reviewed and updated the senior firefighter and company officer promotional policies.
- Launched the Fire Rescue Facebook page.
- Collaborated with an Eagle Scout to install Flag Retirement drop off boxes at two fire station and Headquarters.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Operations

Division Goal: Protect the lives and property of the community through timely emergency response and the efficient delivery of services.

Division Objectives: Provide an emergency response system that improves the quality of life by maintaining and enhancing the response capability and performance level of our members to reduce fire losses and civilian casualties.

To provide for a safe and timely response to all emergent incidents with the goal of being on scene from the time a call is received in the E911 Communications Center to when an ambulance arrives curb side on EMS incidents in 8 minutes and 5 **seconds** 90% of the time; and, for a fire apparatus to arrive on scene at 8 minutes and 50 seconds 90% of the time.

Provide a timely and professional response to hazardous materials, technical rescue, and other emergency situations to assist the public and protect the community.

Proactively identify and reduce the impact of hazards on emergency incidents that have the potential to do harm to the environment through the utilization of knowledge, equipment, and resources.

Support department programs that engage the public in education and during community events.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Total Emergency Incidents	8,209	9281	9600	9900
Emergency Medical Service (EMS) responses	5683	7082	7300	7500
EMS patients transported	4356	5124	5400	5600
EMS patients treated but not transported	330	335	340	350
Fire Suppression and other responses	2526	2199	2300	2400
Actual number of fires	93	64		
EMS First Arriving – Total Response Time Baseline (90 th percentile)	8:34	8:12	8:05	8:00
Fire First Arriving – Total Response Time Baseline (90 th percentile)	8:40	8:37	8:35	8:25
Pre-incident plans processed (Planning)	19	20	25	35

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Emergency Medical Services

Division Goal: Facilitate the provision of high-quality emergency medical care to our citizens and visitors with a commitment to clinical excellence, compassion, customer service, and the preservation of human dignity.

Division Objectives: Administrate an effective and compliant Electronic Health Record (EHR) platform that appropriately documents patient care encounters, enables the collection of relevant performance metrics, and allows the Town to obtain appropriate reimbursement for medical care.

Develop and curate education and training that is timely and relevant for a variety of injuries and time-sensitive diagnoses. Enable staff to provide evidence-based therapies to improve clinical outcomes.

Support EMS certification and recertification using the best regionally available schools, training methods, and evaluation techniques according to state and national standards and best practices.

Promote a culture of clinical excellence and continuous quality improvement using the Just Culture model that enhances the safety and quality of life for each individual patient we encounter.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
EMS Training Hours Completed	4210	14865	15000	15000
NREMT Recertification Completed	48	42	65	45
EMT-B Certification	25	8	10	8
EMT-P Certification	23	9	4	6
EMS FOIA Requests	137	171	180	180

Emergency Management

Division Goal: To continue positioning the Town of Hilton Head Island to respond efficiently to the full range of threats facing the community, seek to minimize the impacts of emergencies and disasters on the people, property, environment, and economy of the Town, and to prepare staff and residents to better protect themselves and others through an effective program of all-hazards planning, partnerships, resource acquisition, training and public education/outreach.

Division Objectives:

Continue to develop, maintain, update, and expand the plans, procedures, and agreements necessary to support the goals of the Emergency Management Division.

Identify necessary equipment and any resource shortfalls, and either purchase items in a cost-effective manner or arrange for their availability through the development of agreements with outside entities.

Develop a more effective hurricane evacuation point for critical staff and public safety assets through enhancing the current location or identifying an alternate location.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Develop annexes to the emergency operations plan for every hazard identified in the Beaufort County Hazard Mitigation Plan.

Partner with other Town Departments and Divisions to administer a program of effective public education and outreach which promotes Town initiatives and resources and provides pre-event information that will allow our citizens to prepare for all potential hazards facing the Town.

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Plans and Procedures updated/developed	13*	40	18	15
Exercises Participated in	2	2	9	9
Exercises/Training program staff attendees	50	60	80	80
Disaster Preparedness presentations conducted	10	20	15	25
Disaster presentations/training public attendees	659	800	800	900
Citizen's Guide to Emergency Preparedness distributed	1000	1800	1500	2000
Citizen's Guide to Emergency Preparedness Downloaded	-	-	2100	3000

*Includes complete re-write of Emergency Management Guides (procedures)

Note: FY 2021 and FY2022 *Exercises Participated in* numbers were low due to COVID-19

Administration

Division Goal: To provide administrative support and services to support the mission of Fire Rescue through efficient administrative processes and functions.

Division Objectives:

Provide oversight of the Community Risk Reduction Program & the 911 Communications Center.

Maintain critical public safety computer systems 24/7 - 365 days a year to assure timely and accurate emergency response.

Efficiently provide and maintain effective firefighting and emergency medical response equipment and supplies that support the department operations and personnel.

Provide the oversight of the departments Accreditation Process and manage response data to evaluate response benchmarks and established levels of service to identify areas of improvement.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Liaison to Public Safety Systems and Information Technology to ensure support for Fire Rescue's Data Systems, Computer Aided Dispatch System, Records Management System, Electronic Patient Care Reporting and Medical Billing programs.

Bureau of Fire Prevention

Division Goal: To increase sponsorship and participation in various community education programs; increase technical fire/life safety inspections for both existing & new structures; and intensify investigations of fires with suspicious or undetermined origins.

Division Objectives:

Reduction of preventable deaths, injuries and property loss through public education programs, increased fire inspections enforcing compliance with adopted fire codes for all commercial buildings and the reduction of preventable and/or intentional fires.

Encourage participation in community risk reduction activities by all members of Fire Rescue.

Continuously monitor our communities' risk and adapt to ensure a safe environment for residents and guests.

Monitor property loss, fire confinement, and casualties as part of risk reduction.

Complete accurate and thorough inspections of occupancies on a recurring basis.

Complete an origin and cause investigation report on all structure fires and utilize that data to provide public education and risk mitigation.

Respond to complaints from our community stakeholders including firefighters, citizens, and employees.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Goals, Objectives, and Performance Measures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Public Education Presentations (includes Company Pub Ed taught, Company public events, Risk Watch, Station Tours and Public Ed Officer Pub Ed taught)	62	113	60	80
CPR/AED/First Aid Students	134	305	350	350
Fire Extinguisher Training Students	140	125	80	100
Car Seat Installations	35	91	75	80
File of Life Recipients	733	514	400	500
Smoke Detectors Installed	117	149	150	150
Plan Reviews	283	296	275	250
Total Fire Safety Inspections (Total includes Initial Inspections, Re-Inspections, Business License Inspections, New Construction/Renovation Inspections)	3,874	2031	2000	2500
Business License Inspections	403	295	215	250
Existing Building Inspections (Initial Inspections & Re-inspections)	2,965	1124	1000	2000
New Renovated Construction Inspections	482	470	500	400
Violations found during inspections	3,422	1524	2400	2800
Violations Corrected	2,863	1259	2000	2800
Single Family Residential Site Plan Reviews	341	267	200	200
Planning project reviews & inspections	129	208	160	150
Fire cause/origin investigations	36	12	22	20
Special Event reviews & Inspections	49	93	100	100

911 Communications

Division Goal: To manage and operate a primary emergency answering point for the Town of Hilton Head Island; thereby, ensuring all emergency and non-emergency requests for assistance requiring police, fire, EMS, or other agencies, are received and the appropriate resources are notified.

Division Objectives:

To receive, process and dispatch requests for services in a timely and efficient manner in order to protect the lives and property of the community.

To answer calls for service in less than ten seconds, ninety five percent of the time.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Goals, Objectives, and Performance Measures

	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Calls answered 0-10 seconds	56,176	52,930	52,622	54,450
Total telephone requests received	56,513	53,467	53,154	55,000
Pool & elevator lines	6,957	6,104	6,076	6,500
911 calls for service line	35,620	34,442	29,714	30,800

Safety and Professional Development

Division Goal: Provide a comprehensive training and development program that will enhance the abilities of personnel to improve department operations and service delivery.

Division Objectives: Plan, conduct and facilitate multi-discipline training in support of the goals and objectives of Fire Rescue. Support employee training and professional development at all levels of the department and in all subject areas to enhance knowledge, skills, and abilities.

Develop and deliver training as required by OSHA Regulations.

Provide administration and management of the Fire Rescue Training Center.

Maintain training records consistent with department and NFPA standards.

Administer the new firefighter orientation program.

Support Fire and EMS certification/recertification process as required.

Training Hours/Type	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Company training – firefighting	20,000	22,020	16,335	20,000
Company drills – fire, rescue	1,000	2,435	2,400	2,400
Rescue/extraction	1,200	801	1,200	1,200
Hazardous materials	1,200	1,050	1,200	1,200
Total Hours	23,400	26,306	21,135	24,800

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Goals, Objectives, and Performance Measures

Drills/Classes Sessions	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Company drills	97	98	100	100
Live burn training	1	1	14	14
Urban search and rescue training	18	18	18	18
S.C. fire academy classes	23	44	81	80
Fire rescue classes	5	5	5	6
Driver/operator training/testing	21	14	12	9
New firefighter orientation	9	23	15	6
Officer training	9	9	9	12
Total	183	212	254	245

Fleet Maintenance

Division Goal: To provide a comprehensive and cost-effective maintenance and repair program to support the needs of the Town of Hilton Head Island.

Division Objectives: Operate and maintain a Fleet Management system to track routine maintenance, repairs, and inventory of all Town owned vehicles and equipment.

Inspect, maintain, and repair all Town owned vehicles and equipment in a timely and cost-effective manner.

Complete fire pump and ladder testing and other certification tests as required.

Support Fleet Maintenance employee training and professional development, including EVT and ASE certification/recertification process.

Support the process of design and replacement of vehicles and emergency apparatus.

Drills/Classes Sessions	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Budget
Total Maintenance Requests – All Types	1302	1292	1335	1375
Scheduled Maintenance (Preventative and Safety)	221	222	230	240
Unscheduled Maintenance (Vehicle Repairs)	803	766	780	800
Other Repairs (Mowers, powered equipment)	278	304	325	335
Town Fleet Vehicles (Emergency, Passenger, Utility)	130	158	162	166

Department Budgets

Program: Public Safety

Department: Fire Rescue

Fiscal Year 2024 Budget Highlights

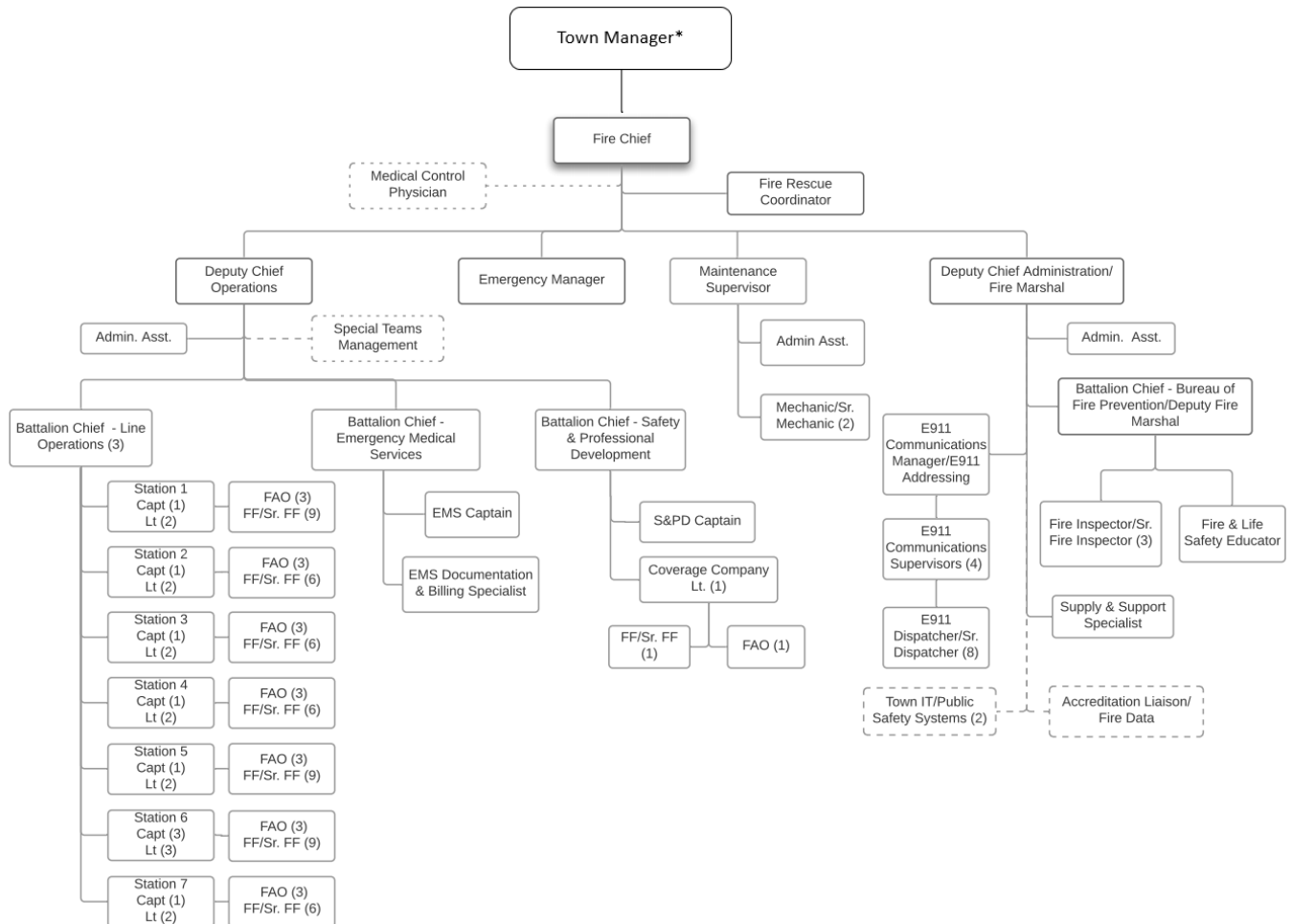
- Complete the CIP purchase and place into service 8 pumper and 2 quint apparatus.
- Update & standardize apparatus fire apparatus equipment.
- Create and support a Hilton Head Island 9/11 ceremony with Honor Guard
- Support Safety and Professional Development with Company Officer workshops, leadership training and a promotional process.
- Administer new Protocol pretest for EMT and Paramedics based on the new protocols and establish a protocol committee
- Send 7 EMTs to Paramedic school
- Evaluate current FTO's and determine next steps to get them more involved in training. Enhance the Field Training Officer Program to include instructor development
- Receive Emergency Management Program Accreditation and update all plans and procedures based on the Accreditation site visit.
- Develop a Critical Infrastructure Plan for the Town.
- Hold Town-specific disaster related exercises based on the updated training and exercise plan.
- Take delivery of New Fire Apparatus Fleet - prep and equip with necessary equipment and place into service.
- Replacement of Fleet Maintenance tire mounting machine with new machine capable of mounting large truck tires.
- Safety Initiative - Replacement of unsafe, unserviceable tools or equipment thru CIP funds
- Staff all full-time positions in Dispatch, with all new staff trained, with necessary certifications, and capable of working independently.
- Replace the CIS Computer Aided Dispatch system with a system that meets the needs of the department and provides an outstanding level of customer service.
- Gain access to the necessary tools and develop a plan so that Dispatch can continue to process calls and assign resources for Hilton Head Island in the event of weather evacuation or other catastrophic event requiring the evacuation of the Dispatch Center.
- Establish three professional development oversight levels (strategic, tactical, task) within the training program group. Define each group's roles and responsibilities.
- Develop a job description, roles, and responsibilities for a training officer position. Determine pros and cons of a temporary training officer position to supplement SPD, the coverage company staff, and the line staff. Recommend options for implementation.
- Plan improvements for the training tower that will enhance the fire company's ability to conduct scenario-based training.
- Create new ways to engage the public.
- Develop new Strategic Plan.
- Complete EMAP Accreditation process for Emergency Management and Urban Search and Rescue.

Department Budgets

Program: Public Safety

Department: Fire Rescue

Organizational Chart



Department Budgets

Program: Public Safety

Department: Fire Rescue

Expenditure and Staffing Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
Fire Rescue - Program Summary					
Executive	1,085,626	1,140,494	2,120,344	2,308,296	8.9%
Administration	2,885,410	2,435,289	2,701,374	3,395,488	25.7%
Operations	12,050,675	13,154,844	13,558,528	15,443,206	13.9%
Total	16,021,711	16,730,627	18,380,246	21,146,990	15.1%
Fire Rescue - By Category					
Personnel	14,684,209	15,627,066	16,223,277	18,984,482	17.0%
Operating	1,337,502	1,103,561	2,156,969	2,162,508	0.3%
Capital	-	-	-	-	n/a
Total	16,021,711	16,730,627	18,380,246	21,146,990	15.1%
Personnel	144.5	142.5	146.7	152.8	

Department Budgets

Program: Public Safety

Department: Sheriff/Other Public Safety

Mission

To provide professional, effective and high-quality code enforcement, police protection and law enforcement services for the Town of Hilton Head Island.

Core Services

Code Enforcement

Implement Town-wide public safety initiatives. Enforce the Town's Municipal Code and Land Management Ordinance relating to environmental, public safety, health, sanitation, and other general regulations.

Police Services

Town-wide police services are provided to the citizens of the community through a contract with Beaufort County and the Sheriff's Office. These services are provided in conjunction with the Town's fiscal policies of sound, economical management.

Shore Beach Services

Shore Beach Service provides year-round beach patrol for the entire 13.5 miles of beach on Hilton Head Island. During the peak summer season, the patrol consists of more than sixty lifeguards, seven red trucks marked "Beach Patrol," and two red ATVs. In addition, they have three wave runners for use in water rescue. They can assist in first aid, ocean rescue, missing persons, beach specific questions, or any other questions you may have about the island.

Expenditure Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
<u>Public Safety Town Staff</u>					
Personnel	-	-	-	777,855	n/a
Operating	-	-	-	67,904	n/a
Total Public Safety Town Staff	-	-	-	845,759	n/a
Personnel	0.0	0.0	0.0	7.0	
<u>Sheriff - Program Summary</u>					
Police Services	2,022,221	2,000,000	2,000,000	-	-100.0%
Community Event Support	-	21,647	50,000	-	-100.0%
Stipend	91,925	87,450	165,800	165,800	0.0%
Park Services	676,092	-	-	-	#DIV/0!
Total Sheriff	2,790,238	2,109,097	2,215,800	165,800	-92.5%
<u>Shore Beach Services</u>					
Expenses	-	-	52,500	60,000	14.3%
Contract	344,861	411,612	406,462	418,656	3.0%
Total Shore Beach Services	344,861	411,612	458,962	478,656	4.3%
Total Public Safety	3,135,099	2,520,709	2,674,762	1,490,215	-44.3%

Department Budgets

Program: Townwide

Department: Non-Departmental

The Townwide budget is a compilation of miscellaneous expenditures not directly associated with a specific department. The budget for the personnel, operating, and capital portions of this budget are developed jointly developed by Finance and Human Resources. Also included in this budget are the grants provided by the Town to various community organizations.

Personnel

Expenditures that are included in this category are short-term temporary salaries, retirement health savings plan contributions, workers compensation deductibles, Palmetto Pass employee reimbursement, employee recognition, and COBRA benefits.

Operating

This category includes expenditures for certain professional dues, consultant costs for town-wide studies, photocopying, courier services, Palmetto Pass costs for Town vehicles, taxes and assessments, various supplies, fuel costs, lease costs, utilities, property insurance and the general contingency.

Capital

All capital expenditures are now included in the Capital Improvement Program (CIP).

Grants

Grants provided by the Town are as follows:

1. **Coastal Discovery Museum** – The Coastal Discovery Museum is a not-for-profit organization operated on the Town owned 68-acre Honey Horn Plantation. Funding for this organization is provided by memberships, donations, corporate sponsors, and community partners. The Town provides the organization with an annual property management fee as well as funding for capital needs as requested and approved by Town Council.
2. **Mitchelville Preservation Project** – Situated on Hilton Head Island Mitchelville represents the Gullah/Geechee Cultural Heritage Corridor that forms the roots of the African American's contribution to the heritage of freedom in America. The Town Council approved a management contract with Mitchelville Preservation Project which provides funding for the Director of this project.
3. **Recreation Center** – The Town owns a recreation center situated on the Beaufort County School District's campus. The center is operated by the Hilton Head Island Recreation Association. Funding for operating the facility and funding for programs provided at the facility comes from donations from the Town, program fees, donations, fund raising activities, and Beaufort County.

Department Budgets

Program: Townwide

Department: Non-Departmental

Grants

4. **Event Management and Hospitality Training** – In accordance with Town Code section 4-10-100 the Town sets aside 5% of the 1% local accommodations tax for special events production, volunteerism, and hospitality training. The Town has designated the University of South Carolina Beaufort to manage and direct such expenditures.
5. **LRTA** – The Lowcountry Regional Transportation Authority (dba Palmetto Breeze) provides public transportation throughout the lowcountry region including service from rural counties to destinations on Hilton Head Island and the urban services areas in the Bluffton/Hilton Head area. The Town provides an annual grant to support this regional transportation program.
6. **14th Circuit Solicitor's Office** – The Town provides annual grants to support the following programs:
 - **Adult Multi-Disciplinary Court** – The goal of this program is to address the underlying problems that are causing an individual to commit crimes, so they become productive members of society. Each person is carefully screened to undergo professional substance abuse and mental health treatment. Those who are unsuccessful in abiding by the court's rigid requirements are transferred to prison.
 - **Career Criminal Unit** – The Criminal Prosecution Unit is a team of experienced prosecutors, investigators and an intelligence analyst who focus solely on sending the worst of the worst to prison. The team targets defendants based on their criminal history and their danger to the community as opposed to the particular crime they are charged with.
7. **Heritage Classic Foundation** – The Heritage Classic Foundation contracts with the PGA Tour, Inc. to annually conduct the RBC Heritage golf tournament on the Harbour Town Golf Links in Sea Pines Resort. This tournament provides significant economic impact and publicity to the Town. In accordance with an agreement between the Heritage Classic Foundation and the Town, the Town is designated as an official sponsor of the tournament and agrees to provide a sponsorship fee each year.

Department Budgets

Program: Townwide

Department: Non-Departmental

Expenditure Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	% change
Townwide - Non-Departmental					
Personnel	872,401	384,619	999,329	391,684	-60.8%
Operating	475,261	457,403	490,645	2,927,412	496.6%
Insurance	643,639	666,703	777,884	838,820	7.8%
Utilities	629,062	828,316	849,386	648,000	-23.7%
Taxes/Assessments	117,432	132,852	124,750	136,703	9.6%
Capital	1,936	-	-	-	#DIV/0!
Contingency	57,108	2,382	108,000	108,000	0.0%
Other Charges	-	-	100,000	100,000	0.0%
Affiliated Agency & Community Funding:					
Grant Matching Funds	-	-	30,000	-	-100.0%
Recreation Center - General	1,060,706	1,087,578	1,099,304	1,123,766	2.2%
Coastal Discovery Museum - General	75,000	75,000	92,775	102,432	10.4%
LEPC/Other	4,246	-	-	-	#DIV/0!
Executive Director	105,000	105,000	105,000	105,000	0.0%
Event Management & Hospitality Training	110,663	186,367	190,094	238,985	25.7%
LRTA (Palmetto Breeze)	200,000	225,164	282,404	277,842	-1.6%
Multidisciplinary Court	50,000	50,000	50,000	50,000	0.0%
Solicitor Career Criminal Program	118,500	118,500	118,500	118,500	0.0%
Beaufort County EDC	25,000	25,000	25,000	40,000	60.0%
Concours D'Elegance	150,000	-	-	-	#DIV/0!
Arts Center	200,000	-	-	-	#DIV/0!
Heritage Classic Foundation	-	289,815	298,513	307,469	3.0%
Habitat for Humanity	-	-	-	-	
Sub-Total Community Grants	2,099,115	2,162,424	2,291,590	2,363,994	3.2%
Total	4,895,954	4,634,699	5,741,584	7,514,613	30.9%

General Fund – Four-Year Financial Model

One of the most significant tools employed by the Town for strategic planning is the long-range financial plan (forecast). The financial model provides a picture of the financial impact the Town would experience if no action were taken, including tax increases or changes in service.

The forecasts are based on a combination of general assumptions and specific program changes of which the Town has knowledge. These general assumptions include economic considerations, commercial and residential development, service loads, and incremental growth in the compensation system. The four-year forecast provides the baseline for next year's budget.

By using the four-year forecast, the Town can more proactively plan for upcoming changes in service level demands as well as identifying potential downturns in revenues and identifying appropriate responses and solutions.

Revenue Assumptions

% increase/(decrease) by year	FY 2025	FY 2026	FY 2027	FY 2028
Property Taxes	1.5%	1.5%	1.5%	1.5%
1% Local Accommodations Taxes	3.0%	2.0%	1.0%	1.0%
Business License Taxes (local & state)	4.0%	3.0%	2.0%	2.0%
Franchise Fees	0.0%	0.0%	0.0%	0.0%
Permit Fees; Construction	1.0%	1.0%	1.0%	1.0%
Permit Fees; Development	0.5%	0.5%	0.5%	0.5%
Permit Fees; Other	0.5%	0.5%	0.5%	0.5%
Intergovernmental	1.0%	1.0%	1.0%	1.0%
Grants; E-911 and Other	1.5%	1.5%	1.5%	1.5%
Beach Services	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%
EMS	4.0%	3.0%	2.0%	2.0%
Investments	2.0%	2.0%	2.0%	2.0%
Transfers in; Beach Preservation Fees	5.0%	5.0%	5.0%	5.0%
Transfers in; Hospitality Taxes	0.0%	0.0%	0.0%	0.0%
Transfers in; TIF	0.0%	0.0%	0.0%	0.0%
Transfers in; State Accommodations Taxes	5.0%	5.0%	5.0%	5.0%
Transfers in; Palmetto Electric Franchise Fees	5.0%	5.0%	5.0%	5.0%
Transfer in; Stormwater Fees	5.0%	5.0%	5.0%	5.0%

General Fund – Four-Year Financial Model

Expenditure Assumptions

% increase/(decrease) by year	FY 2025	FY 2026	FY 2027	FY 2028
Currently established positions will retain the same salary grade in future year				
Personal and benefit costs	3.0%	3.0%	3.0%	3.0%
Operating costs	2.0%	2.0%	2.0%	2.0%
Transfers Out	0.0%	0.0%	0.0%	0.0%
Grants; Recreation Center	2.0%	2.0%	2.0%	2.0%
Grants; Coastal Discovery Museum	0.0%	0.0%	0.0%	0.0%
Grants; Gullah Executive Director	0.0%	0.0%	0.0%	0.0%
Grants; Lowcountry Regional Transportation Authority	0.0%	0.0%	0.0%	0.0%
Grants; Event Management & Hospitality Training	1.0%	1.0%	1.0%	1.0%
Grants; Multidisciplinary Court	0.0%	0.0%	0.0%	0.0%
Grants; Solicitor Career Criminal Program	0.0%	0.0%	0.0%	0.0%
Grants; Operating Grants	0.0%	0.0%	0.0%	0.0%
Grants; Beaufort EDC	0.0%	0.0%	0.0%	0.0%

Note: These are budgetary assumptions only. Town Council has final authority for future spending. As the Town monitors collections, Town management and Town Council are well positioned to make the difficult but necessary adjustments in spending.

General Fund – Four-Year Financial Model

Revenue & Expenditure Summary

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Adopted Budget	Years 2, 3, 4 and 5			
					2025	2026	2027	2028
Revenues								
Property Taxes	15,925,355	16,372,284	16,023,489	16,942,000	17,196,130	17,454,072	17,715,883	17,981,621
ATAX Local 1%	5,561,900	7,026,531	4,779,690	7,034,520	7,104,865	7,318,011	7,464,371	7,539,015
Business Licenses	10,455,636	14,110,311	10,600,393	12,421,015	12,818,487	13,331,227	13,731,164	14,005,787
Franchise Fees	809,823	1,136,607	996,752	1,020,402	1,020,402	1,020,402	1,020,402	1,020,402
Permit Fees	2,125,382	2,001,046	2,468,323	3,729,200	3,785,138	3,841,915	3,899,544	3,958,037
Intergovernmental	896,909	633,244	915,878	926,755	936,023	945,383	954,837	964,385
Grants	78,831	129,860	76,111	65,858	66,846	67,849	68,866	69,899
Miscellaneous Revenue	2,433,070	2,573,548	2,415,672	3,919,671	2,921,918	2,703,846	2,668,119	2,831,552
Transfers In	6,214,761	3,005,759	10,309,746	11,336,556	11,926,057	12,546,212	13,198,615	13,884,943
Investments	22,815	39,184	35,750	585,000	631,800	644,436	657,325	670,471
Total Revenues	44,524,482	47,028,374	48,621,804	57,980,977	58,407,666	59,873,352	61,379,126	62,926,113
Expenditures								
General Government	1,923,342	1,726,572	2,072,174	2,148,969	2,210,089	2,272,975	2,337,679	2,404,255
Management Services	5,919,561	7,080,012	8,289,377	9,023,700	9,261,270	9,505,304	9,755,983	10,013,493
Community Services	9,064,281	10,399,645	11,463,661	13,656,490	14,002,329	14,357,266	14,721,549	15,095,431
Fire Rescue	16,021,711	16,730,629	18,380,246	21,146,990	21,759,775	22,390,510	23,039,727	23,707,970
Other Public Safety	3,135,099	2,520,710	2,674,762	1,490,215	1,527,798	1,566,366	1,605,945	1,646,564
Townwide	4,895,954	4,634,700	5,741,584	7,514,613	7,646,407	7,780,931	7,918,243	8,058,400
Total Expenditures	40,959,948	43,092,266	48,621,804	54,980,977	56,407,667	57,873,352	59,379,126	60,926,114
Transfers Out	-	549,261	-	3,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net change in fund balance	3,564,534	3,386,847	-	-	\$ (0)	\$ (0)	\$ 0	\$ (0)

Commentary

The Town normally projects operating revenues and expenditures for three years beyond the adopted budget. The summary schedule above demonstrates the Town's anticipated outcomes. The plan is founded on modest revenue growth while not repeating some one-time expenditures and keeping operating costs contained. Each year, the Town updates its four-year plan to ensure its continued timeliness and sustainability.

Among the updates are: After monitoring revenue each year, the forecasts are updated for the most recent data available. Expenditures are continuously monitored to ensure coincidence with revenue collections. Activities may be scheduled back or delayed to coincide with collections and financial resources.

Over the course of the next several years our initial revenue plan outpaces the growth in expenditures. The Town has experienced record high levels of revenue collections in the past year, and has not seen any indication of decrease, however, the Town is consistently monitoring revenue collections and analyzing the trends and will tighten expenditure controls or search for ways to reduce expenditures should revenue collections begin to return to historical levels.

Management also notes a long history of spending less than allowed in appropriations. The natural savings achieved have traditionally been greater than these amounts. The Town is also normally conservative in its revenue projections. By showing a small future possible surplus, the Town has successfully planned out a course of action.

A scenic view of a beach with palm trees and a wooden deck in the foreground. The image shows a wooden deck with a railing in the lower foreground, leading up to a sandy beach. Several palm trees are scattered across the middle ground, with the ocean and a clear blue sky in the background. The text "Debt Service Fund" is overlaid in white on the lower right portion of the image.

Debt Service Fund

Debt Service Fund – Governmental and Business-type Activities (Stormwater Fund)

Summary

The Debt Service Fund accounts for the accumulation of resources and the payment of debt of governmental funds. (The proprietary fund has its own debt.)

The Town issues three types of bonds: general obligation, tax increment financing (TIF), and special revenue obligation. The bonds are used for the acquisition and construction of major capital facilities, as well as the purchase of land. The Town presently has \$108 million in outstanding bonds associated with governmental type activities and \$4.66 million in outstanding bonds associated with business-type activities.

1. **General obligation bonds** are secured by the full faith, credit and taxing power of the Town.
2. **Tax increment financing bonds** are secured by incremental property tax revenues being derived from the economic development of the Town's TIF District.
3. **Special obligation bonds** are secured by the revenue flow from a specified source of revenue (e.g. hospitality tax, beach preservation fees, stormwater fees).

The Town's credit ratings on its General Obligation outstanding bonds were reaffirmed again at Aaa, AA+, and AA+ from the three major credit ratings agencies, Moody's Investor Service, Standard and Poor's Rating Group, and Fitch Ratings, respectively. These ratings reinforce confidence in the Town's ability and efforts to maintain a fiscally sound operation through uncertain economic times.

The aggregate amounts of current maturities of long-term bonds due are as follows:

For the Year Ended June 30	Governmental Activities			Business-type Activities		
	Interest	Principal	Total	Interest	Principal	Total
2024	2,809,733	12,995,000	15,804,733	68,821	1,240,000	1,308,821
2025	2,403,968	12,625,000	15,028,968	52,513	1,260,000	1,312,513
2026	2,001,233	7,325,000	9,326,233	35,851	1,275,000	1,310,851
2027	1,684,405	7,620,000	9,304,405	18,970	345,000	363,970
2028-2031	4,536,780	17,435,000	21,971,780	9,621	355,000	364,621
2032-2036	3,654,109	14,885,000	18,539,109	-	-	-
2037-2041	1,995,558	6,890,000	8,885,558	-	-	-
2042-2046	933,726	6,905,000	7,838,726	-	-	-
2047	49,238	1,515,000	1,564,238	-	-	-
Total	\$ 20,068,750	\$ 88,195,000	\$ 108,263,750	\$ 185,776	\$ 4,475,000	\$ 4,660,776

Financial Statement – Governmental Debt Service

Debt Service Fund

	FY 2021 Actual	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	% Change
<u>Revenues</u>					
Property Taxes	5,448,437	5,600,014	5,402,336	5,470,300	1.3%
Bonds Issued	-	-	-	-	n/a
Bond Premium	-	-	-	-	n/a
Investment Income	18,964	19,270	12,000	14,315	19.3%
Prior Year Funds	-	-	-	-	n/a
Transfers In:					n/a
Beach Preservation Fees	3,975,850	3,959,125	3,952,375	4,448,375	12.5%
Natural Disasters Fund	3,537,265	3,535,665	3,537,765	-	-100.0%
Hospitality Fees	1,441,776	1,446,406	1,444,691	1,937,134	34.1%
Tax Increment Financing	3,926,703	3,927,712	3,927,564	3,931,259	0.1%
Real Estate Transfer Fees	1,481,757	986,500	1,097,350	1,595,850	45.4%
Lease Revenue	-	-	-	-	n/a
Total Revenues	19,830,752	19,474,692	19,374,081	17,397,233	-10.2%
<u>Expenditures</u>					
Administrative	21,375	16,100	30,000	92,500	208.3%
New Debt	-	-	-	1,500,000	n/a
Contribution to Refunding	-	-	-	-	n/a
Debt Issue Costs	-	-	-	-	n/a
Principal	15,655,000	15,545,000	16,055,000	12,995,000	-19.1%
Interest	4,138,637	3,769,566	3,289,081	2,809,733	-14.6%
Total Expenditures	19,815,012	19,330,666	19,374,081	17,397,233	-10.2%
Net change in fund balance	15,740	144,026	-	-	
Beginning Fund Balance	11,058,122	11,095,631	11,239,657	11,239,657	
Use of Prior Year Funds	-	-	-		
Ending Fund Balance	11,095,631	11,239,657	11,239,657	11,239,657	

Legal Debt Limit

Article Ten (X), 17125 Section Fourteen (14) of the South Carolina Constitution of 1895 as amended provides that a City or Town shall incur General Obligation Debt over the eight percent (8%) limit when approved by a majority vote of qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

- a. Those restrictions and limitations imposed in the authorization to incur such indebtedness;
- b. The provisions of Article Ten (X) Section 14; and
- c. Such general obligation debt shall be issued within five years of the date of such referendum and shall mature within forty (40) years from the time such indebtedness shall be incurred.

Calculation of Legal Debt Limit

June 30, 2022

Estimated Assessed Value from Property Assessments	<u>1,024,465,000</u>
Debt Limit - Eight Percent (8%) of Assessed Value, without Voter Approval	81,957,200
Reduced by Town Council imposed policy of the greater of twenty percent (20%) or \$20.0 million	<u>(20,000,000)</u>
Adjusted Debt Limit	<u>61,957,200</u>

Bonds Applicable to Debt Limit:

General Obligation Non-Referendum Refunding Bonds Series 2009A	(1,385,000)	
General Obligation Non-Referendum Refunding Bonds Series 2013A	(158,000)	
Series 2017B Reserve Replenishment Bond -- Hurricane Matthew	(3,465,000)	
Series 2017A General Obligation Bond -- Capital Plan	(26,670,000)	
Series 2019	(4,520,000)	
Series 2020B	<u>(3,403,000)</u>	
Reductions for Bonds outstanding at 06/30/2022		<u>(39,601,000)</u>
Debt Margin available without a Referendum at June 30, 2022		<u><u>22,356,200</u></u>

Since June 30, 2022, the Town has made the final payments on the General Obligation Non-Referendum Refunding Bonds Series 2013A and the Series 2017B Reserve Replenishment Bond – Hurricane Matthew. The Town is building future debt capacity for future projects and reserves for future storms or emergencies.

Long-Term Obligations

GOVERNMENTAL ACTIVITIES

\$5,005,000 General Obligation Bonds Dated September 9, 2009

On September 9, 2009, the Town issued \$5,005,000 in general obligation bonds with an average interest rate of 2.72% to advance refund \$4,900,000 general obligation bonds dated November 16, 1999 with an average interest rate of 5.56%. The net proceeds of \$5,248,484 including a premium of \$34,061 (after payment of \$139,061 in issuance costs) and funds on hand were used to purchase United States government securities. These general obligation bonds were refunded to reduce total debt service payments over the life of the bonds and to obtain an economic gain. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	3.500	24,850	460,000	484,850
2025	3.500	8,400	480,000	488,400
		<u>\$ 33,250</u>	<u>\$ 940,000</u>	<u>\$ 973,250</u>

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

\$13,080,000 General Obligation Bonds Dated September 14, 2016

On September 14, 2016, the Town issued \$13,080,000 in general obligation bonds with a Net Interest Rate of 0.999% to advance refund \$13,210,000 general obligation bonds dated March 15, 2005. The net proceeds of \$13,593,831 including \$513,831 in premiums (after payment of \$209,846 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for in substance defeasance. These general obligation bonds were refunded to reduce total debt service by \$1,272,716 over the life of the bonds and to obtain a present value economic gain of \$1,219,122. A schedule for the amount due for this refunded issue is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	1.500	18,788	825,000	843,788
2025	1.500	6,300	840,000	846,300
		<u>\$ 25,088</u>	<u>\$ 1,665,000</u>	<u>\$ 1,690,088</u>

Ad Valorem tax revenues of the Debt Service Fund were used to repay the first \$1,260,000 annually. The remaining annual debt service requirement is funded by transfers of real estate transfer fees to the Debt Service Fund.

Long-Term Obligations

\$9,035,000 General Obligation Bonds Dated September 14, 2016

On September 14, 2016, the Town issued \$9,035,000 in general obligation bonds with a Net Interest Rate of 1.98% to advance refund \$9,515,000 general obligation bonds dated February 3, 2010. The net proceeds of \$9,708,531 including \$673,531 in premiums (after payment of \$173,384 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for in substance defeasance. These general obligation bonds were refunded to reduce total debt service over the life of the bonds by \$1,281,272 and to obtain a present value economic gain of \$1,225,838. A schedule for the amount due for this refunded issue is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	4.000	168,238	635,000	803,238
2025	4.000	142,838	665,000	807,838
2026	4.000	116,238	465,000	581,238
2027-2031	2.000	393,490	2,420,000	2,813,490
2032-2035	various	127,689	2,155,000	2,282,689
		<u>\$ 948,493</u>	<u>\$ 6,340,000</u>	<u>\$ 7,288,493</u>

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

\$5,770,000 General Obligation Bonds Dated September 14, 2016

On September 14, 2016, the Town issued \$5,770,000 in general obligation bonds with a Net Interest Rate of 1.629% to advance refund \$5,715,000 general obligation bonds dated March 4, 2008. The net proceeds of \$6,156,989 including \$386,989 in premiums (after payment of \$102,706 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for in substance defeasance. These general obligation bonds were refunded to reduce total debt service over the life of the bonds by \$446,334 and to obtain a present value economic gain of \$430,003. A schedule for the amount due for this refunded issue is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	2.000	10,850	1,085,000	1,095,850
		<u>\$ 10,850</u>	<u>\$ 1,085,000</u>	<u>\$ 1,095,850</u>

Transfers from the Real Estate Transfer Fee Fund to the Debt Service Fund are used to repay these bonds.

Long-Term Obligations

\$27,310,000 General Obligation Bonds Dated September 21, 2017

On September 21, 2017, the Town issued \$27,310,000 in general obligation bonds to fund the Capital Improvements Plan. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	5.000	865,569	605,000	1,470,569
2025	5.000	835,319	940,000	1,775,319
2026	5.000	788,319	780,000	1,568,319
2027-2031	various	3,449,433	4,385,000	7,834,433
2032-2036	3.000	2,748,815	5,075,000	7,823,815
2037-2041	various	1,935,408	5,895,000	7,830,408
2042-2046	3.250	933,726	6,905,000	7,838,726
2047	3.250	49,238	1,515,000	1,564,238
		<u>\$ 11,605,827</u>	<u>\$ 26,100,000</u>	<u>\$ 37,705,827</u>

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

\$5,000,000 General Obligation Bonds Dated May 8, 2019

On May 8, 2019, the Town issued \$ 5,000,000 in general obligation bonds with an average interest rate of 3.40% to provide for the capital improvements plan of 2019 and 2020. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	5.000	156,650	195,000	351,650
2025	5.000	146,900	205,000	351,900
2026	5.000	136,650	215,000	351,650
2027-2031	various	515,700	1,245,000	1,760,700
2032-2036	3.000	285,150	1,480,000	1,765,150
2037-2039	3.000	60,150	995,000	1,055,150
		<u>\$ 1,301,200</u>	<u>\$ 4,335,000</u>	<u>\$ 5,636,200</u>

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

Long-Term Obligations

\$5,830,000 General Obligation Bonds

On December 3, 2020, the Town issued \$5,830,000 in general obligation bonds with a Net Interest Rate of 0.6142% to advance refund \$6,665,000 general obligation bonds Series dated August 3, 2011. The net proceeds of \$6,975,085 including \$1,145,000 in premiums (after payment of \$194,823 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for a current refunding. These general obligation bonds were refunded to reduce total debt service by \$721,624 over the life of the bonds and to obtain a present value economic gain of \$705,853. A schedule for the amount due for this refunded issue is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	5.000	211,350	670,000	881,350
2025	5.000	177,850	705,000	882,850
2026	5.000	142,600	740,000	882,600
2027-2028	various	206,200	2,445,000	2,651,200
		<u>\$ 738,000</u>	<u>\$ 4,560,000</u>	<u>\$ 5,298,000</u>

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

\$6,285,000 General Obligation Bonds

On December 3, 2020, the Town issued \$6,285,000 in general obligation taxable bonds with a Net Interest Rate of 1.647% to advance refund \$5,585,000 general obligation bonds Series dated June 18, 2013. The net proceeds of \$6,327,890 (after payment of \$210,808 in issuance costs) were used to purchase United States government securities placed in an irrevocable trust for an advanced refunding. These general obligation bonds were refunded to reduce total debt service by \$472,376 over the life of the bonds and to obtain a present value economic gain of \$425,404. We have apportioned the bonds 55.5% /44.5% between this issue to delineate how much is applicable to the debt limit. A schedule for the amount due for this refunded issue is as follows:

\$3,491,317.50 portion (55.5%) General Obligation Bonds – applicable to the debt limit

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	3.000	53,700	255,530	309,230
2025	0.750	46,034	263,863	309,897
2026	0.950	44,055	266,640	310,695
2027-2031	various	174,015	1,380,418	1,554,433
2032-2035	various	58,447	1,185,993	1,244,440
		<u>\$ 376,251</u>	<u>\$ 3,352,444</u>	<u>\$ 3,728,695</u>

Long-Term Obligations

\$2,793,682.50 portion (44.5%) General Obligation Bonds – not applicable to the debt limit

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	3.000	42,970	204,470	247,440
2025	0.750	36,836	211,138	247,974
2026	0.950	35,252	213,360	248,612
2027-2031	various	139,243	1,104,583	1,243,826
2032-2035	various	46,768	949,008	995,776
		<u>\$ 301,069</u>	<u>\$ 2,682,559</u>	<u>\$ 2,983,628</u>

Ad Valorem tax revenues of the Debt Service Fund are used to repay these bonds.

\$30,075,000 Special Obligation Bonds (Beach Preservation Fees) Dated September 28, 2017

On September 14, 2017, the Town issued \$30,075,000 special obligation bonds (beach preservation fee) to finance beach renourishment projects. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	5.000	793,375	3,155,000	3,948,375
2025	5.000	631,625	3,315,000	3,946,625
2026	5.000	461,750	3,480,000	3,941,750
2027-2028	5.000	379,375	7,495,000	7,874,375
		<u>\$ 2,266,125</u>	<u>\$ 17,445,000</u>	<u>\$ 19,711,125</u>

Beach Preservation fees are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

Long-Term Obligations

\$28,530,000 Special Obligation Bonds [Tax Increment Financing (TIF)] Dated July 27, 2017

On July 27, 2017, the Town issued \$30,075,000 in special obligation bonds (tax increment financing) to fund TIF projects within the Capital Improvement Plans. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	1.780	136,259	3,795,000	3,931,259
2025	1.780	68,708	3,860,000	3,928,708
		<u>\$ 204,967</u>	<u>\$ 7,655,000</u>	<u>\$ 7,859,967</u>

TIF revenues are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

\$16,520,000 Special Obligation Bonds (Hospitality) Dated October 29, 2019

On October 29, 2019, the Town issued \$16,520,000 in special obligation refunding bonds (hospitality) with a net interest rate of 2.84% to advance refund the remaining portion of the Town's outstanding Series 2011A and Series 2011B Special Obligation Bonds. The net proceeds of \$16,006,603 (net of issuance costs of \$513,397), along with \$1,635,176 released from the Series 2011 Bond debt service reserve funds, were used to purchase United States government securities placed in an irrevocable trust for in-substance defeasance. These special obligation bonds were refunded to reduce total debt service over the life of the bonds by \$2,524,469 and to obtain a net present value economic gain of \$433,665. A schedule of the amount due for this refunding is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Governmental Activities		
		Interest	Principal	Total
2024	2.160	327,134	1,110,000	1,437,134
2025	2.350	303,158	1,140,000	1,443,158
2026	2.450	276,368	1,165,000	1,441,368
2027-2031	various	963,727	4,580,000	5,543,727
2032-2036	various	387,239	4,040,000	4,427,239
		<u>\$ 2,257,626</u>	<u>\$ 12,035,000</u>	<u>\$ 14,292,626</u>

Hospitality revenues are transferred to the Debt Service Fund in amounts sufficient to repay these special obligation bonds.

Long-Term Obligations

BUSINESS-TYPE ACTIVITIES

\$3,200,000 Stormwater Bonds Dated January 31, 2018

On January 31, 2018, the Town issued \$3,200,000 in revenue bonds to fund Stormwater projects. A schedule of the amount due for this issue follows:

For the Year Ending June 30	Interest Rate by Year (%)	Business-Type Activities		
		Interest	Principal	Total
2024	2.710	45,664	320,000	365,664
2025	2.710	36,992	330,000	366,992
2026	2.710	28,049	335,000	363,049
2027-2028	2.710	28,591	700,000	728,591
		<u>\$ 139,296</u>	<u>\$ 1,685,000</u>	<u>\$ 1,824,296</u>

Payments on these special revenue bonds will be funded with Stormwater revenues.

Long-Term Obligations

\$5,630,000 Stormwater Bonds

On January 14, 2021, the Town issued \$5,630,000 in special obligation refunding bonds (Stormwater) with a net interest rate of 0.83% to advance refund the remaining portion of the Town's outstanding Series 2010 Special Obligation Bonds (Stormwater). The net proceeds (net of issuance costs of \$144,000), along with \$870,555 contribution from Stormwater funds, were used to refund the Series 2010 Bonds. These special obligation bonds were refunded to reduce total debt service over the life of the bonds by \$1,022,207 and to obtain a net present value economic gain of \$156,124. A schedule of the amount due for this refunding is as follows:

For the Year Ending June 30	Interest Rate by Year (%)	Business-Type Activities		
		Interest	Principal	Total
2024	0.830	23,157	920,000	943,157
2025	0.830	15,521	930,000	945,521
2026	0.830	7,802	940,000	947,802
		<u>\$ 46,480</u>	<u>\$ 2,790,000</u>	<u>\$ 2,836,480</u>

Capital Projects Fund



Capital Projects Fund / Capital Improvement Program (CIP)

Summary

The Capital Improvements Program (CIP) is the Town's program for planning capital improvement needs identified in the 2020-2040 Comprehensive Plan, *Our Plan*, the Strategic Action Plan, and other adopted Town Plans, and tying those needs to forecasted revenues for the current and up-coming fiscal years. The CIP includes Capital Expenditures, which are the disbursements of appropriated funds to pay for land, buildings, machinery, equipment, and infrastructure with an original cost of \$5,000 or more; and software licenses and other intangibles of a consumable nature the value of which is \$50,000 or more and has an estimated useful life of at least two years following the date of acquisition. The Capital Improvement Program follows a yearly planning and budgeting process including project prioritization recommendations by the Planning Commission and Parks and Recreation Commission, careful analysis by Town leadership and staff, community engagement, public budget meetings, hearings, and workshops, and a budget adopted by Town Council.

The Town has developed the *Priority Investment* element in Our Plan Section 5.0 as a stand-alone section because it represents significant areas of interest for the Town in terms of the budget and investments falling within the Town's jurisdiction. Our Priority Investment Goals include:

1. **CIP Process** – to develop and review the Town's annual CIP and Ten-Year CIP based on recommendations of projects from adopted and approved Town plans and community input where feasible.
2. **Collaboration** – to prioritize public infrastructure projects to the extent practical through coordination with adjacent and relevant jurisdictions and agencies.
3. **Growth; Resilience** – to provide the community with necessary services and facilities, and maintain sufficient flexibility to meet the challenges associated with growth or natural disasters.
4. **CIP Revenue** – to develop revenue sources to fund the delivery of capital services, maintenance, operations, and projects meeting the needs of the Town, residents, and visitors.
5. **CIP Expenditures** – to expend funds in order to meet the capital needs of the Town, residents, and visitors through review, planning, and implementation of the CIP.

The Priority Investment CIP Process

To prepare the list of public infrastructure projects comprising the CIP, Town staff reviews recommendations of adopted plans and initiatives. Projects needed to maintain existing service levels or to repair/replace facilities are also identified. A short-range plan is prepared and budgeted for the next fiscal year, while a ten-year project plan (Ten-Year CIP) is prepared to prioritize and anticipate future capital needs. The availability of Town staff to manage projects, funding sources, project seasonality, and organizational prioritization can also limit the number of projects the Town is able to program in any one fiscal year. This is taken into consideration during the planning process for the CIP.

It is the Planning Commission's role to certify capital projects are consistent with the Comprehensive Plan and with the intentions and recommendations of other adopted plans. This ensures that public investment in municipal facilities and infrastructure is coordinated with the Town's projected growth and development. Specifically, the planning process for development of future capital improvements entails careful review of proposed projects for consistency with the core values, goals, strategies, and tactics of the Town's current Comprehensive Plan. In preparation for presentation of the CIP proposal to the Planning Commission, staff works closely with the CIP Committee of the Planning Commission to prioritize projects and develop the program. Input for the CIP comes from a variety of sources. The primary sources for the FY 2024 CIP are the 2021-2022 and 2023 - 2025 Town Council Priorities and Strategic Action Plan and the Town Council Policy and Management Agendas which included input from the public and the Town's Boards, Commissions and Committees. Other source

Summary

documents include: The 2020 Comprehensive Plan update which incorporates the Initiative Area Plans; the Transportation Plan which includes pathways as well as roads; the Fire and Rescue Master Plan, the recently approved Recreation Element; the adopted County-wide All Hazard Mitigation Plan, the Comprehensive Emergency Management Plan, which will be updated as a part of the Disaster Recovery Commission's work program; the Beach Access Plan, the Beach Maintenance Monitoring reports; the Broad Creek Management Plan, and our Space Needs Study of all Town facilities and properties to include Town Hall, all parks, Fire and Rescue stations and town-wide infrastructure.

As required by the State's Priority Investment Act, a Ten-Year CIP is developed to assist with project prioritization over the next ten years. Although the Town legally adopts a one-year budget at a time, a Ten-Year CIP is needed in order to ensure projects with the highest and best use of the town's funds are prioritized. The Town provides a detailed immediate first year budget with future-year programming and planning. The projects listed in the Ten-Year CIP represent the best efforts of Town departments to plan capital needs. Under the current Town process, inclusion of projects in the ten-year plan does not imply they have been approved. Further analysis and review of these projects is required, with consideration for budget and existing conditions, prior to their actual implementation. The Ten-Year CIP better serves as a guide for recognizing capital needs, funding sources, and the potential future scope of work.

The CIP budget is presented and discussed in detail during public Finance and Administration Committee meetings. Finally, the CIP budget is presented along with the proposed Consolidated Budget Ordinance to Town Council for a first reading, two public hearings, public budget workshops, and a second reading.

The CIP budget is programmed at just under \$40 million in fiscal year 2024. Unspent prior-year capital improvement appropriations carry-forward amounts have been incorporated into the new-year. This change will help provide a more complete picture of all CIP activity at the time of budget consideration.

The Capital Improvements Program (CIP) is broken into separate funds based on funding source. The funding program for all funds is summarized in this section.



Summary

On-going Impact of the CIP on Operations and Operating Expenditures

The operating impact of these capital projects are considered in the development of the CIP and in the Four-Year Operating Budget. Because there is a four-year look forward, the Town minimizes surprises on the operations and operating expenditures. The Town has traditionally had a basic operations approach toward its operating budget. This is certainly central to the Capital Improvement Programming process so that the CIP projects, when complete, do not have an undue burden on future operations. The Town has been very successful to keep the operating cost of the CIP program down not only upon implementation, but also in an on-going basis. Since many of this year's CIP projects involve upgrades, enhancements, and renovations to existing facilities, there are minimal additional impacts on the operating budget as personnel and operating costs for these facilities have already been included in the General Fund budget.

The operating impact of these capital projects are calculated utilizing the following assumptions:

Pathway maintenance per mile	\$ 7,500/year (General Fund)
Park litter and landscape (passive/beach)	\$57,000/year (General Fund)
Park janitorial (restrooms and supplies)	\$275,000/year (General Fund)
Roadways	\$20,000/mile/year (General Fund) County and State roads maintained by others

Factors Impacting the Town's CIP Funding Plan

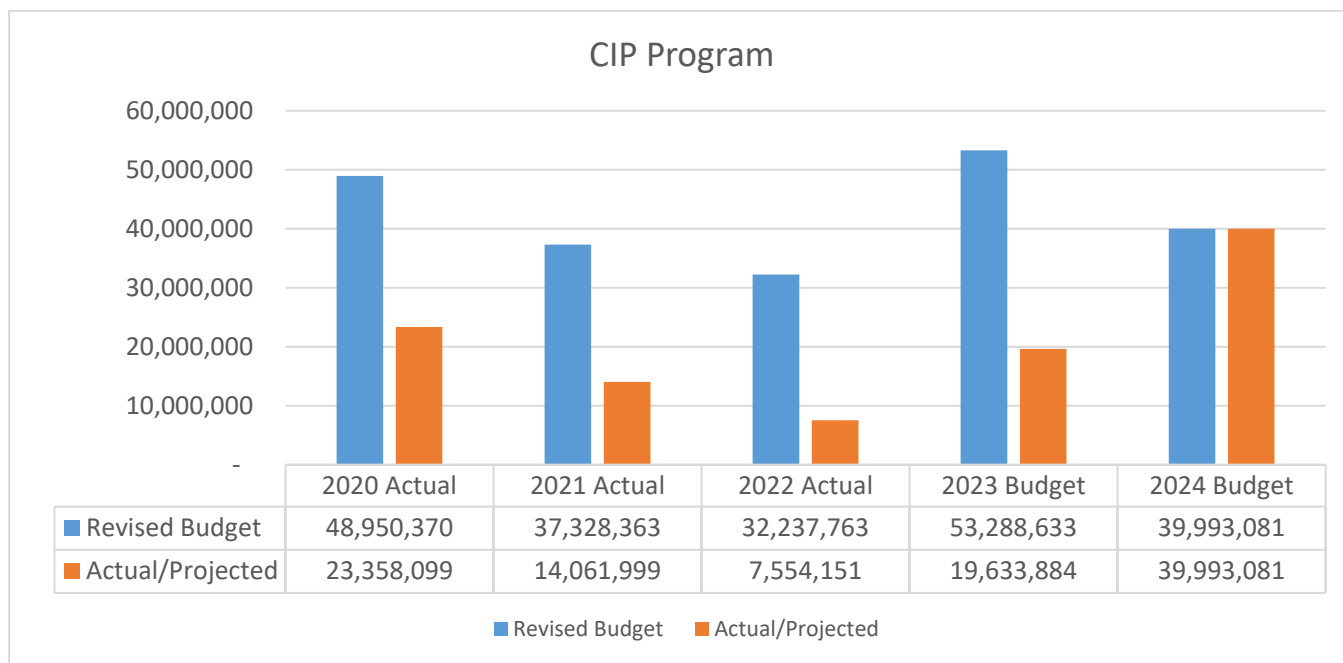
There are three issues that impact the Town's CIP funding plan:

1. In fiscal year 2016 Town Council approved an aggressive CIP spending plan. With two hurricanes and a tropical storm over the next three years, and then the global pandemic, the CIP had to be temporarily curtailed to focus on recovery efforts. The Town began to move forward completing these projects during the last two fiscal years, and the momentum is expected to increase in fiscal years 2024 - 2025.
2. The Town went through a comprehensive planning process and adopted "*Our Plan*", which is intended to be used as a guidebook for the Town and community leaders. In developing this plan, emphasis was placed on revitalizing and modernizing the Island's economy, which is reflected in the Capital Improvement Program.
3. The Town went through an intensive Strategic and Capital Planning process. These efforts tied priorities identified in the long-term plan with specific initiatives in the CIP. This specific matching of priorities to capital initiatives demonstrates the high priority to following the community's input for the future.

There are sufficient financial resources to advance the prior year projects in addition to the projects programmed for Fiscal Year 2024. The Town has built and funded a one-year capital plan that also includes projections for Fiscal Years 2025 through 2028 as many of the planned projects will continue into the upcoming fiscal years and beyond. As the projects move forward, the Town will consider its infrastructure and facilities within the Town's long-term plan.

Summary

The following chart reflects a comparison between the CIP budgets and actual expenditures from Fiscal Years 2020-2024. Fiscal Year 2023 and 2024 are projections.



Capital Improvement Program (CIP) Sources of Revenue

Previously, Town Council directed that we “minimize reliance on property tax while expanding alternative revenue sources.” The CIP continues to be an excellent example of that approach. It consistently reduces reliance on ad valorem property taxes and shares the costs of infrastructure requirements with the beneficiaries. The CIP incorporates many different funding sources; a brief description of some of those sources is provided below.

1. **Beach Preservation Fees** are derived from an additional two percent (2%) Local Accommodations Tax levied by Town Council. This source averaged approximately \$13 million in revenue annually over the last three fiscal years. These funds are dedicated to beach re-nourishment and related monitoring, dune refurbishment, maintenance and operations, and new beach parks and beach access facilities.
2. **Bond/COP Proceeds**. In Fiscal Year 2024 the Town anticipates issuing no new debt to fund the CIP. Various revenue sources will fund the CIP such as beach preservation fees, and hospitality taxes. However, the Town plans on utilizing capital leases for Fire Truck replacements.
3. **Fund Balance** is un-obligated and obligated monies that are rolled over from previously approved, but incomplete, projects.
4. **Hospitality Tax** is a two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses and for on premise consumption of alcoholic beverages, beer or wine. This source generates approximately \$10 million in revenue annually.

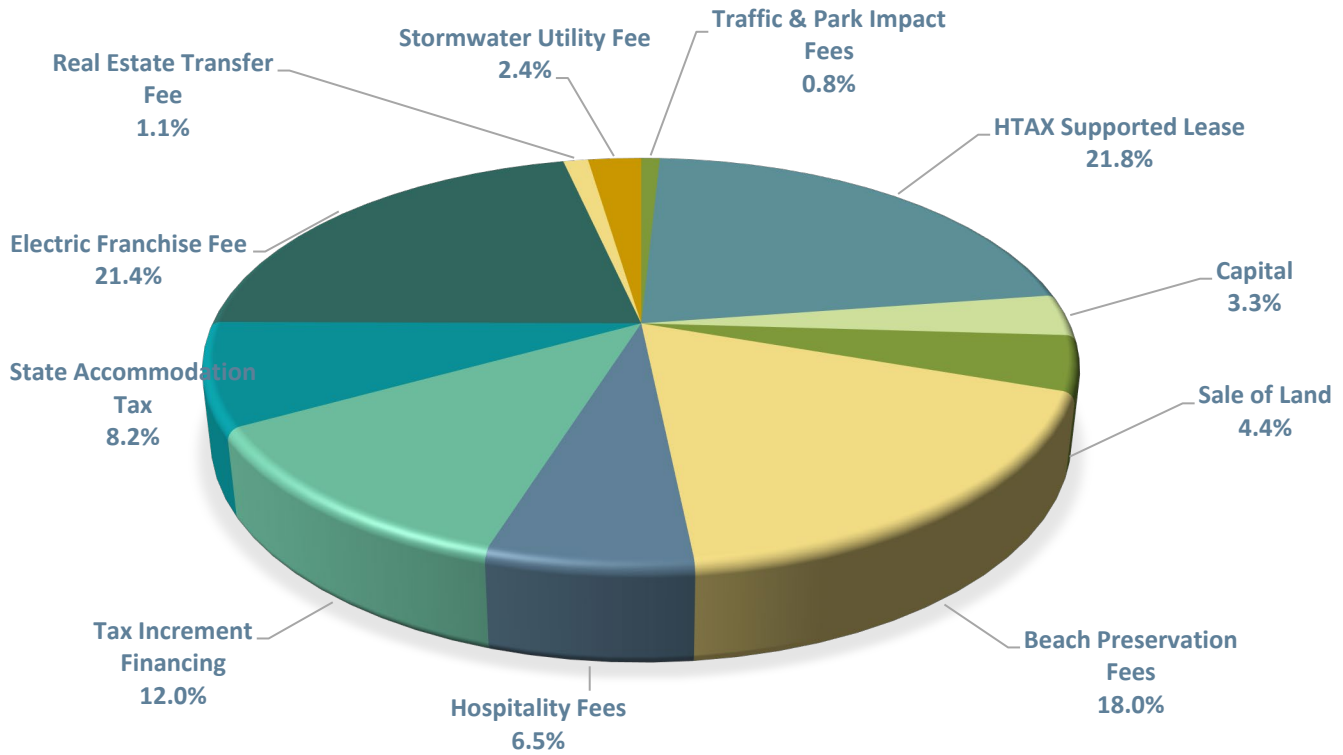
Capital Improvement Program (CIP) Sources of Revenue

5. **Impact Fees** are assessed against new developments to finance capital improvements necessary to support the growth in population.
 - a. **Traffic Impact Fees** are derived from development and applied to roads, pathways, and additional traffic signals. Pathways may only be funded up to fifty percent with Traffic Impact Fees.
 - b. **Parks Impact Fees** were enacted Countywide to provide funding for emerging park needs.
6. **Palmetto Electric Program** in which funds derive from the Town's negotiated franchise fee with Palmetto Electric Cooperative. These funds have been committed to power line burials and hook ups which was estimated to cost approximately \$30 million over 15 years. As this project is nearing completion, revenues will also support the CIP and General Fund operations.
7. **Sunday Liquor Sales Permit Fees** that are derived from the sale of permits to sell alcohol on Sunday. These fees are rebates from the State and prior year revenues will provide approximately \$300,000 annually.
8. **Tax Increment Financing (TIF)** in which funds derive from increased assessed value above the baseline assessment when the TIF District was established. These funds may be used for public projects within the District. TIF averaged approximately \$5.9 million in revenue over the last three fiscal years.
9. **State Accommodation Tax** is a two percent (2%) charge applied to all transient accommodations statewide which the SC Department of Revenue collects and distributes back to municipalities and counties by a formula based on the location of the accommodation. State Accommodation Tax must be used to support tourism-related expenditures. State ATAX averaged approximately \$12.4 million in revenue over the last three fiscal years.

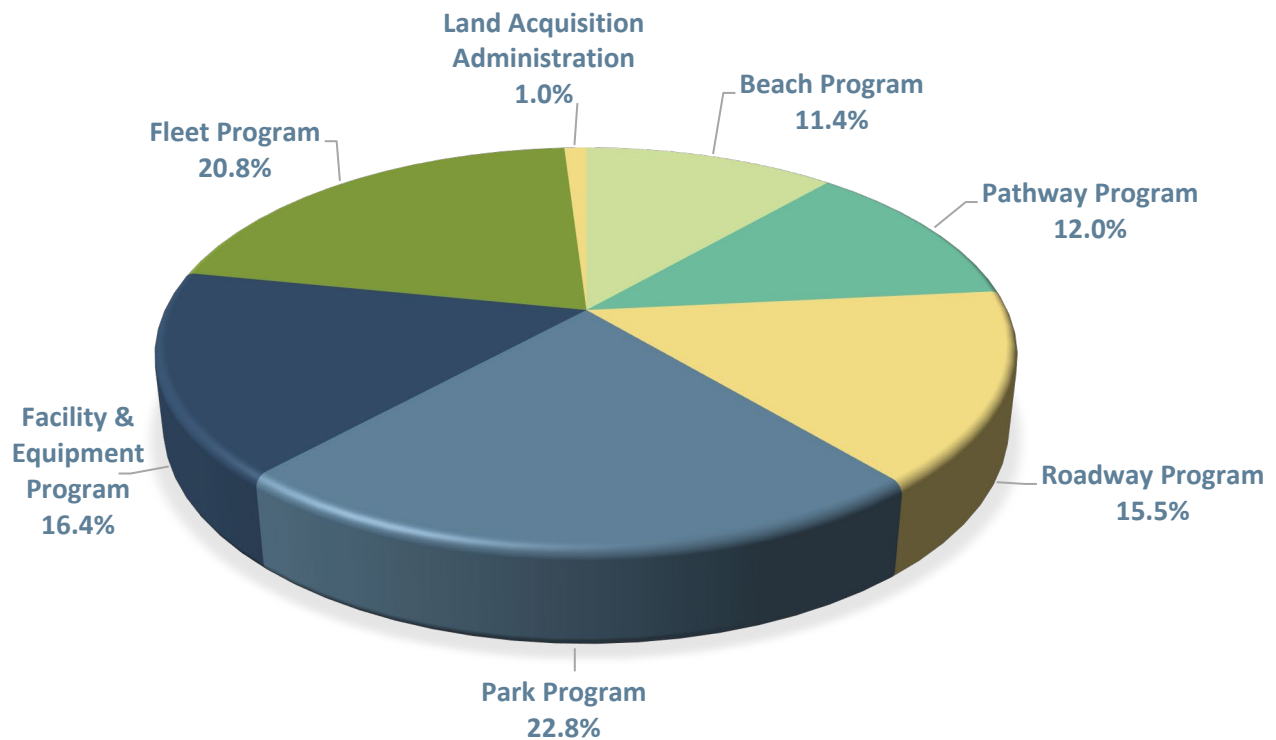
Revenues and Expenditures by Category Analysis – Historical and Budget

	FY 2021 Actual	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	% Change
Revenues:					
Ad Valorem Property Taxes	-	-	-	-	n/a
Investment Income	11,211	-	-	-	n/a
Grants	151,926	193,187	3,530,000	-	-100.0%
Sunday Liquor Permit Fees	288,590	306,410	400,000	-	-100.0%
Impact Fees	680,385	321,205	1,150,000	300,000	-73.9%
Lease Revenue	43,235	-	7,742,473	7,944,420	2.6%
Capital	-	64,359	635,761	1,200,000	88.8%
Fund Balance/Prior Year Funds	-	-	-	-	n/a
Sale of Property & Equipment	-	43,744	800,000	1,600,000	100.0%
Bond Proceeds	-	1,399	-	-	n/a
Transfers In:					n/a
Beach Preservation Fees	711,064	611,004	2,850,000	6,556,000	130.0%
Hospitality Fees	1,546,648	770,104	6,985,472	2,360,000	-66.2%
Tax Increment Financing	3,448,570	1,489,637	4,187,235	4,379,500	4.6%
General Fund	-	549,261	-	-	n/a
State Accommodation Tax	-	-	3,109,000	3,000,000	-3.5%
Road Usage Fee	251,019	372,811	3,508,555	3,600,000	2.6%
Electric Franchise Fee	-	1,607,772	8,743,319	7,793,161	-10.9%
Real Estate Transfer Fee	2,360,590	201,894	-	400,000	n/a
Short Term Rental Permit Fee	-	-	1,200,118	-	-100.0%
Stormwater Utility Fee	-	2,043,363	830,000	860,000	3.6%
Total Revenue	9,493,238	8,576,150	45,671,933	39,993,081	-12.4%
Expenditures:					
Beach Management	265,561	547,974	2,850,000	4,556,000	59.9%
Facilities & Equipment Management	4,124,119	1,925,916	6,302,650	6,563,696	4.1%
Park Management	824,214	4,091,113	13,795,235	9,129,500	-33.8%
New Facilities	5,005,114	-	-	-	n/a
Pathway Management	159,374	143,596	4,724,000	4,810,000	1.8%
Roadway Management	1,125,766	434,882	8,153,842	6,204,465	-23.9%
Land Acquisition	2,362,183	39,142	300,000	400,000	33.3%
Other/Prior Appropriation	-	-	-	-	n/a
Housing	-	-	1,379,261	-	-100.0%
Fleet Management	195,668	371,528	8,166,945	8,329,420	2.0%
Total Expenditures	14,061,999	7,554,151	45,671,933	39,993,081	-12.4%
Net Change in Fund Balance	(4,568,761)	1,021,999	-	-	
Beginning Fund Balance	12,343,245	7,774,484	8,796,483	8,796,483	
Use of Prior Year Funds	-	-	-	-	
Appropriation Carryover	-	-	-	-	
Ending Fund Balance	7,774,484	8,796,483	8,796,483	8,796,483	

Sources of Funds – FY 2024 Capital Improvements Program (CIP) Fund



Uses of Funds – FY 2024 Capital Improvements Program (CIP) Fund



Fiscal Year 2024 CIP Projects

Summary

The Capital Improvement Program (CIP) is comprised of public infrastructure projects and capital needs. Prioritization of the Town's capital needs focuses on preserving, protecting, and enhancing economic prosperity; maintaining competitiveness in the marketplace; protection of quality of life; protection of natural resources; and the creation of a sense of place. These considerations are central to ensuring capital projects are meeting the needs of the Island community while honoring fiscal responsibility.

In accordance with state law, the Planning Commission prepares an annual list of priority capital projects for consideration by the Town Council. The Planning Commission's adopted priority projects for Fiscal Year 2024 are listed for each project in the far-right column of the schedules on the following pages. These priority rankings served as a helpful guide while developing the CIP budget. The Priority Ranking range is from 1 – 1A – 1B – X or N/A in order from highest to lowest priority.

Funding for capital projects is achieved by identifying the needed capital improvements; costs of the projects with on-going maintenance and operating requirements; and funding support for the projects. In Fiscal Year 2024 the CIP is budgeted at \$39,993,081. This total includes \$21.9 million in anticipated carry forward funds from the previous fiscal year.

The capital improvement program includes projects organized into the following program categories: beach, pathway, roadway, park, facility and equipment, fleet, and land acquisition administration. Previously, housing was also a capital improvement program category, however, housing has now moved to its own fund.

Beach Program

The Town manages 12 miles of beach to maintain a wide beach and ensure the health of our shoreline. In keeping with Our Plan Environment Goal 4 "To protect and preserve the natural environment of Hilton Head Island", periodically the Town must re-nourish the beach to replace sand lost to natural erosion. After renourishment the Town monitors how the coastline changes over time. FY24 projects include activities aimed at preparing for an anticipated FY25 renourishment project, improvements to beach parks and parking areas, and funding to assist with the dredging of Harbour Town Yacht Basin and Braddock Cove Creek. The total FY24 Beach Management Program is \$4,556,000.

Pathway Program

The Town provides 64 miles of public pathways for the enjoyment of pedestrians and cyclists. Our Plan Parks+Recreation Goal 5 is "to continue to improve and enhance the multi-use pathway network on the Island for recreation and transportation." Pathway Management includes improvements to existing pathways focusing on consistency and uniformity within the pathway system as well as the construction of new pathway to expand our pathway network. The FY24 budget includes \$4,810,000 in projects aimed at enhancing pathway safety, accessibility, and connectivity.

Roadway Program

According to Our Plan Infrastructure Goal 1.1, the Town should "maintain and improve the road network to provide safe and convenient access and interconnections to all areas of the Island and the corridor to the mainland." In order to maintain and improve the road network \$6.2M is budgeted in FY24 for Roadway Management. Roadway Management includes dirt road acquisition and paving, roadway enhancements, and the study of roadway acquisition and improvements. Major FY24 projects include enhancements to the corridors of William Hilton Parkway, Pope Avenue, and Main Street targeting safety, beautification, and consistency.

Fiscal Year 2024 CIP Projects

Park Program

Following the successful completion of the Parks and Recreation Master Plan and in keeping with Our Plan Section 4.0, Our Parks+Recreation goals, Park Management includes improvements to existing parks and facilities including the Island Recreation Association as well as the renovation of existing parks and development of new parks. Major budgeted projects include the design, permitting, and construction of the Chaplin Community Park and Crossings Park redevelopment projects, the permitting and construction of a new Neighborhood Park, the Patterson Family Property Park, and the development of a new community park at the Town-owned Mid Island Tract. The total FY24 Park Program is \$9,129,500.

Facility and Equipment Program

The Town budgets funds to maintain its facilities at best-in-class standards in keeping with Our Plan Infrastructure Goal 5.2 “ensure the Town continues to provide best-in-class services and facilities that meet or exceed the expectations of its residents and visitors.” Key projects planned include security and facility enhancements at Town Hall; improvements to the Coastal Discovery Museum and Historic Mitchelville Freedom Park; Security Cameras; IT and Fire/Medical equipment; and Stormwater related capital projects. Feasibility studies will guide development of Town Facilities and an Arts Campus. The FY24 Facility and Equipment Program total is \$6,565,696.

Fleet Program

Public services are defined as safety, emergency, planning, and administration services the Town provides to the public. In order to provide best-in-class services and “to promote efficient and secure public services to meet current and future needs” per Our Plan Infrastructure Goal 5, Town operations requires vehicles to be replaced on a periodic basis. In order for the award-winning Fire Rescue Department to continue to provide best-in-class services, \$8.3M is budgeted for replacement of vehicles and fire rescue apparatus including engine/pumper replacement.

Land Acquisition Administration Program

Consistent with Our Plan Infrastructure Goal 5.4 “Continue to implement the Town’s Land Acquisition Program” \$400,000 is budgeted for soft costs associated with the acquisition of property to preserve and protect the Island’s character.



Fiscal Year 2024 CIP Projects

Town of Hilton Head Island CIP Project Map

Proposed FY24 Projects

Beach

- C Driessen Beach Park Improvements
- D Fish Haul Beach Park Improvements

Pathways

- G William Hilton Parkway EB
- H Marshland Road

Roadways

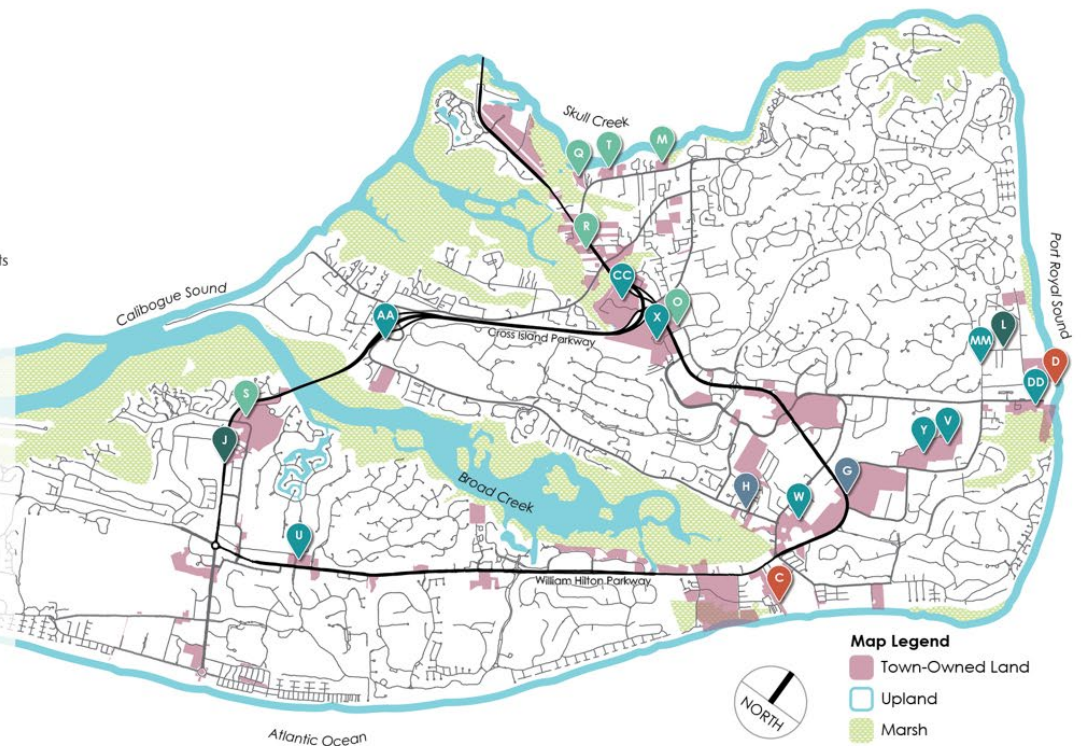
- J Palmetto Bay Road Streetscape Enhancements
- L Fish Haul Road/Baygall Road Corridor

Parks

- M Ford Shell Ring
- O Island Recreation Association CIP
- Q Greenshell Park Enhancements
- R Old Schoolhouse Park Enhancements
- S Bristol Sports Arena
- T Rowing & Sailing Center Kayak Storage

Facilities & Equipment

- U Town Hall Facility Enhancements
- V Training Center Facility Upgrades
- W Dispatch Center Workstation Chairs
- X Jarvis Pump Station Roof Replacement
- Y Facilities Maintenance Building Mezzanine
- AA SCDOT Toll Plaza Building Demolition
- CC Coastal Discovery Museum CIP
- DD Historic Mitchelville Freedom Park CIP
- MM Palmetto Hall Outfall Improvements



Fiscal Year 2024 CIP Project Summary

Projects	FY 2023 Carry Forward	FY 2024 New Funding	FY 2024 Total Funding	Funding Sources
Beach Management				
Beach Management & Monitoring	-	450,000	450,000	Beach Fee
Beach Renourishment	-	700,000	700,000	Beach Fee
Beach Park Improvements	956,000	1,750,000	2,706,000	Beach Fee
Harbour Town Dredge	600,000	-	600,000	Beach Fee
Contingency	-	100,000	100,000	Beach Fee
Beach Management Total	1,556,000	3,000,000	4,556,000	
Pathway Management				
Pathway Maintenance & Improvements	345,000	-	345,000	HTAX
New Pathway Segments	2,040,000	2,325,000	4,365,000	State ATAX & HTAX
Contingency	-	100,000	100,000	HTAX
Pathway Management Total	2,385,000	2,425,000	4,810,000	
Roadway Management				
Dirt Road Acquisition & Paving Program	1,128,465	300,000	1,428,465	Road Usage Fee & Sale of Land
William Hilton Parkway Enhancements	1,945,000	505,000	2,450,000	Road Usage Fee
Pope Ave, Palmetto Bay Rd., New Orleans Rd. Streetscap Enhancements	275,000	500,000	775,000	Electric Franchise Fee
Main Street Enhancements	75,000	175,000	250,000	Electric Franchise Fee
Squire Pope Road Crosswalks	135,000	-	135,000	Electric Franchise Fee
Roadway Maintenance & Improvements	333,555	352,445	686,000	Road Usage Fee & Electric Franchise Fee
Closed Loop Traffic Signal Maintenance	-	230,000	230,000	Impact Fee
Wayfinding & Signage Master Plan	-	150,000	150,000	Road Usage Fee
Contingency	-	100,000	100,000	Impact Fee & Road Usage Fee
Roadway Management Total	3,892,020	2,312,445	6,204,465	
Park Management				
Parks & Recreation	5,145,000	2,455,000	7,600,000	HTAX, TIF, Beach Fee, Real Estate Transfer Fee, & Sale of Land
Island Recreation Association	-	509,500	509,500	Capital
Public Art Program	5,000	30,000	35,000	HTAX
General Park Enhancements	200,000	685,000	885,000	Capital, TIF & HTAX
Contingency	-	100,000	100,000	HTAX
Park Management Total	5,350,000	3,779,500	9,129,500	

Fiscal Year 2024 CIP Project Summary

Projects	FY 2023 Carry Forward	FY 2024 New Funding	FY 2024 Total Funding	Funding Sources
Facility & Equipment Management				
Town Hall Facility Enhancements	180,000	1,250,000	1,430,000	Electric Franchise Fee
Fire Rescue Training Center Upgrades	-	250,000	250,000	Electric Franchise Fee
Jarvis Pump Station Roof Replacement	-	30,000	30,000	Electric Franchise Fee
SCDOT Toll Plaza Building Demolition	-	200,000	200,000	Electric Franchise Fee
Electric Vehicle Charging Stations	-	30,000	30,000	Electric Franchise Fee
Parking Master Plan Implementation	200,000	-	200,000	Electric Franchise Fee
Emergency Access Gates	-	150,000	150,000	Electric Franchise Fee
Coastal Discovery Museum	60,000	518,000	578,000	Electric Franchise Fee
Historic Mitchelville Freedom Park	75,000	675,000	750,000	Electric Franchise Fee
IT Equipment & Software	100,000	1,045,000	1,145,000	Electric Franchise Fee
Security Cameras & Connectivity	-	390,696	390,696	Electric Franchise Fee
Fire/Medical Systems & Equipment	-	375,000	375,000	Electric Franchise Fee
Fire Hydrant Expansion	-	50,000	50,000	Electric Franchise Fee
Arts Campus Feasibility Study	25,000	-	25,000	Electric Franchise Fee
Stormwater Projects	310,000	550,000	860,000	Stormwater Fees
Contingency	-	100,000	100,000	Electric Franchise Fee
Facility & Equipment Management Total	950,000	5,613,696	6,563,696	
Fleet Management				
Town Vehicle Replacement	-	541,000	541,000	Electric Franchise Fee
F/R Apparatus & Vehicle Replacement	7,518,420	170,000	7,688,420	Electric Franchise Fee & Lease
Contingency	-	100,000	100,000	Electric Franchise Fee
Fleet Management Total	7,518,420	811,000	8,329,420	
Land Acquisition Total	290,000	110,000	400,000	Sale of Land
Total FY 2024 Capital Program	\$ 21,941,440	\$ 18,051,641	\$ 39,993,081	

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
BEACH MANAGEMENT					
B1	Beach Management & Monitoring	\$ 450,000	Beach Fee	Ongoing activities as to manage the beach including SLR/Resiliency, endangered species monitoring, Beach Program Economic Sustainability Analysis, etc.	1A
B2	Beach Renourishment	\$ 700,000	Beach Fee	Activities related to the next Renourishment Project, including permitting, bidding, etc. Construction of Renourishment Project anticipated in FY25	1A
	BEACH PARK IMPROVEMENTS				
	Beach Park Maintenance & Improvements	\$ 250,000	Beach Fee	Maintenance and general improvements to 7 beach parks such as paving, landscaping, lighting, and site furnishings, etc. Includes replacement of roof on restroom building at Folly Field Beach Park	1A
B3	Driessen Beach Park Boardwalk Replacement	\$ 806,000	Beach Fee	Replacement of boardwalk and construction of overlook pavilion at Driessen Beach Park	1A
B5	Islanders Beach Park Improvements	\$ 1,650,000	Beach Fee	Design (Final) & Permitting of improvements at existing Beach Park including parking for beach passholders, pathways, and playground amenity area improvements. Start Construction in FY24 and finish in FY25.	1A
	<i>Total BEACH PARK IMPROVEMENTS</i>	\$ 2,706,000			
B7	Harbour Town Dredge	\$ 600,000	Beach Fee	Agreement with South Island Dredging Association to assist with funding for dredging of Harbour Town Yacht Basin and Braddock Cove Creek; Funding approved in FY19, 20, and 21 budgets	N/A
	Beach Project Management and Contingency	\$ 100,000	Beach Fee	Miscellaneous unexpected project expenses	N/A
	TOTAL BEACH MANAGEMENT	\$ 4,556,000			

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
PATHWAY MANAGEMENT					
	Pathway Maintenance & Improvements	\$ 345,000	Hospitality Tax (HTAX)	Maintenance and Improvements to existing pathways including Repair, Rejuvenation, and Striping plus Safety and Enhancements aimed at improving consistency and uniformity of all pathway signs, landings, crosswalks, pavement markings, ADA compliance, etc. May include Preliminary Planning, Design (Conceptual & Final), Permitting, and/or Construction depending on specific project. Includes replacement of pathway boardwalk decking on Spanish Wells and Assessment/repair of all pathway boardwalks.	1B
	NEW PATHWAY SEGMENTS				
Pa1	Shelter Cove Lane	\$ 410,000	HTAX	Construction of +/- 900 LF pathway from William Hilton Parkway to Shelter Cove Park	1A
Pa3	William Hilton Parkway EB (Mathews Drive/Folly Field Road to Shelter Cove Lane)	\$ 1,280,000	Accommodations Tax (ATAX) & HTAX	Easement Acquisition & Construction of Phase 1 of +/- 6,000 LF of pathway from Shelter Cove Lane (at BCSO) to Mathews Drive at Folly Field Road. Phase 2 Construction planned for FY25.	1A
Pa4	Jonesville Road	\$ 500,000	HTAX	Design (Final), Permitting, & significant Easement Acquisition of +/- 1.2 miles of pathway along Jonesville Road. Construction starting in FY25.	1A
	William Hilton Parkway EB (Wexford to Arrow Road)	\$ 1,925,000	ATAX	Permitting, Easement Acquisition, and Construction of pathway from Village at Wexford to Arrow Road	1B
	Dunnagans Alley (Wexford Drive to Arrow Road)	\$ 200,000	HTAX	Preliminary Planning, Design (Conceptual & Final), & Permitting of streetscape improvements from Wexford Drive to Arrow Road. Easement Acquisition & Construction planned for FY25 & FY26.	X
Pa6	Cordillo Parkway at Pope Avenue	\$ 50,000	HTAX	Preliminary Planning, Design (Conceptual & Final), & Permitting of pathway connection from Pope Avenue to Shipyard along Cordillo Parkway. Construction planned for FY25.	X
	Total NEW PATHWAY SEGMENTS	\$ 4,365,000			
	Pathway Project Management and Contingency	\$ 100,000	HTAX	Miscellaneous unexpected project expenses	N/A
	TOTAL PATHWAY MANAGEMENT	\$ 4,810,000			

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
ROADWAY MANAGEMENT					
	DIRT ROAD ACQUISITION & PAVING PROGRAM			Program to accept dedications of private, unpaved roads to become public rights of way and then pave the roads and install storm drainage infrastructure.	
R1	Mitchelville Lane	\$ 647,965	Road Usage Fee & Sale of Land	Permitting & Construction of +/- 1300 LF paved road, pending 100% ROW Acquisition.	1A
R3	Horse Sugar Lane & Alice Perry Drive	\$ 389,000	Road Usage Fee	Design (Final), Permitting, & Construction of +/- 925 LF of paved road, pending 100% ROW Acquisition.	1A
R4	Freddie's Way	\$ 343,000	Road Usage Fee	Design (Final), Permitting, & Construction of +/- 500 LF paved road, pending 100% ROW Acquisition.	1A
R5	Alfred Lane	\$ 48,500	Road Usage Fee	Preliminary Planning, Design (Conceptual & Final), & Permitting +/- 900 LF of paved road, pending 100% ROW Acquisition. Construction planned for FY25.	1A
	<i>Total DIRT ROAD ACQUISITION & PAVING PROGRAM</i>	\$ 1,428,465			
	WILLIAM HILTON PARKWAY ENHANCEMENTS			Improvements to William Hilton Parkway from Sea Pines Circle to Spanish Wells Road (SCDOT Gateway project) targeting safety, beautification and consistency to include landscaping, signage, pavement markings, curbing etc.	
R10	William Hilton Parkway Gateway Corridor	\$ 50,000	Road Usage Fee	Additional planning on recommendations not included in SCDOT project	1
R6	Crosswalk Uniformity - Spot Intersection Improvements	\$ 150,000	Road Usage Fee	Installation of consistent and uniform pathway signs, pavement markings, lighting, landscaping, and related traffic signs, etc. based on Corridors Plan	1
R7	Crosswalk Lighting - Northridge/Palmetto Parkway Safety Improvements	\$ 750,000	Road Usage Fee	Design (Final), Permitting & Construction of improvements including lighting, crosswalk markings, and signage to enhance pedestrian safety.	1
R9	Pedestrian and Vehicular Enhancements	\$ 500,000	Road Usage Fee	Specific projects include the addition of power and water in medians and landscape enhancements including the removal, enhancement, and/or rejuvenation pruning of existing landscape.	1
R11	Adaptive Traffic Signal Management - all signalized intersections on William Hilton Parkway	\$ 1,000,000	Road Usage Fee	Installation for 26 signals including Spanish Wells and Squire Pope	N/A
	<i>Total WILLIAM HILTON PARKWAY ENHANCEMENTS</i>	\$ 2,450,000			
	POPE AVE., PALMETTO BAY ROAD, ARROW ROAD, & NEW ORLEANS ROAD STREETSCAPE ENHANCEMENTS				
R13	Pope Avenue Streetscape Enhancements	\$ 500,000	Electric Franchise Fee	Implementation of recommendations from the Corridors Planning project	1A
R14	Adaptive Traffic Signal Management - all signalized intersections on Palmetto Bay Road & Pope Avenue	\$ 275,000	Electric Franchise Fee	Installation for signals on Palmetto Bay Road & Pope Avenue	N/A
	<i>Total POPE AVE., PALMETTO BAY ROAD, ARROW ROAD, & NEW ORLEANS ROAD STREETSCAPE ENHANCEMENTS</i>	\$ 775,000			

Fiscal Year 2024 CIP Projects

MAP KEY	PROJECTS	FY23 TOTAL	FUNDING SOURCE	FY23 PROJECT SCOPE
R10	William Hilton Parkway Gateway Corridor	\$ 300,000	Electric Franchise Fee	Additional planning on recommendations not included in SCDOT project
R11	Adaptive Traffic Signal Management - all signalized intersections on William Hilton Parkway	\$ 2,065,224	Road Usage Fee / Traffic Impact Fee	Design & Installation for 26 signals including Spanish Wells and Squire Pope
R12	Dillon Road at William Hilton Parkway - Right Turn Lane	\$ 150,000	Electric Franchise Fee	Right Turn lane from Dillon Road onto William Hilton Parkway; Preliminary Planning & Design (Conceptual & Final) planned for FY23 with Construction anticipated in FY24
	<i>Total William Hilton Parkway Enhancements</i>	\$ 4,298,224		
	Pope Avenue, Palmetto Bay Road, & Arrow Road Streetscape Enhancements			
R13	Streetscape Enhancements	\$ 443,000	Electric Franchise Fee	Improvements targeting safety, beautification and consistency to include landscaping, signage, pavement markings, curbing, multi-modal facilities, etc.; Design (Conceptual & Final), Permitting, & Construction for identified projects is anticipated to begin in FY23 and carry forward to FY24.
R14	Adaptive Traffic Signal Management - all signalized intersections on Palmetto Bay Road & Pope Avenue	\$ 543,480	Electric Franchise Fee / TIF	Design & Installation for 5 signals
	<i>Total Pope Avenue, Palmetto Bay Road, & Arrow Road Streetscape Enhancements</i>	\$ 986,480		
R15	Main Street Enhancements	\$ 225,000	Electric Franchise Fee	Improvements to Main Street from Whooping Crane to Wilborn Road including side streets (Museum Street, Central Avenue, and Merchant Street), a new roundabout at Wilborn Road, and North Main Street from Whooping Crane to Hospital Center Boulevard including roadway, pathways, streetscape, and drainage improvements; Design (Conceptual & Final) & Permitting planned for FY23 with Construction anticipated in FY24.
R16	Squire Pope Road Crosswalks	\$ 150,000	Electric Franchise Fee	Preliminary Planning, Design-Conceptual, Design-Final, Permitting, & Construction of 3 crosswalks to access Town parks (Greens Shell Park, Rowing & Sailing Center at Squire Pope Community Park, Fords Shell Ring)
	Roadway Maintenance & Improvements	\$ 565,555	Electric Franchise Fee	Maintenance of and Improvements to existing roadways including general maintenance such as repair of potholes, curbing, and shoulders; pavement markings; permanent traffic signs; surveying, testing, and analysis; etc.
	TOTAL ROADWAY MANAGEMENT	\$ 8,153,842		

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
ROADWAY MANAGEMENT					
R15	Main Street Enhancements	\$ 250,000	Electric Franchise Fee	Design-Final & Permitting of improvements to Main Street from Whooping Crane to Wilborn Road including side streets (Museum Street, Central Avenue, and Merchant Street and North Main Street from Whooping Crane to Hospital Center Boulevard including roadway, pathways, streetscape, and drainage improvements. Construction planned for FY25 & FY26. Construction of a new roundabout at Wilborn Road is planned for FY27 and a new roundabout at Hospital Center Boulevard is planned for FY28.	1
R16	Squire Pope Road Crosswalks	\$ 135,000	Electric Franchise Fee	Preliminary Planning, Design-Conceptual, & Design-Final for 3 crosswalks to access Town parks (Greens Shell Park, Rowing & Sailing Center at Squire Pope Community Park, Fords Shell Ring)	1
	Roadway Maintenance & Improvements	\$ 686,000	Electric Franchise Fee & Road Usage Fee	Maintenance of and Improvements to existing roadways including general maintenance such as repair of potholes, curbing, and shoulders; pavement markings; permanent traffic signs; surveying, testing, and analysis; etc. Including Hospital Center Boulevard and Dune Lane (Town-owned portion, Jacana to Sandpiper).	1
	Closed Loop Traffic Signal Maintenance	\$ 230,000	Traffic Impact Fee	On-call contract for maintenance of closed loop signals	1
R17	Wayfinding & Signage Master Plan	\$ 150,000	Road Usage Fee	Island wide branding and style design guide based on recommendations from Corridor Study Project will identify new design standards, materials, implementation, etc.	N/A
	Roadway Project Management and Contingency	\$ 100,000	Road Usage Fee & Traffic Impact Fee	Miscellaneous unexpected project expenses	N/A
	TOTAL ROADWAY MANAGEMENT	\$ 6,204,465			

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
PARK MANAGEMENT					
	PARKS & RECREATION				
PR1	Mid-Island Tract Park	\$ 900,000	TIF	Deign (Final) and Permitting of phase 1 of new community park. Construction starting in FY25.	1A
PR2	Chaplin Community Park Renovation	\$ 2,000,000	Beach Fee, TIF	Design (Final), Permitting and Construction of phase 1 renovation of existing Community Park.	1A
PR3	Crossings Park Renovation	\$ 550,000	HTAX, Sale of Land	Design (Final) and Permitting of phase 1 renovation of existing Community Park. Phase 1 Construction in FY25.	1A
PR5	Chaplin Linear Park with Treehouse	\$ 350,000	TIF	Design (Conceptual & Final) and Permitting of Phase 1 of Linear Park including trail head up-fit, pedestrian bridge at Broad Creek inlet, tree house, and marsh-side trail connection to Singleton Beach Road	1A
PR6	Patterson Family Property Park	\$ 2,200,000	Beach Fee, TIF, HTAX	Permitting & Construction for new Neighborhood Park; FY22 CDBG Project included in Parks & Recreation Maser Plan	1A
PR7	Taylor Family Property Park	\$ 1,000,000	Capital, Real Estate Transfer Fee, Sale of Land	Permitting & Construction for new Mini Park on +/- 4.9 acre Town-owned parcel at 252 Wild Horse Road; FY23 CDBG Project included in Parks & Recreation Master Plan	1A
PR8	Barker Field	\$ 500,000	Beach Fee	Improvements to existing park including demolition and clean-up; Design (Conceptual & Final) & Permitting of Phase 1 improvements. Phase 1 Construction in FY25.	1A
PR14	Ford Shell Ring	\$ 100,000	TIF	CDBG project; Preliminary Planning for improvements to supplement Beaufort's County's construction project	1B
	<i>Total PARKS & RECREATION</i>	\$ 7,600,000			
PR9	Island Recreation Association - Capital Projects			Island Recreation Center seeks funds to improve the buildings, pool and grounds, as well as manage events	
	Rec Center Building Enhancements	\$ 354,500	Capital	Building enhancements including educational equipment, floor replacement, HVAC equipment, basketball court lines, climbing wall, etc.	1B
	Rec Center Pool Enhancements	\$ 110,000	Capital	Pool enhancements including dome equipment and pool equipment updates, windscreens, pool covers, etc.	1B
	Parks/Event Enhancements	\$ 45,000	Capital		1B
	<i>Total Island Recreation Association - Capital Projects</i>	\$509,500			
PR10	Public Art Program	\$ 35,000	Capital	Funding to accommodate installation of public art pieces donated to or curated by the Town.	1B
PR11	GENERAL PARK ENHANCEMENTS	\$ 310,000	Capital, HTAX	Includes various identified facility and service improvements at existing parks including restroom partition replacement, restroom floor re-tilling, restroom building roof replacement, etc.	1A
PR15	Greens Shell Park Enhancements	\$ 250,000	TIF	Replacement of property line fencing, curb, playground equipment, and observation decks	1B
PR16	Old Schoolhouse Park Enhancements	\$ 250,000	TIF	Renovation of existing pickleball courts and basketball courts and site improvements	1B
PR17	Bristol Sports Arena	\$ 75,000	Capital	Replace existing metal halide lights with LED lights	1B
	Park Project Management and Contingency	\$ 100,000	HTAX	Miscellaneous unexpected project expenses	1B
	TOTAL PARK MANAGEMENT	\$ 9,129,500			

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
FACILITIES AND EQUIPMENT MANAGEMENT					
FE1	Town Hall Facility Enhancements	\$ 750,000	Electric Franchise Fee	Installation of upgrades to building including structural and flooring repairs	1A
FE26	Town Facilities Improvements Planning	\$ 100,000	Electric Franchise Fee	Planning for improvements to Town Hall, Fire Rescue Headquarters/EOC/Dispatch based on results of Assessment	
FE3	Sprinkler Head Replacement	\$ 280,000	Electric Franchise Fee	Replacement of sprinkler heads at Town Hall, Fire Rescue HQ, & Shelter Cove	
FE27	Furniture Replacement	\$ 100,000	Electric Franchise Fee	Replacement of old office furniture based on standard office palette	
FE28	Generator Replacement	\$ 200,000	Electric Franchise Fee	Replacement of outdated generator	
	<i>Total Town Hall Facility Enhancements</i>	\$ 1,430,000			
FE29	Fire Rescue Training Center Facility Upgrades	\$ 250,000	Electric Franchise Fee	Upgrades to Classroom or Burn Building	1B
FE30	Jarvis Pump Station Roof Replacement	\$ 30,000	Electric Franchise Fee	Replacement of existing roof	1B
FE31	SCDOT Toll Plaza Building Demolition	\$ 200,000	Electric Franchise Fee	Demolition of existing vacant building	1B
FE5	Electric Vehicle Charging Stations at Town Facilities	\$ 30,000	Electric Franchise Fee	Installation of Electric Vehicle Charging Stations at Town Facilities including Shelter Cove Community Park, Shelter Cove Trail Head Parking, and Driessen Beach Park	1B
FE6	Parking Master Plan Implementation	\$ 200,000	Electric Franchise Fee	Physical improvements at existing beach parks including Coligny Beach Park and Islanders Beach Park; may include the addition of gates, video cameras, signage, etc.	1A
	Emergency Access Gates	\$ 150,000	Electric Franchise Fee	Addition of Emergency Access Gates, Location To Be Determined	
FE7	Coastal Discovery Museum - Capital Projects			Coastal Discovery Museum seeks funds to improve and maintain the buildings and grounds including the addition of 3-phase power at the Hay Barn and the addition of power pedestals for special events	
	Discovery House	\$ 10,500	Electric Franchise Fee	Windows, bathroom and wood rot repairs	1B
	Armstrong/Hack House	\$ 3,500	Electric Franchise Fee	Interior painting and floor repairs	1B
	Pavilion	\$ 4,500	Electric Franchise Fee	Roof	1B
	Discovery Lab	\$ 4,500	Electric Franchise Fee	Interior repairs	1B
	Pavilion/Restroom Building	\$ 7,000	Electric Franchise Fee	Interior and exterior painting, porch repairs, bathroom repairs	1B
	Horse Barn	\$ 3,000	Electric Franchise Fee	Interior repairs and plumbing	1B
	Misc. Improvements	\$ 25,000	Electric Franchise Fee	Boardwalk repairs, emergency access road improvements, tree work, irrigation repairs, security cameras	1B
	Additional Power Pedestals	\$ 60,000	Electric Franchise Fee	Additional power hook ups for banks and more electrical for tents/vendors	1B
	Event Space Improvements	\$ 460,000	Electric Franchise Fee	Construction of Town initiated enhancements including ADA compliance and lighting upgrades	1A
	<i>Total Coastal Discovery Museum - Capital Projects</i>	\$ 578,000			

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
FACILITIES AND EQUIPMENT MANAGEMENT					
FE8	Historic Mitchelville Freedom Park - Capital Projects			At the request of Ahmad Ward, Executive Director, Historic Mitchelville Freedom Park seeks funds to improve property in accordance with approved master plan	
	Primary Parking Lot	\$ 600,000	Electric Franchise Fee	Permitting & Construction of primary parking lot	1A
	Loop Road to Visitor's Center	\$ 150,000	Electric Franchise Fee	Permitting & Construction of loop road	1A
	<i>Total Historic Mitchelville Freedom Park - Capital Projects</i>	<i>\$ 750,000</i>			
	ITEQUIPMENT & SOFTWARE				
FE9	Town Hall Equipment & Software				
	Network Infrastructure Enhancements	\$ 225,000	Electric Franchise Fee	Begin 5-year replacement program for all vital network equipment	1B
	Tyler Assist	\$ 50,000	Electric Franchise Fee	Program to get extra support to implement more citizen- and user-friendly applications	1B
	Recable Town Hall and Shelter Cove Buildings	\$ 95,000	Electric Franchise Fee	Replace existing network cabling for all four buildings at Town Hall and Shelter Cove office	1B
	Cloud Services Enhancements	\$ 100,000	Electric Franchise Fee	Ability to move more services and applications to hosted solutions	1B
	Town Strategic Plan SWOT for Town Connectivity	\$ 30,000	Electric Franchise Fee	Strategic Plan request for connectivity SWOT analysis	1B
	Applicant Tracking System Replacement	\$ 20,000	Electric Franchise Fee	Replacement of Applicant Tracking System for Human Resources Department	1B
	IT Hardware	\$ 180,000	Electric Franchise Fee	IT Hardware	1B
FE10	Public Safety Systems Equipment and Software				
FE32	CAD System Replacement	\$ 200,000	Electric Franchise Fee	Purchase of complete Computer Aided Dispatch System	1B
FE33	Fire Apparatus Technology Equipment	\$ 95,000	Electric Franchise Fee	New MDC's, mounts, radios, cameras and cradlepoints for the 10 new fire apparatus	1B
FE12	Station Alerting	\$ 100,000	Electric Franchise Fee	Current Station Alerting system is reaching end of service and is not compatible with modern IT infrastructure. Costs to maintain are increasing and parts are difficult to obtain	1A
FE34	Weather Stations	\$ 50,000	Electric Franchise Fee	Installation of weather stations at Training Facility	1B
	<i>Total IT EQUIPMENT & SOFTWARE</i>	<i>\$ 1,145,000</i>			
	SECURITY CAMERAS & CONNECTIVITY				
FE35	Coligny Beach Park/Parking	\$ 140,000	Electric Franchise Fee	Replacement of aging cameras	1B
FE36	Fish Haul Beach Park/Parking	\$ 35,000	Electric Franchise Fee	Replacement of aging cameras and Wi-Fi upgrades	1B
FE37	Rowing & Sailing Center at Squire Pope Community Park	\$ 32,000	Electric Franchise Fee	New connectivity and camera installation	1B
FE38	Bristol Sports Arena	\$ 32,000	Electric Franchise Fee	New connectivity for camera and Wi-Fi abilities	1B
FE39	Driessen Beach Park	\$ 32,000	Electric Franchise Fee	New connectivity and camera installation	1B
FE40	Historic Mitchelville Freedom Park	\$ 65,000	Electric Franchise Fee	Replacement of aging cameras	1B
FE41	Public Safety Cameras	\$ 54,696	Electric Franchise Fee	Add 16 specialty public safety cameras to the Town for enhanced coverage	1B
	<i>Total SECURITY CAMERAS & CONNECTIVITY</i>	<i>\$ 390,696</i>			

Fiscal Year 2024 CIP Projects

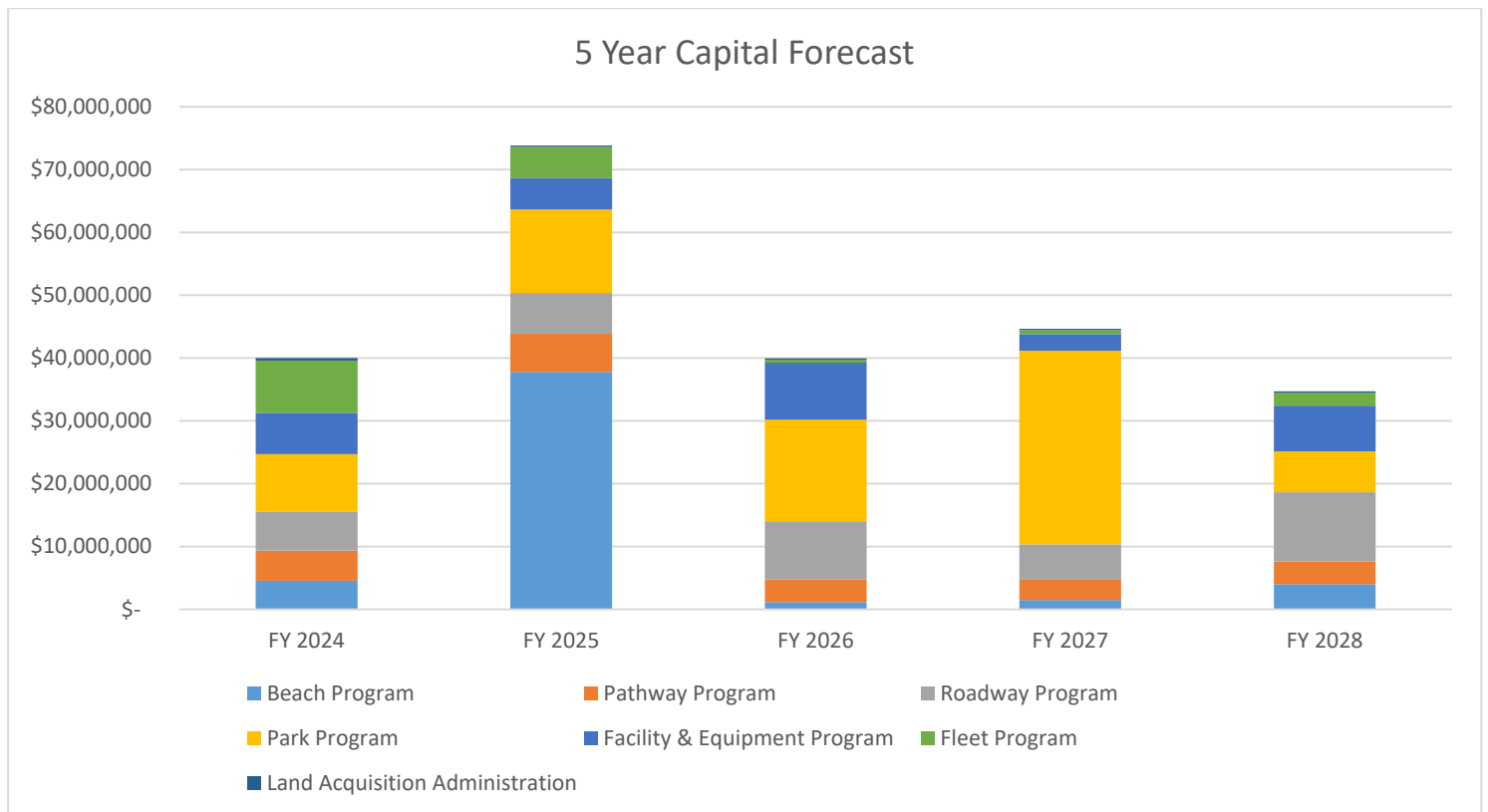
CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
FACILITIES AND EQUIPMENT MANAGEMENT					
FE16	FIRE/MEDICAL SYSTEMS & EQUIPMENT REPLACEMENT				
FE42	Radio & Mic Battery Replacement	\$ 70,000	Electric Franchise Fee	Replacement of handheld radio batteries (110) radios. Replace mics for the Apx 6000	1B
FE43	AED Replacement	\$ 110,000	Electric Franchise Fee	AED Replacement for Town Vehicles and Facilities	1B
FE44	Fleet Maintenance Equipment	\$ 30,000	Electric Franchise Fee	Replace the aging tire balancer with a modern and upgraded balancer to handle fire apparatus tire size	1B
FE45	Fire Service Atmospheric Monitors	\$ 50,000	Electric Franchise Fee	Replacement of toxic gas monitors	1B
FE46	Personal Protective Equipment Replacement	\$ 115,000	Electric Franchise Fee	Replacement of PPE as necessary	1B
	<i>Total FIRE/MEDICAL SYSTEMS & EQUIPMENT REPLACEMENT</i>	\$ 375,000			
	Fire Hydrant Expansion	\$ 50,000	Electric Franchise Fee	Installation of Fire Hydrants through matching program with HHPSD.	1B
FE19	Arts Campus Feasibility Study	\$ 25,000	Electric Franchise Fee	Feasibility study of existing site including expansion options; Residual funds transferred to Island-wide Master Plan	
	STORMWATER PROJECTS				
FE21	Wexford Debris System Design	\$ 123,000	Stormwater Fee	Design of pump station to consider multiple factors including function and aesthetics in preparation for FY24 construction	1A
FE22	Gum Tree Road Improvements	\$ 80,000	Stormwater Fee	Permitting & Construction of improvements to address various deficiencies along Gum Tree Road between Katie Miller Drive and Georgianna Drive, including regrading of ditches, installation of new inlets, new pipe and repairs along the outfall system	1A
FE23	Jarvis Creek Outfall	\$ 100,000	Stormwater Fee	Installation of flap gates on the outfall end of two 84-inch diameter concrete pipes that discharge stormwater from the Jarvis Creek Pump Station outfall system; necessary to improve operation and effectiveness of the pump station during extreme events by mitigating the impacts of tidal storm surge on the system	1A
FE24	25 Moonshell Road	\$ 92,000	Stormwater Fee	Permitting & Installation of 500 linear feet of 24-inch pipe and two inlet structures to improve efficiency and reduce long-term maintenance costs along the existing Folly Field ditch between Moonshell Road and the Island Club	1A
FE25	Cordillo Court Improvements	\$ 70,000	Stormwater Fee	Permitting & installation of improvements to address drainage issues on and adjacent to Town-owned property including inlets, pipe and minor grading	1A
	Palmetto Hall Outfall Improvements	\$ -		Addition of hydraulic capacity at the system outfall and addition of backflow prevention devices	
FE47	Lawton Pump Station	\$ 350,000	Stormwater Fee	Third pump at Lawton Station to complete replacement of all 2006 pumps	1B
FE48	Pump Station Security Cameras	\$ 45,000	Stormwater Fee	Add security cameras at pump stations	1B
	<i>Total STORMWATER PROJECTS</i>	\$ 860,000			
	Facilities and Equipment Project Management and Contingency	\$ 100,000	Electric Franchise Fee	Miscellaneous unexpected project expenses	
	TOTAL FACILITIES AND EQUIPMENT MANAGEMENT	\$ 6,563,696			

Fiscal Year 2024 CIP Projects

CIP MAP KEY	PROJECTS	FY24 TOTAL	FUNDING SOURCE	FY24 PROJECT SCOPE	PLANNING COMMISSION RANKING
FLEET					
F13	Town Vehicle Replacement				
	Staff Vehicle Replacement	\$ 181,000		Replacement of 5 staff vehicles over 10 years old including vehicle outfitting	1B
	New Staff Vehicles	\$ 360,000		Vehicles including vehicle outfitting for new staff as needed	1B
	<i>Total Town Vehicle Replacement</i>	<i>\$ 541,000</i>			
F14	FR Apparatus & Vehicle Replacement				
	Engine/Pumper Replacement/Quint Company Replacement (2)	\$ 7,483,420			1A
	Staff Vehicle Replacement	\$ 85,000		Replace two staff vehicles that have reached their 120,000 mile / 12 year mark.	1B
	New Staff Vehicles	\$ 85,000		Vehicles including vehicle outfitting for new staff as needed	1B
	Support Vehicle Replacement	\$ 35,000		Supply chain issues; forklift delivery expected fall 2023	1A
	<i>Total FR Apparatus & Vehicle Replacement</i>	<i>\$ 7,688,420</i>			
	Fleet Project Management and Contingency	\$ 100,000		Miscellaneous unexpected project expenses	N/A
	TOTAL FLEET	\$ 8,329,420	Lease / Electric Franchise Fee		
LAND ACQUISITION					
	Land Acquisition	\$ 400,000		Land acquisition and soft costs including ROW, Survey, Appraisals, Legal Fees, etc. Includes demolition and clean up of Jonesville Road property.	N/A
	TOTAL LAND ACQUISITION	\$ 400,000	Sale of Land		
	TOTAL CIP	\$ 39,993,081			

Capital Projects Fund – Five Year Forecast

Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	5 Year Total
Beach Program	\$ 4,556,000	\$ 37,800,000	\$ 1,150,000	\$ 1,500,000	\$ 4,000,000	\$ 49,006,000
Pathway Program	4,810,000	6,070,000	3,600,000	3,200,000	3,600,000	21,280,000
Roadway Program	6,204,465	6,483,750	9,262,000	5,650,000	11,050,000	38,650,215
Park Program	9,129,500	13,292,000	16,195,500	30,826,500	6,505,000	75,948,500
Facility & Equipment Program	6,563,696	4,993,600	9,063,000	2,635,000	7,270,000	30,525,296
Fleet Program	8,329,420	4,975,000	476,000	641,000	2,081,000	16,502,420
Land Acquisition Administration	400,000	200,000	200,000	200,000	200,000	1,200,000
Total	\$ 39,993,081	\$ 73,814,350	\$ 39,946,500	\$ 44,652,500	\$ 34,706,000	\$ 233,112,431



Note – The FY24 Capital Program budget is approved. The information provided for FY25-28 is for planning purposes.



Stormwater Fund

Stormwater Fund (Enterprise Fund)

Summary

The **Stormwater Utility Program** in which funds derive from stormwater utility fees assessed annually based on a rate per SFU (Single Family Unit) are committed to the management, construction, maintenance, protections, control, regulation, use, and enhancement of stormwater systems and programs within the Town limits of Hilton Head Island in concert with Beaufort County and other water resource management programs. The overarching goal of the Stormwater Utility Program is to improve and sustain the Stormwater Infrastructure, water quality, all watersheds within the Town of Hilton Head Island and Island Resiliency.

The Town expects to collect \$5.0 million in Stormwater Utility Fees per year in Fiscal Years 2024 through 2028. A new Fee Schedule in FY24 has been established to support the enforcement of unfunded Federal and State water quality regulations per the terms of our current State-issued National Pollutant Discharge Elimination System (NPDES) Permit. The Town did not previously charge a fee for NPDES Plan Review and Inspections, which at the proposed level of staff effort would cost the Town approximately \$371,000 annually, equal to the anticipated fee collection, for a revenue-neutral outcome. A Stormwater Rate Study is planned for FY24.

The total expense budget for Fiscal Year 2024 is just under \$5.9 million, including funding for the Town's Resiliency Initiative to address the climate adaption and sea level rise, a transfer to the General Fund for support efforts, and a transfer to CIP to include Stormwater capital projects in the CIP.

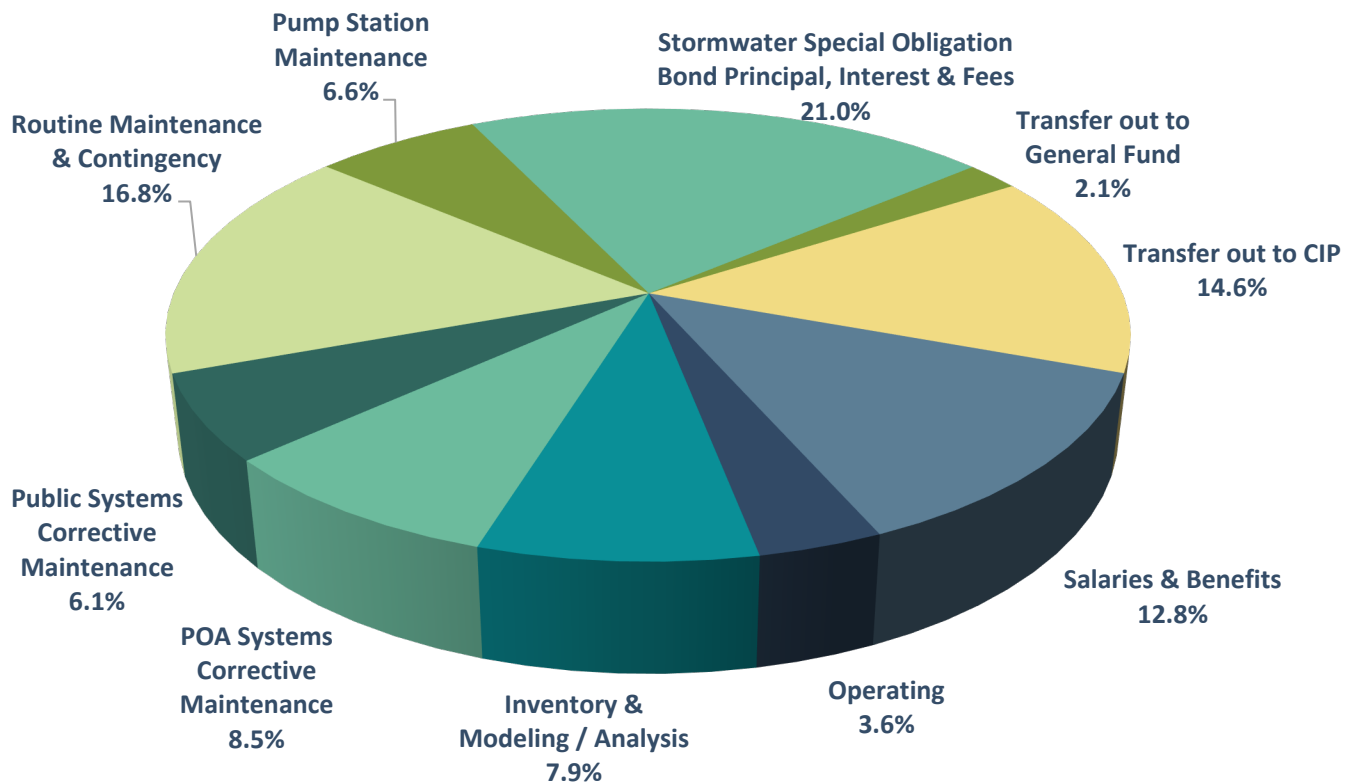


Financial Statement

	FY 2021 Actual	FY 2022 Actual	FY 2023 Original Budget	FY 2024 Adopted Budget	% Change
Revenues					
Stormwater Utility Fees	5,043,167	5,081,075	5,044,000	5,104,075	1.2%
Plan Review Fees	-	-	-	371,025	n/a
Prior Period Funds	-	-	769,296	290,717	-62.2%
Total Revenues	5,043,167	5,081,075	5,813,296	5,765,817	-0.8%
Operating Expenses					
POA Systems Corrective Maintenance	1,424,617	2,250	660,000	500,000	-24.2%
Public Systems Corrective Maintenance	751,879	3,523	400,000	360,000	-10.0%
Routine Maintenance & Maintenance Contingency		95,805	710,000	990,000	39.4%
Pump Station Maintenance		187,717	330,000	390,000	18.2%
Modeling & Analysis		239,008	600,000	350,000	-41.7%
Water Quality Monitoring			105,000	113,180	7.8%
Personnel	581,675	516,184	608,996	755,239	24.0%
Operating	265,777	188,296	139,500	209,065	49.9%
Capital	-	-	-	-	n/a
Depreciation	1,285,588	1,004,547	1,118,451	1,068,451	-4.5%
Total Operating Expenses	4,309,536	2,237,330	4,671,947	4,735,935	1.4%
Operating Income	733,631	2,843,745	1,141,349	1,029,882	-9.8%
Non-Operating Income (Expenses)					
Investment Income	9,229	10,394	20,000	120,000	500.0%
Interest	(308,091)	(96,547)	(84,817)	(68,821)	-18.9%
Amortization	-	(89,061)	(91,532)	(89,061)	-2.7%
Other Charges	(150,500)	(7,000)	(30,000)	(7,000)	-76.7%
Total Non-Operating Income (Expenses)	(449,362)	(182,214)	(186,349)	(44,882)	-75.9%
Income (Loss) Before Transfers/Bond Proceeds	284,269	2,661,531	955,000	985,000	3.1%
Transfers Out	(125,000)	(2,159,614)	(955,000)	(985,000)	3.1%
Net Change in Fund Net Position	159,269	501,917	-	-	
Beginning Fund Balance	9,879,555	10,038,823	10,540,740	9,771,444	
Use of Prior Year Funds	-	-	769,296	290,717	
Ending Fund Balance	10,038,823	10,540,740	9,771,444	9,480,727	

See the Debt Service Fund section of this document for a summary of the outstanding long-term debt obligations of this fund.

Fiscal Year 2024 Stormwater Fund Expenditures



Stormwater is budgeted to operate within its current rate structure. The majority of FY24 Stormwater funds are programmed for strategic plan priorities including SWOT analysis of island resiliency, routine maintenance, corrective maintenance, and capital projects. Two new FTEs, a Stormwater Maintenance Administrator and a second Stormwater Inspector, have been added in FY24 to assist with achieving these goals.

There is also an emphasis on service delivery, which is provided by the following programs:

- Water Quality – LMO Compliance and MS4 (Multiple Separate Storm Sewer Systems) Permit
- Inventory & Modeling
- Routine Maintenance
 - Channel Maintenance
 - Street Sweeping
 - Pond Management
- Pump Station Maintenance
- Corrective Maintenance
 - Public Systems
 - Private Systems (POA Agreements)

Fiscal Year 2024 Stormwater Fund Overview of Anticipated Projects

Corrective Maintenance Program

The Town's Corrective Maintenance Program serves the Public System (the Town's rights-of-way, easements, and property), as well as POA agreements.



Included in the FY24 Budget are 23 Corrective Maintenance Projects, 9 of which are in Public Systems and 14 are in POA Systems.



Fiscal Year 2024 Stormwater Fund Overview of Anticipated Projects

Corrective Maintenance Anticipated Project List – Public Systems

FY24 CORRECTIVE MAINTENANCE ANTICIPATED PROJECT LIST						
PUBLIC SYSTEMS						
SRID	EVAL	Ward	Project Location	Project Description	Condition	
1499	12	3	Arrow Rd Haig Point Outfall	Ditch excavation, pipe replacement, and flap gate installation to alleviate upstream flooding along Arrow Road		
4995	10	1	1 Mathews Court	Pipe replacement to allow for positive flow		
4795	10	1	63 Old Wild Horse Road	Pathway and drainage improvements to alleviate private property flooding		
3749	9	2	16 Kings Court	Channel erosion stabilization		
4179	8	1	96 Mathews Drive	Pond dredging/excavation to allow for positive drainage of channel		
3947	7	3	5 Firethorn Lane	Rehabilitation of pipe to alleviate sinkhole in roadway		
3946	6	2	13 Squiresgate Road	Headwall stabilization and ditch excavation to ensure positive flow		
4450	5	3	21 Lagoon Road	Pond dredging/excavation to allow for positive drainage of channel	Easements Needed	
1206	3	4	Dreissen Beach Park	Drainage improvements to alleviate park flooding		

Fiscal Year 2024 Stormwater Fund Overview of Anticipated Projects

Corrective Maintenance Anticipated Project List – POA Agreement Systems

POA AGREEMENT SYSTEMS					
SRID	EVAL	POA	Project Location	Project Description	Condition
3568	10	HHP	24 Eagle Claw Drive	Structure replacement to alleviate sinkhole in roadway	
3571	8	HHP	14 Prestwick Court	Pipe cleaning, CCTV inspection and point repairs to alleviate sinkholes	
1395	8	PR	12 Scarborough Head	Channel excavation and pipe cleaning to allow for positive flow	
5082	7	HHP	10 Quail Walk Lane	Point repair to alleviate sinkhole in roadway	
2586	6	IR	10 Brewton Court	Reimbursement for pipe point repair	
4560	6	YC	55 Bellhaven Way	Structure repair to alleviate sinkhole in roadway	
1170	5	HHP	9 & 11 Charlesfort Place	Pipe cleaning to alleviate roadway flooding	
1314	5	PD	22 Troon Drive	Clean and CCTV pipe to determine cause of issue	
1370	5	PH	29 Clyde Lane	Broken grate replacement	
997	5	PH	37 Madison Lane	Tree obstruction removal within channel	
1382	5	PR	73 South Port Royal Drive	Reimbursement for pipe point repair	
1215	5	PR	42 Planters Row	Drainage improvements to correct to deficient system	
1232	5	SP	34 Windjammer Court Pond Outfall	Flap gate installation and sump excavation to ensure positive flow	
1134	5	WE	44 Wicklow Drive	Point repair to alleviate sinkhole in yard	

Fiscal Year 2024 Stormwater Fund Overview of Anticipated Projects

Capital Improvement Projects

Stormwater Capital Improvement Projects identified for FY 2024 will be managed as a part of the Capital Improvement Program and funds will be transferred from the Stormwater Utility Fund to the Capital Projects Fund.

The FY 2024 Stormwater Capital Projects includes:

- Wexford Debris System Design - \$123,000
Design of pump station to consider multiple factors including function and aesthetics in preparation for construction.
- Gum Tree Road Improvements - \$80,000
Permitting & Construction of improvements to address various deficiencies along Gum Tree Road between Katie Miller Drive and Georgianna Drive, including ditches, installation of new inlets, new pipes, and repairs along the outfall system.
- Jarvis Creek Outfall - \$100,000
Installation of flap gates on the outfall end of two 84-inch diameter concrete pipes that discharge stormwater from the Jarvis Creek Pump Station outfall system; necessary to improve operation and effectiveness of the pump station during extreme events by mitigating the impacts of tidal storm surge on the system.
- 25 Moonshell Road (Folly Field) - \$92,000
Permitting & Installation of 500 linear feet of 24-inch pipe and two inlet structures to improve efficiency and reduce long-term maintenance costs along the existing Folly Field ditch between Moonshell Road and the Island Club.
- Cordillo Courts Improvements - \$70,000
Permitting & installation of improvements to address drainage issues on and adjacent to Town-owned property including inlets, pipe and minor grading.
- Lawton Pump Station Pump Replacement - \$350,000
Replacement of third pump at Lawton Station to complete replacement of all 2006 pumps.
- Pump Station Security Cameras - \$45,000
Add security cameras at pump stations.

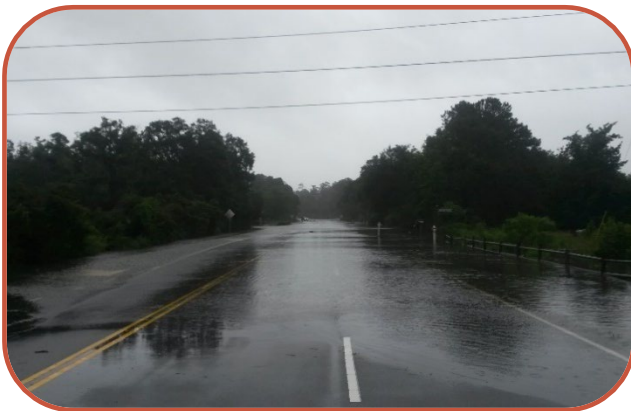
The total Stormwater Capital Project for FY 2024 is \$860,000. Stormwater Fees will be transferred to the Capital Projects Fund to provide funding.

Fiscal Year 2024 Stormwater Fund Overview of Anticipated Projects

Resiliency Initiative

Funds are budgeted in FY24 for the Town's Strategic Action Environmental Sustainability Initiative of Identifying Strengths, Weaknesses, Opportunities & Threats (SWOT) of Hilton Head Island Resiliency and Establish an Island Resilience Plan, in order to:

- Establish Hilton Head Island tide level monitoring station and coordinate with other agencies.
- Facilitate partnership discussions with local, state and federal agencies regarding data sharing and grant funding.
- Identify critical infrastructure facilities.
- Measure program against climate action goals.
- Detailed modeling of future scenarios and menu of mitigation actions and costs.
- Accelerate investments in infrastructure and initiatives to address the challenges.



Hurricane Irma storm surge at Mathews Drive



King Tide – Singleton Beach

A photograph of two women standing outdoors in a park-like setting. The woman in the foreground is wearing a white long-sleeved tunic and white pants, a patterned headwrap, and large round glasses. She is holding a wooden staff and has a small woven bag hanging from her waist. The woman behind her is also wearing a white tunic and has sunglasses on her head. In the background, there are trees, a white van, and other people sitting on a bench.

Gullah
Geechee
Historic
Neighborhoods
Community
Development
Corporation
Fund

Gullah Geechee Historic Neighborhoods Community Development Corporation (GGHNCDC) Fund

Summary

The Strategic Action Plan for Fiscal Years 2021-2022 included a goal to Establish a Historic and Cultural District Development Corporation and the 2023 – 2025 Strategic Action Plan continued to build off that goal with Strategy #5 - to Commence Operations of the Gullah Geechee Historic Neighborhoods Community Development Corporation under the Focus Area of Revitalize and Modernize the Economy.

The Gullah Geechee Historic Neighborhoods Community Development Corporation was established in September 2022 to support these Strategic Action Plans with a mission of stabilizing, protecting, and promoting historic and culturally sensitive communities on Hilton Head Island. Its focus is to create strategic programs related to, but not necessarily limited to, economic development initiatives, affordable housing, streetscaping, neighborhood planning, targeted capital investment, resident education, and other community support service opportunities.

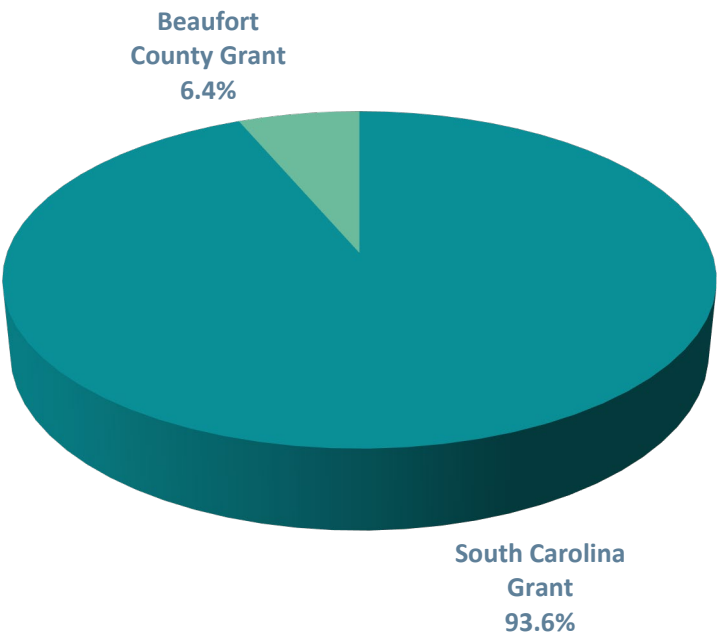
The Corporation serves the Town's historic communities including the Bay Gall, Big Hill, Chaplin, Gardner, Grassland, Jarvis, Jonesville, Marshland, Mitchelville, Spanish Wells, Squire Pope, and Stoney areas of the Island.

A Board of Directors has been appointed by Town Council to oversee and guide the development of the Corporation and its organizational objectives. An Executive Director will be hired through coordination between the Town Manager and the appointed Board during fiscal year 2024. Together, the GGHNCDC will strive to accomplish:

- Facilitate community redevelopment within the Gullah Geechee Historic Neighborhoods for the benefit of its Residents.
- Foster and promote redevelopment within the Historic Neighborhoods by focusing on promoting cultural resources, protecting cultural assets, and enhancing quality of life.
- Prevent gentrification through the preservation of housing opportunities and supporting economic opportunities that allow for existing community residents to remain within their Neighborhoods.
- Facilitate business attraction, expansion, and retention as well as providing land planning and development assistance.
- Pursue affordable housing opportunities.
- Facilitate economic prosperity and advancement opportunities for local businesses and residents within the Neighborhoods and provide such other services that are associated with fulfilling the CDC's mission.

GGHNCDC Fund - Sources of Revenue

Fiscal Year 2024 GGHNCDC Fund - \$5,343,185

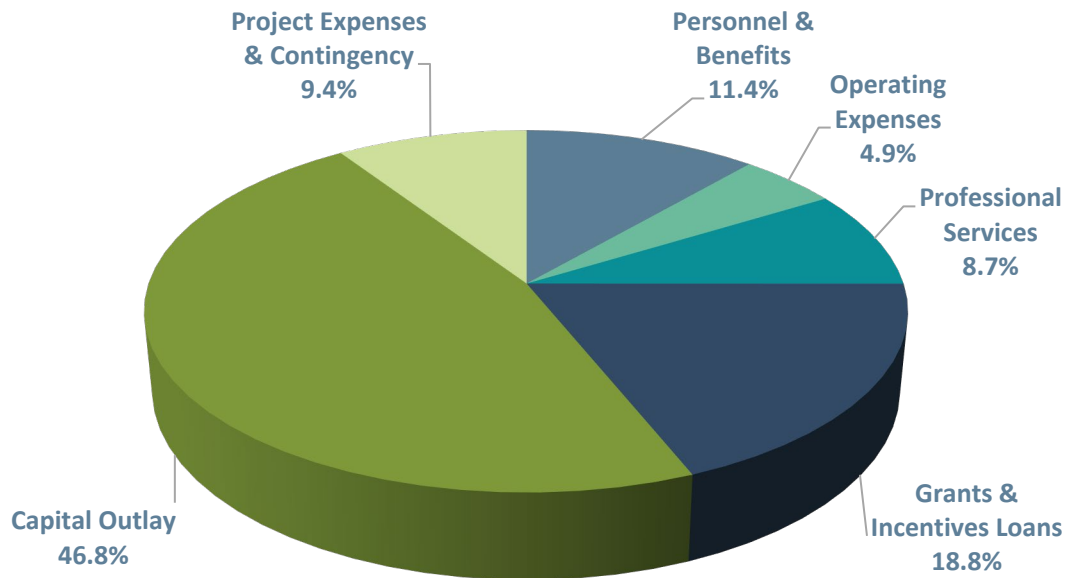


	FY 2023 Revised Budget	FY 2024 Proposed Budget	% Change FY 2023 Budget	% of Budget
South Carolina Grant	\$ 5,000,000	\$ 5,000,000	0.0%	93.6%
Beaufort County Grant	500,000	343,185	-31.4%	6.4%
Total Revenues	5,500,000	5,343,185	-2.9%	100.0%

The FY 2024 Budget amounts from the South Carolina grant and the Beaufort County grant (ARPA funds) were received in FY 2023; however, will not be deployed until FY 2024.

GGHNCDC Fund – Uses of Funds

Fiscal Year 2024 GGHNCDC Fund - \$5,343,185



Planned expenditures include personnel for the Executive Director, who will report to the Town Manager; operating expenses, including office space, computers and software, marketing, promotion and hospitality; professional services, including start-up expenses; grants, incentives and loans for small business development, attraction, retention, and investment; capital outlay for land acquisition and public infrastructure; and miscellaneous expenses. The planned expenditures will be refined by the Board of Directors and Executive Director upon placement.

	FY 2023 Revised Budget	FY 2024 Proposed Budget	% Change FY 2023 Budget	% of Budget
Personnel & Benefits	\$ 610,850	\$ 610,850	0.0%	11.4%
Operating Expenses	418,885	262,070	-37.4%	4.9%
Professional Services	463,775	463,775	0.0%	8.7%
Grants & Incentives Loans	1,006,490	1,006,490	0.0%	18.8%
Capital Outlay	2,500,000	2,500,000	0.0%	46.8%
Project Expenses & Contingency	500,000	500,000	0.0%	9.4%
Total Expenditures	5,500,000	5,343,185	-2.9%	100.0%

Housing Fund



Housing Fund

Summary

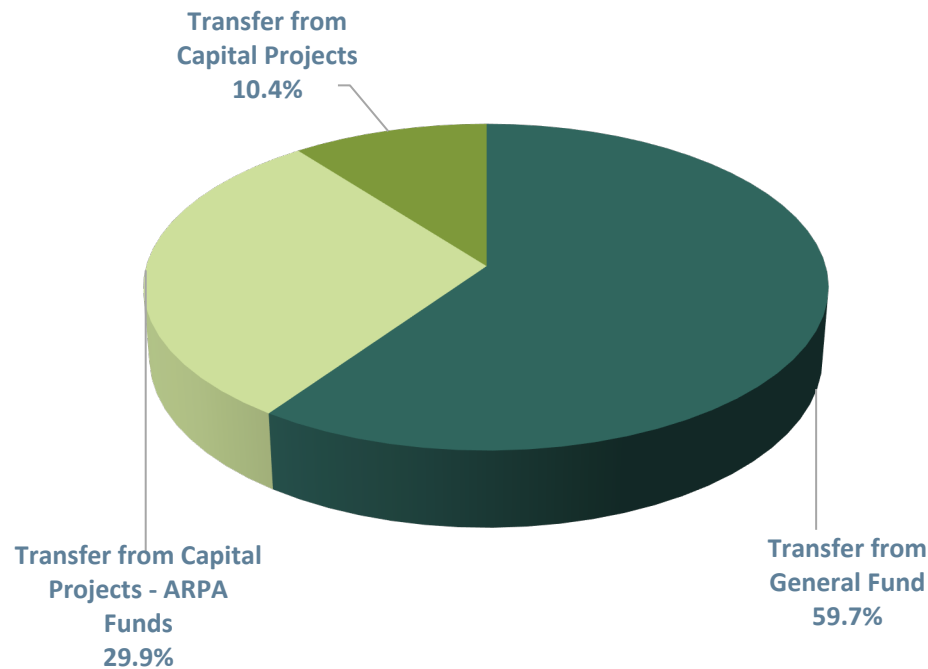
Workforce housing availability and affordability has been a growing challenge on Hilton Head Island for many years, and this issue has only become worse and at an accelerated pace recently. The effects of the lack of affordable housing are felt throughout the community. Facilitating the production of and access to workforce housing options on the Island to help ensure the local economy remains competitive, and that the Island continues to be a world-class place to live and visit is a top priority. In 2019, Town Council adopted the Workforce Housing Strategic Plan in an effort to move forward policy that is favorable to help the housing needs of the Island. Included in the Plan is a set of recommendations designed to address current and future workforce housing needs within Hilton Head Island. In 2022, Town Council adopted the Workforce Housing Framework that authorized the Town to take the necessary steps to develop, implement and carry out strategies and tactics identified. The framework is supported by four foundational pillars – Community, Planning, Management and Revenue. Each of the four pillars have specific goals, strategies, and critical steps to accomplish the mission of the Framework. These goals are reflected in the 2023-2025 Strategic Action Plan Strategy #2 under the Focus Area of “Right-Sized” Infrastructure - Implement the Workforce Housing Framework: Finding Home:

- Community
 - Commit to develop, maintain, and support partnerships and relationships with community organizations, as well as regional and state partners to collaboratively address local workforce housing needs.
 - Engage with a Housing Action Committee to coordinate with community groups in the housing space, while cultivating an ongoing housing dialogue, engagement with the community in housing education, planning, innovation and provide advice and recommendations.
- Planning
 - Commit to create a multi-year workforce housing action plan that will include a range of prioritized housing tactics and tools.
- Management
 - Commit to adding dedicated staff to provide coordination and planning.
 - Commit to explore the creation of a professionally managed housing organization.
 - Commit to and maintain a dashboard of core metrics.
- Revenue
 - Commit to a funding plan that meets the needs of the multi-year workforce housing action plan.

By establishing a distinct Housing Fund, the Town is committed to providing designated funding to implement the adopted Workforce Housing Framework, Finding Home, support the launch of the Northpoint Public Private Partnership (which was previously funded in the Capital Improvement Program), fund land acquisition, and pay the Town’s dues to the Regional Housing Trust Fund.

Housing Fund - Sources of Revenue

Fiscal Year 2024 Housing Fund - \$3,350,000

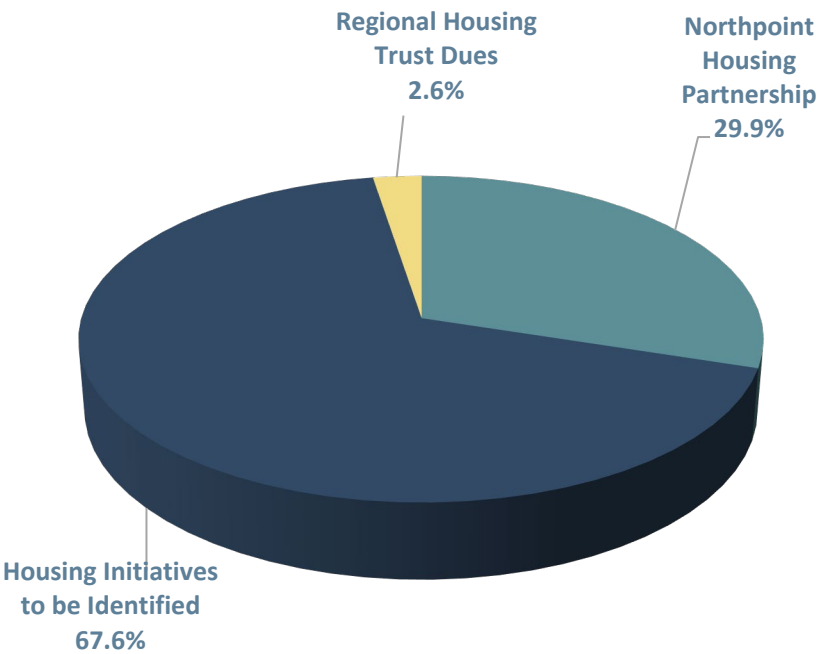


	FY 2024 Proposed Budget	% of Budget
Transfer from General Fund	\$ 2,000,000	59.7%
Transfer from Capital Projects - ARPA Funds	1,000,000	29.9%
Transfer from Capital Projects	350,000	10.4%
Total Revenues	3,350,000	100.0%

In November 2022, Town Council voted to set aside \$1 million of Fiscal 2022 contribution to the General Fund Balance to provide for the Town’s future contribution towards Housing solutions. This budget moves those funds from the General Fund Balance to the Housing Fund for future deployment toward Housing Initiatives. Further, an additional \$1 million will be transferred from the General Fund in FY24 to support the Workforce Housing Framework. Funds will also be transferred from the Capital Projects Fund to support the Northpoint Public Private Housing Partnership and new housing initiatives to be identified by Town Council.

Housing Fund – Uses of Funds

Fiscal Year 2024 Housing Fund - \$3,350,000



	FY 2024 Proposed Budget	% of Budget
Northpoint Housing Partnership	\$ 1,000,000	29.9%
Housing Initiatives to be Identified	2,263,441	67.6%
Regional Housing Trust Dues	86,559	2.6%
Total Expenditures	3,350,000	100.0%

Note, the Northpoint Housing Partnership is transferring from the Capital Projects Fund in FY24. This project is currently underway with support for road, water, sewer, and/or utility infrastructure necessary to facilitate the creation of workforce housing through a public-private partnership.



Appendix

Appendix

Financial Balance Changes Greater than 10%

The following funds may have a budgeted change in fund balance greater than 10%:

1. **General Fund** – There is no planned use of Fund Balance for the Fiscal Year 2024 budget. The Town increased its Fund Balance policy percentages starting in Fiscal Year 2023.
2. **Road Usage Fee** – The Town has primarily directed these funds toward road paving with an emphasis on dirt roads. The Town expects to fully utilize Road Usage Fees to the extent practical. The Town temporarily paused collection of the Road Usage Fee as a result of a lawsuit in another jurisdiction.
3. **Tax Increment Financing (TIF)** – Fiscal Year 2024 is the ninth year in the 10-year extension. Capital Projects include Chaplin, Mid- Island and North-Island Park improvements. The TIF District staged these projects using a TIF bond issue to implement the projects the special TIF District will provide. These projects are proceeding.
4. **State ATAX** – State law prescribes how the State ATAX funds are distributed. In Fiscal Year 2024, State ATAX funds are budgeted in the General Fund and the Capital Projects Fund to support tourism-related expenditures. The ATAX Committee meets and considers community grant applications and recommends to Town Council additional distribution of these funds within the SC state law requirements. The fund balance change is not expected to be greater than 10% in FY24.
5. **Real Estate Transfer Fee (RETF)** – These funds will be directed to future land purchases in accordance with the Real Estate Transfer Fee code. The increase in fund balance is based on a high volume of real estate activity on the Island and spent according to guidelines.
6. **Beach Preservation Fee** – The current year includes beach maintenance, management, renourishment preparation projects, and General Fund support. The Town issued Beach Bonds in Fiscal Year 2018 which were used for beach renourishment. Beach Preservation Fees are being used to make debt service payments on these bonds. The temporary buildup of fund balance is in preparation of the Town's next beach renourishment project temporarily scheduled for Fiscal Years 2025 - 2026. The fund balance change is not expected to be greater than 10% in FY24.
7. **Hospitality Tax (HTAX)** – The Hospitality Tax Fund continues to provide for specific debt service and support the CIP for projects and Fire Rescue initiatives as funding becomes available. The fund is not expected to have a 10% variance in the fund balance.
8. **Debt Service Fund** – The Town plans no long-term bond issues in Fiscal Year 2024. The Town is monitoring the bond market for possible savings and will be ready to act as two savings opportunities were realized in Fiscal Year 2021.
9. **Capital Projects Fund (CIP)** – The Town has a number of significant projects in the works that are progressing from previous fiscal years. As these projects proceed, the CIP fund balance will decline showing the progress on the projects. The fund balance change is not expected to be greater than 10% in FY24.

Financial Balance Changes Greater than 10%

10. **Disaster Fund** – In Fiscal Year 2017, due to the significance of Hurricane Matthew, the Town established a Disaster Fund to capture the cost of the hurricane response as well as the reimbursements and funding from various sources. The Town issued an \$18 million GO bond issue to help re-establish the disaster reserves in this fund for future possible disasters. The Town implemented an emergency 5 mills for 5 years to repay the disaster bonds. The Town collected the 5 mills through Fiscal Year 2022, which was the last year of the 5 mills for 5 years. Fiscal Year 2023 was the last year of debt payments. The Town is ready to deploy the remaining funds as need ensues for a declared disaster or emergency. The fund balance at 6/30/2022 was \$36,356,182. This amount, coupled with \$20 million debt capacity exceeds the \$52 million cost of Hurricane Matthew. The fund balance change is not expected to be greater than 10% in FY24.
11. **Electric Franchise Fee** – The Electric Franchise Fee is a non-major fund. These fees paid to move electric lines underground. The underground project is mostly complete. These activities will help the Town prepare for the next storm. As future funds are collected, Town Council will have the opportunity to consider the highest and best use of these funds – primarily in the Capital Improvement Program (CIP). The Town's intent is to utilize as much as these funds will provide.



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council
FROM: John M. Troyer, CPA, Director of Finance
VIA: Marc Orlando, ICMA-CM, Town Manager
DATE: May 2, 2023
SUBJECT: First Reading of Proposed Ordinance No. 2023-10

RECOMMENDATION:

Staff recommends Town Council approve and affirm the first reading of Proposed Ordinance No. 2023-10. The ordinance establishes the fiscal year 2024 budgets for the General Fund, Capital Projects Fund, Debt Service Fund, Stormwater Utility Fund, Gullah Geechee Historic Neighborhood Community Development Corporation Fund and the Housing Fund. The ordinance also amends the fiscal year 2023 budget to amend for Land Acquisitions and to close out the fiscal year within budget.

The proposed tax rate at 23.1 is the same as FY 2023 rate of 23.1 mills. (Once the effect of the County's reappraisal process is known, this proposal recommends "rolling back" the millage rate from 23.1 to a lower number to achieve a revenue neutral outcome.)

The proposed FY 2024 total operating budget for the General Fund, Capital Projects Fund, Debt Service Fund, and Stormwater Fund at \$129,950,293 is compared to last year's \$119,501,114.

	2023 Adopted Budget	2024 Proposed Budget
General Fund	<u>\$ 48,621,804</u>	\$ 57,980,977
Debt Service Fund	19,374,081	17,397,233
CIP	45,671,933	39,993,081
Stormwater Fund	5,833,296	5,885,817
Subtotal	\$119,501,114	\$ 121,257,108
GGHNCD Fund	--	5,343,185
Housing Fund	--	3,350,000
Total	\$119,501,114	\$ 129,950,293

SUMMARY:

According to Town Code, the Town Manager will present a budget for review by Town Council by the beginning of May. The Town Manager has met with all Town Council members as the budget was being crafted in order to have their input and guidance in the budget development process. The Town Manager provides this budget to fulfill his obligation under Town Code and he recommends this budget to Town Council for adoption for the Fiscal Year ending June 30, 2024.

ATTACHMENTS:

1. Proposed Ordinance 2023-10



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council
FROM: John M. Troyer, CPA, Director of Finance
VIA: Marc Orlando, ICMA-CM, Town Manager
DATE: May 15, 2023
SUBJECT: Second Reading of Proposed Ordinance No. 2023-10

RECOMMENDATION:

Staff recommends Town Council approve and affirm the second reading of Proposed Ordinance No. 2023-10. The ordinance establishes the fiscal year 2024 budgets for the General Fund, Capital Projects Fund, Debt Service Fund, Stormwater Utility Fund, Gullah Geechee Historic Neighborhood Community Development Corporation Fund and the Housing Fund. The ordinance also amends the fiscal year 2023 budget to amend for Land Acquisitions and to close out the fiscal year within budget.

The proposed tax rate at 23.1 is the same as FY 2023 rate of 23.1 mills. (Once the effect of the County's reappraisal process is known, this proposal recommends "rolling back" the millage rate from 23.1 to a lower number to achieve a revenue neutral outcome.)

The proposed FY 2024 total operating budget at \$129,950,293 is compared to last year's \$119,501,114. **There have been no changes since the first reading.**

	2023 Adopted Budget	2024 Proposed Budget
General Fund	<u>\$ 48,621,804</u>	\$ 57,980,977
Debt Service Fund	19,374,081	17,397,233
CIP	45,671,933	39,993,081
Stormwater Fund	5,833,296	5,885,817
Subtotal	\$119,501,114	\$ 121,257,108
GGHNCD Fund	--	5,343,185
Housing Fund	--	3,350,000
Total	\$119,501,114	\$ 129,950,293

Adopted Budget Ordinance

Page 2 of 2

SUMMARY:

According to Town Code, the Town Manager will present a budget for review by Town Council by the beginning of May. The Town Manager has met with all Town Council members as the budget was being crafted in order to have their input and guidance in the budget development process. The Town Manager provides this budget to fulfill his obligation under Town Code and he recommends this budget to Town Council for adoption for the Fiscal Year ending June 30, 2024.

ATTACHMENTS:

1. Proposed Ordinance 2023-10

ORDINANCE NO. 2023-07

PROPOSED ORDINANCE NO. 2023-10

AN ORDINANCE TO RAISE REVENUE AND ADOPT A BUDGET FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, FOR THE FISCAL YEAR ENDING JUNE 30, 2024; TO ESTABLISH A PROPERTY TAX LEVY; TO ESTABLISH FUNDS; TO ESTABLISH A POLICY FOR ACQUISITION OF RIGHTS OF WAY AND EASEMENTS; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE, AND TO AMEND ORDINANCE 2023-02

WHEREAS, Section 5-7-260(3) of the Code of Laws for South Carolina 1976, as amended, and Section 2-7-20 of the Municipal Code of the Town of Hilton Head Island, South Carolina, require that the Town Council act by ordinance to adopt a budget and levy taxes, pursuant to public notice; and

WHEREAS, Town Council also desires to set aside funds to increase the Operating Reserve to provide for emergency-related expenditures, and to offset any fiscal year tax revenue income stream deficiency; and

WHEREAS, Town Council also desires to give the Town Manager authority to adjust revenue estimates as necessary to account for the economic impact of the COVID-19 Pandemic, without changing the total adopted budget. Any changes made under this section will be reported to Town Council on a quarterly basis; and

WHEREAS, Town Council finds that it would be more economical and efficient to authorize the Town Manager to move forward with construction contract modifications, change orders, contract price adjustments, and execution of contracts for supplies, services, and construction where the contract amount involved does not exceed the budget line item or project budget as approved by Town Council in the Consolidated Municipal Budget.

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; AND IT IS HEREBY ORDAINED BY THE AUTHORITY OF THE SAID COUNCIL:

NOTE: Underlined and bold-face typed portions indicate additions to the Ordinance. ~~Stricken~~ Portions indicate deletions to the Ordinance.

Section 1. Adoption of the Budget. The prepared budget of estimated revenues and expenses, a copy of which is attached hereto and incorporated herein, \$129,950,293 is hereby adopted as the budget for the Town of Hilton Head Island for the fiscal year ending June 30, 2024.

Adopted Budget Ordinance

Proposed Ordinance No. 2023-10

Page Two

The General Fund budgetary authority is adopted at the Departmental level as follows:

General Fund	2023 Budget	2024 Budget
Town Council	548,112	450,842
Town Manager	1,524,062	1,698,127
Finance	2,199,100	2,667,700
Human Resources	587,750	691,111
Administrative Services	1,101,078	672,288
Office of Cultural Affairs	300,095	313,313
Information Technology	3,487,242	4,232,573
Communications	348,115	446,715
Administrative Support	222,122	-
Engineering	699,660	513,437
Facilities Management	5,925,951	7,434,416
Capital Projects	595,467	822,625
Community Development Administration	679,106	1,278,795
Building Services	1,176,712	1,360,933
Development Review and Zoning	713,162	780,487
Community Development Services	635,775	529,604
Comprehensive Planning	1,081,703	936,193
Fire Rescue -- Operations	13,558,528	15,443,206
Fire Rescue -- Administration	4,821,718	5,703,784
Public Safety	2,674,762	1,490,215
Townwide	3,449,994	5,150,619
Community Grants	2,291,590	2,363,994
Transfer to Housing Fund	-	2,000,000
Transfer to Land Acquisition Fund	-	1,000,000
Total General Fund	48,621,804	57,980,977

The Debt Service Fund is budget is adopted at the Fund level.

The Stormwater Fund is adopted at the following levels:

Personnel and Benefits	755,239
Debt Service	164,882
Operations	1,390,696
Maintenance and Modeling	2,590,000
Transfer to General Fund	125,000
Transfer to Capital Improvements Fund	<u>860,000</u>
Total Stormwater Fund	5,885,817

Adopted Budget Ordinance

Proposed Ordinance No. 2023-10

Page Three

Capital Improvement Projects are adopted at the Project level. The Town Manager is authorized to transfer amounts up to \$100,000; larger transfers require Town Council approval.

Section 2. Establishment of Property Tax Levy. A tax to cover the period from July 1, 2023 through June 30, 2024, inclusive, for the sums and in the manner hereinafter mentioned, is and shall be, levied, collected and paid into the treasury of the Town of Hilton Head Island for its uses at a rate of mills on assessed value of real estate and personal property of every description owned in the Town of Hilton Head Island, except such property as is exempt from taxation under the Constitution and laws of the State of South Carolina. Said tax levy shall be paid into the Town Treasury for the credit of the Town of Hilton Head Island for its corporate purposes, for the purpose of paying current operational expenses of the said municipality 17.2 mills and Debt Service 5.9 mills making the total levy of 23.1 mills. *{Note: There is NO Disaster Millage override anymore as the 5 mills for 5 years has expired.}* The millage rate will be reduced to offset the effects of implementation of new property values from the County's reappraisal process.

Section 3. Establishment of Budgeted Funds. To facilitate operations, there shall be established and maintained a General Fund, a Capital Projects Fund, a Debt Service Fund, a Stormwater Fund, a Gullah Geechee Historic Neighborhood Community Development Corporation Fund, a Housing Fund and other appropriate funds in such amounts as are provided for in the aforesaid Budget, as hereby adopted or as hereafter modified pursuant to law.

Section 4. Other Funds.

The Natural Disaster fund is limited to activity related to an officially declared emergency. This fund captures the financial activities from declared disasters, reimbursements from state and federal agencies and houses funds set aside for future emergencies. The federal stimulus funds approved in previous action by Town Council are authorized for receipt and expenditure in the Grants fund. This accounting treatment is for the most direct presentation and documentation to help facilitate the additional audit procedures required with receipt of these funds.

Section 5. Acquisition of Rights of Way and Easements. The Town Manager is charged with the duty of executing all necessary documents to obtain rights of way, easements, and other property interests necessary to complete duly authorized Capital Improvement Projects.

Capital Improvement Projects based on the ownership and life expectancy of the assets or improvements or based on the funding source authorized may be budgeted in the General, Capital Projects or Stormwater Funds. If expenditures are expressly authorized for an approved Capital Improvement Project in any of the budgeted funds, then the Town Manager is hereby authorized to execute all necessary documents and to expend such funds as are approved pursuant to the Capital Improvement budgets. Provided, however, in the event that the costs of an acquisition of such real property interests materially exceeds the amount budgeted in the approved Capital Improvement Project and the Town Manager is unable to shift additional funds from other authorized sources, the Town Manager shall be required to obtain the approval of Town Council for such additional expenditures. Nothing herein shall obviate the requirement that no condemnations shall be commenced without the appropriate approval of the Town Council for the Town of Hilton Head Island.

Adopted Budget Ordinance

Proposed Ordinance No. 2023-10

Page Four

Section 6. General Fund Operating Reserve Policy Updated. Town Council reaffirms its General Fund Operating Reserve policy to be a lower limit of 40% of the next year's budget and an upper limit of 55% of next year's budget. This action recognizes Town Council's commitment to prudent operations, strong reserves, strong bond ratings and strong emergency preparedness. The Town is within these ranges today. This is another example of Town Council's prudence – that whatever the economic conditions may be, Town Council is preparing for future storms or economic uncertainty.

Section 7. Revised Holiday Schedule. As part of the adoption of the Budget, Town Council approves a Holiday Schedule for 2024 in accordance with the attached schedules.

Section 8. Approval of State ATAX. The Town Budget is relying on State ATAX revenues for the operation of the Town in accordance with TERC guidelines in the amount of \$3,515,021. This amount is in addition to the amounts as provided by State Law formulas (\$25,000 and 5% of State ATAX collections) and is hereby approved with this budget. Town Council also authorizes Tourist related capital projects from State ATAX in accordance with the TERC guidelines for pathways in the amount of \$3,000,000 in the Town's CIP for 2023-2024 plus any carryforward of capital projects from the 2022-2023 CIP budget.

Section 9. Amendment of the Fiscal 2022-2023 budget for land acquisitions

	2023 Budget	2023 Amended Budget	2023 Proposed Budget as Amended	
General Fund	\$ 48,621,804	\$ 49,861,416	\$ 49,861,416	
Debt Service Fund	19,374,081	19,374,081	19,374,081	
CIP	45,671,933	45,671,933	53,288,633	\$7,616,700 Jonesville Road Purchase
Stormwater Fund	5,833,296	6,917,114	6,917,114	
Subtotal	\$ 119,501,114	\$ 121,824,544	\$ 129,441,244	
GGHNCDC Fund	0	5,500,000	5,500,000	Gullah Geechee Community Development
Total	119,501,114	127,324,544	134,941,244	

Town Council had authorized the land purchase at Jonesville Road. The source of budget funds would be the Real Estate Transfer Fee. This action amends the budget to correspond with the earlier Town Council action.

Adopted Budget Ordinance

Proposed Ordinance No. 2023-10

Page Five

Section 10. Amendment of the current Fiscal 2022-2023 budget within the same totals.

The Town underwent certain organizational changes from the initial budget within the current fiscal year which require slight adjustments to the categories of the budget but staying within the total budget already approved. These changes provide for reclassification of the current personnel budget while maintaining the same total for Fiscal Year 2022-2023. The changes are as follows:

	Original 2023 Budget	Amended as of April 2023 2023 Budget	Amended Final 2023 Budget	
Town Council	548,112	548,112	559,112	Reallocate existing personnel dollars
Town Manager	1,524,062	1,434,030	1,483,030	Reallocate existing personnel dollars
Human Resources	587,750	665,941	734,941	Reallocate existing personnel dollars
Administrative Services	5,458,652	4,811,039	4,923,039	Reallocate existing personnel dollars
Finance	2,199,100	2,289,132	2,339,132	Reallocate existing personnel dollars
Community Development	4,286,458	4,435,784	4,017,784	Reallocate existing personnel dollars
Public Projects and Facilities	7,221,078	7,999,772	8,184,772	Reallocate existing personnel dollars
Fire Rescue	18,380,246	18,426,538	19,481,538	Reallocate existing personnel dollars
Sheriff/Other Public Safety	2,674,762	3,343,480	3,042,480	Reallocate existing personnel dollars
Townwide	3,449,994	3,615,998	2,803,998	Reallocate existing personnel dollars
Community Grants	2,291,590	2,291,590	2,291,590	
Transfer to CIP	-	-	-	
Transfers to Fund Balance	-	-	-	
Total	48,621,804	49,861,416	49,861,416	No Change in total General Fund

Section 11. Transfer of funds to the Capital Improvements Fund (CIP). Town Council has established a new Housing Fund. The Fiscal 2023 CIP budget has a housing component. At year end June 30, 2023, the Finance Department is directed to transfer those remaining funds from the CIP fund to the Housing Fund so that those funds are available for use in the new fiscal year under the same description as before.

Section 12. Financial Policies GFOA updates. The Government Finance Officers Association publishes best practices financial policies. The Town reviews the applicability of those policies and incorporates many of those into the Town's policies. These are published annually in the budget document. Subjects addressed are:

1. Measurement Focus and Basis of Accounting
2. Fund Balance and Reserves
3. Grants
4. Debt Management
5. Investment
6. Accounting and Financial Reporting
7. Risk Management and Internal Controls
8. Procurement
9. Long-Term financial planning

Adopted Budget Ordinance

Proposed Ordinance No. 2023-10

Page Six

10. Structurally balanced budget
11. Capital Assets
12. Capital Improvement Plan
13. Revenues
14. Expenditures
15. Operating Budget
16. Municipal Check Signing

It is our intent the substance of the policies will be included in the annual budget document and the annual comprehensive financial report and available for public inspection.

Section 13. Fees. To be competitive, the Town fee schedule is updated as part of Exhibit A to include Stormwater inspection fees and Community Development residential review fees.

Section 14. Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 15. Effective Date. This Ordinance shall be effective upon its enactment by the Town Council for the Town of Hilton Head Island.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS 6th **DAY OF** JUNE, 2023.



Alan Perry, Mayor

ATTEST:



Kimberly Gammon, Town Clerk

Proposed Ordinance No. 2023-10

First Reading: MAY 2, 2023

Public Hearing: MAY 2, 2023 ; JUNE 6, 2023

Revised First Reading: N/A

Second Reading: JUNE 6, 2023

APPROVED AS TO FORM:



, Town Attorney

Introduced by Council Member: DAVID AMES

Adopted Budget Ordinance

Proposed Ordinance No. 2023-10 Exhibit A

Community Development Residential Plan Review Fee:

Attachment A					
Proposed Permit Fee					
Plan Type	HHI Existing Fees	Proposed Fee	Permits	Total Permit Fees 2022	Total Revenue
Residential Plan Review	\$0	50% of the permit fee	668	\$774,473.00	\$387,236.00
Commercial Plan Review	75% of permit fee	No Change			
Permit Fee Study					
Plan Type	Beaufort County	Bluffton	City of Beaufort	Town of Port Royal	Hardenville
Residential Plan Review	\$0, but \$30 fee if the application is withdrawn	Plan review fee: 50% of permit value.	Plan review fee: 50% of permit value.	Plan review fee: 10% of the permit fee	50% of the permit fee
Commercial Plan Review	Plan review fee: 50% of permit value.	Plan review fee: 75 % of permit value.	Plan review fee: 50% of permit value.	Plan review fee: 50% of permit value.	Plan review fee: 50% of permit value.

Stormwater NPDES Plan Review & Inspection Fee:

Permit Type	Initial Plan Review	Re-submittal Review	Routine Inspection	Notice of Violation Reinspection	Stop Work Order Reinspection
Single-family Residential (lots <1 acre)	\$100	\$75	\$90/month	\$140/inspection	\$190/inspection
Pool or Spa (residential)	\$100	\$75	\$90/month	\$140/inspection	\$190/inspection
Demolition (residential, < 1 acre)	\$100	\$75	\$90/month	\$140/inspection	\$190/inspection
Residential (lots ≥ than 1 acre), Residential Subdivision, Multifamily, and Non-residential**	\$250/acre* (\$5000 max)	\$150/acre* (\$2500 max)	\$50+\$50/acre* /month (\$500 max)	\$100+\$50/acre* /inspection (\$550 max)	\$150+\$50/acre* /inspection (\$600 max)

* Per disturbed acre, rounded up to the nearest whole acre

**Including Land Disturbance Permits and Commercial Demolitions

TOWN OF HILTON HEAD ISLAND ADMINISTRATIVE STAFF 2024 HOLIDAY SCHEDULE

New Year's Day 2024 (observed)	January 1, 2024 (Monday)
Martin Luther King, Jr. Day	January 15, 2024 (Monday)
Presidents Day	February 19, 2024 (Monday)
Memorial Day	May 27, 2024 (Monday)
Juneteenth	June 19, 2024 (Wednesday)
Independence Day	July 4, 2024 (Thursday)
Labor Day	September 2, 2024 (Monday)
Veterans' Day (observed)	November 11, 2024 (Monday)
Thanksgiving Day	November 28, 2024 (Thursday)
Day after Thanksgiving	November 29, 2024 (Friday)
Christmas Eve (observed)	December 24, 2024 (Tuesday)
Christmas Day	December 25, 2024 (Wednesday)
New Year's Day 2024	January 1, 2025 (Wednesday)

Floating Holidays:

Employees hired during the first half of the calendar year will be granted the full annual allocation of floating holidays to be taken by the end of the calendar year. Employees hired during the second half of the calendar year will be granted one half of the annual allocation to be taken by the end of the calendar year. See Section 5.02 of the Policy Manual for additional details regarding floating holidays.

Glossary of Terms

Account – A separate financial reporting unit. All budgetary transactions are recorded in accounts.

Accrual Basis of Accounting – A method of accounting where revenues are recorded when service is given and expenditures are recognized when the benefit is received.

Ad Valorem Tax – A tax levied on the assessed value (net of any exemptions) of real or personal property as certified by the property appraiser in each county. This is commonly referred to as property tax.

Adopted Budget – The financial plan of revenues and expenditures for a fiscal year as approved by the Town Council.

Amortization – The expiration of intangible assets due to the passage of time.

Appropriation – A specific amount of money authorized by the Town Council for the purchase of goods or services.

Assessed Property Value – A value established by the County's property appraiser for all real or personal property for use as a basis for levying ad valorem (property) taxes.

Audit – An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Balanced Budget – A budget in which planned funds or revenues available are equal to fund planned expenditures.

BCSO – Beaufort County Sheriff's Office.

Beach Preservation Fees Fund – Used to preserve the general health, safety and welfare of the public within the Town of Hilton Head Island, by creating an additional fund to pay, in whole or in part, for the current and future preservation, maintenance, nourishment, re-nourishment, and improvement of the beaches of Hilton Head Island, and also those public facilities related to the use, preservation, maintenance, nourishment, re-nourishment, and improvement of the beaches.

EDC – Beaufort County Economic Development Corporation.

Bonds – A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

Bond Anticipation Note (BAN) - is a short-term interest-bearing security issued in advance of a future **bond** issue. **Bond anticipation notes** are issued by governments, such as local municipalities, wishing to generate funds for upcoming projects.

Budget Amendment – A change to an adopted budget that may increase or decrease a department's or fund's total budget. The Town Council must approve budget amendments.

Budget Calendar – A budget calendar is a schedule of key dates which the Town follows in preparation, adoption and administration of the budget.

Budget Transfer – A budget transfer is a change to the allocation of budget funds within a department or between departments within a fund.

Build-out – That time in the life cycle of the Town when no incorporated property remains undeveloped. All construction from this point forward is renovation, retrofitting or land cleared through the demolition of existing structures.

Glossary of Terms

Capital Improvement Program (CIP) – A plan of capital expenditures to be incurred each year over a period of ten future years, setting forth each capital project, the amount to be expended in each year and the method of financing those expenditures.

Capital Equipment (Assets) – Capital equipment is defined by the government as furniture/equipment with an initial cost of \$5,000 or and an estimated useful life in excess of two years.

Capital Expenditure (Assets) – A capital expenditure is the disbursement of appropriated funds to pay for land, buildings, machinery, equipment, and infrastructure with an original cost of \$5,000 or more; and software licenses and other intangibles of a consumable nature the value of which is \$50,000 or more and has an estimated useful life of at least two years following the date of acquisition.

Capital Software (Assets) – Capital software is defined by the government as software with an initial cost of \$50,000 or and an estimated useful life in excess of two years.

CAFR (Comprehensive Annual Financial Report) – Financial report that contains, at a minimum, three sections: 1) introductory, 2) financial, 3) statistical, and whose financial section provides information on each individual fund and component unit.

CDBG – The Community Development Block Grant (CDBG) Entitlement Program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

CD Services – Community Development Services; administrative support for the Town's Community Development Department.

COBRA – Consolidated Omnibus Budget Reconciliation Act of 1985; is a law passed by the U.S. Congress on a reconciliation basis and signed by President Ronald Reagan that, among other things, mandates an insurance program which gives some employees the ability to continue health insurance coverage after leaving employment.

Comprehensive Plan – Developed pursuant to the provisions of the South Carolina Code of Laws Section 6-29-510 et seq, the Comprehensive Plan is intended to guide the development and redevelopment of lands within the Town, consistent with the physical, social, and fiscal environment.

Contingency – A budgetary reserve to provide for emergency or unanticipated expenditures during the fiscal year. These funds, if not used, lapse at year end. This is not the same as fund balance.

Debt Service – The payment of principal and interest on borrowed funds such as bonds.

Defeasance – Netting of outstanding liabilities and related assets on the statement of financial position. Most refunds result in the defeasance of the refunded debt.

Deferred – Postponement of the recognition of an expense already paid or a revenue already received.

Department – A basic organizational unit of the Town which is functionally unique in its service provided.

Depreciation – The decrease in value of physical assets due to use and the passage of time.

Division – A sub-organizational unit of a Department which is functionally unique in its service provided.

Encumbrance – The commitment of appropriated (budgeted) funds to purchase goods or services. To encumber sets aside those funds for the future when the goods and services have been legally committed.

Enterprise Fund – Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

Glossary of Terms

Expenditure (Governmental Fund)/Expense (Proprietary/Enterprise Fund) – The disbursement of appropriated funds to pay for goods and/or services.

Fines and Forfeitures – Consists of a variety of fees, fines and forfeitures collected by the state court system, including bail forfeitures, garnishments, legal defenders recoupment and juror/witness fees.

Fiscal Year – Any period of 12 consecutive months designated as the budget year. The fiscal year for the Town is July 1 through June 30.

Fixed Asset – Things the Town owns that cost a considerable amount and has a useful life exceeding two years.

FMLA – The Family and Medical Leave Act of 1993 is a United States federal law requiring covered employers to provide employees job-protected and unpaid leave for qualified medical and family reasons. Qualified medical and family reasons include: personal or family illness, family military leave, pregnancy, adoption, or the foster care placement of a child.

Franchise Fee – Charges to utilities for exclusive/non-exclusive rights to operate within municipal boundaries. Examples are electricity, telephone, cable television, and solid waste.

FTE (Full-Time Equivalent) – A measurement equal to one person working a full-time schedule for one year.

Fund – A self-balancing accounting entity segregated to carry on specific activities or attain certain objectives to meet legal requirements or Generally Accepted Accounting Principles.

Fund Balance – Represents the difference between assets and fund liabilities in the governmental funds balance sheet and is commonly referred to as fund equity.

GAAP – Generally Accepted Accounting Principles

General Fund – This is considered the Town's operating fund. This fund is used to account for all financial resources, property tax revenues (major revenue source), as well as other general revenue sources that will be used to support services that are provided on a Townwide basis.

GFOA (Government Finance Officers Association) – An association of public finance professional that has played a major role in the development and promotion of GAAP for state and local governments since its inception in 1906.

Goal – A broad statement of intended accomplishments or a description of a general condition deemed desirable.

Governmental Funds – Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The Town has no permanent funds.

Grant – A commitment of resources from one organization to another.

Gullah/Geechee – The Gullah/Geechee Nation exist from Jacksonville, NC to Jacksonville, FL. It encompasses all of the Sea Islands and thirty to thirty-five miles inland to the St. John's River. On these islands, people from numerous African ethnic groups linked with indigenous Americans and created the unique Gullah language and traditions from which later came "Geechee." The Gullah/Geechee people have been considered "a nation within a nation" from the time of chattel enslavement in the United States until they officially became an internationally recognized nation on July 2, 2000.

Hospitality Tax – A two percent (2%) tax on the sale of prepared meals and beverages, sold in establishments with or without licenses for on-premises consumption of alcoholic beverages, beer or wine.

Intergovernmental Revenue – Revenue received from or through the Federal, State, or County government.

Glossary of Terms

LMO – Land Management Ordinance; The purpose and intent of the LMO is to guide the development and use of property in accordance with the Town's Comprehensive Plan and existing and future needs of the Town in order to protect, promote, and improve the public health, safety, morals, convenience, order, appearance, prosperity, and general welfare of the landowners and residents of the Town.

LRTA (Palmetto Breeze) – The Palmetto Breeze provides a wide variety of public transportation services in five Lowcountry counties (Lowcountry Regional Transportation Authority).

Major Fund – Governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to a separate opinion in the independent auditor's report.

MASC - Municipal Association of South Carolina; is a government sector lobbying association in South Carolina.

Mil – A taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.

Millage – The total tax obligation per \$1,000 of assessed valuation of property.

Mission Statement – A statement that identifies the particular purpose and function of a department.

MPO - Metropolitan Planning Organization; Is a transportation policy-making organization made up of representatives from local government and transportation authorities, and created to ensure existing and future expenditures for transportation projects and programs were based on a comprehensive, cooperative, and continuing planning process. The role of the MPO includes: establishing a local forum for transportation decision making; evaluating transportation alternatives; developing and updating a long-range transportation plan; developing a Transportation Improvement Program of projects; and involving the public. Funds from the Federal Highway Administration are distributed to the State and then to MPOs for these transportation projects.

NAICS - The North American Industry Classification System or NAICS (pronounced "nakes") is used by business and government to classify business establishments according to type of economic activity (process of production) in [Canada](#), [Mexico](#), and the [United States of America](#). It has largely replaced the older [Standard Industrial Classification](#) (SIC) system; however, certain government departments and agencies, such as the [U.S. Securities and Exchange Commission](#) (SEC), still use the [SIC codes](#).

Non-Departmental (Townwide) – Refers to activities, revenues and expenditures that are not assigned to a particular department.

Non-Major Fund – A Special Revenue Fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Objective – Something to be accomplished in specific, well-defined, measurable terms and that is achievable within a specific time frame.

Operating Expenditures/Expenses – Disbursements for goods and services purchased that are consumable in nature or equipment purchases that have a useful life of less than one year.

Operating Budget – A budget for general expenses as distinct from financial transactions or permanent improvements such as salaries and benefits, operating equipment/supplies, utilities, insurance, etc.

Ordinance – The formally adopted Town Council documents that provides the legal authority to levy taxes and expend funds.

Palmetto Breeze (LRTA) – The Palmetto Breeze provides a wide variety of public transportation services in five Lowcountry counties (Lowcountry Regional Transportation Authority).

Performance Measure – Data measurement used to determine how effective and/or efficient a program is in achieving its objectives.

Glossary of Terms

Personnel Expenditures/Expenses – Disbursements for salaries, wages, and all related fringe benefits.

Property Tax – Taxes levied on all non-exempt real and personal property located within a county. Property taxes are computed by multiplying the total of all millage rates (for each taxing authority within a county) by the assessed value of the property.

Proprietary Fund – A proprietary fund may be classified into one of two fund types. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. Internal service funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost re-imbursement basis.

Public Hearing – A special publicly noticed meeting conducted by the Town to consider and adopt the annual budget.

Real Estate Transfer Fees Fund – Real estate transfer fees are used to (a) acquire fee and less than fee interest in land while it is still available to be held in perpetuity as wildlife preserves or believed to be needed by the public in the future for active and passive recreation uses and scenic easements, to include the following types of land: ocean, harbor and pond frontage in the form of beaches, dunes and adjoining backlands; barrier beaches; fresh and saltwater marshes and adjoining uplands; land for bicycle paths; land protecting existing and future; public water supply, well fields, highway buffering and aquifer recharge areas; and land for wildlife preserves; and land for future public recreational facilities, (b) acquire already developed land or development rights in order to convert its use to a public use, to restore the property to open space, or to redefine that property in accordance with the Town's current comprehensive plan and dispose of it as soon as possible.

Real Property – Land and the buildings or structures erected upon such land.

Revenue – Monies received from all sources (with the exception of fund balances) that are used to fund expenditures in a given fiscal year.

Revised Budget – The adopted budget as formally amended by Town Council.

RFP - request for proposal; is a type of bidding solicitation in which a company or organization announces that funding is available for a particular project or program, and companies can place bids for the project's completion.

Tax Increment Financing (TIF) – a method of funding public investments in an area slated for redevelopment by capturing for a time, all or a portion of the increased tax revenue that may result when the redevelopment stimulates private investment. As private investments add to the tax base within the redevelopment area, the increased tax revenues are placed in a special fund that can only be used for public purposes permitted by law.

SFU or “Single-family unit” – Is the average impervious area of a single-family detached residential dwelling unit located within the Town.

SIC - Standard Industrial Classification (SIC) codes are four-digit numerical codes assigned by the U.S. government to business establishments to identify the primary business of the establishment. The classification was developed to facilitate the collection, presentation and analysis of data; and to promote uniformity and comparability in the presentation of statistical data collected by various agencies of the federal government, state agencies and private organizations. The classification covers all economic activities. In the United States the SIC code is being supplanted by the six-digit [North American Industry Classification System](#) (NAICS code), which was released in 1997; however certain government departments and agencies, such as the [U.S. Securities and Exchange Commission](#) (SEC), still use the SIC codes.

Glossary of Terms

Special Revenue Fund – Governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.

State EMD - The South Carolina Emergency Management Division is the coordinating agency responsible for the statewide emergency management program.

Stormwater drainage system – Is the system of publicly or privately owned or operated rivers, creeks, ditches, drainage channels, pipes, basins, street gutters, and ponds within the Town through which or into which storm water runoff, surface water, or subsurface water is conveyed or deposited.

Taxable Value – The assessed value of real property

Ten-Year Capital Plan (also known as a Capital Improvement Program (CIP)) – A plan of capital expenditures to be incurred each year over a period of ten future years, setting forth each capital project, the amount to be expended in each year and the method of financing those expenditures, when known.

Unemployment Compensation – Amount used to make unemployment compensation payments to former employees.

Workers' Compensation – Premiums and deductible amounts paid for Workers' Compensation coverage.

THE TOWN OF HILTON HEAD ISLAND SOUTH CAROLINA



www.hiltonheadislandsc.gov/budget

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